

SENATE FINANCE COMMITTEE

April 9, 2013

9:12 a.m.

9:12:30 AM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:12 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair  
Senator Kevin Meyer, Co-Chair  
Senator Anna Fairclough, Vice-Chair  
Senator Click Bishop  
Senator Mike Dunleavy  
Senator Lyman Hoffman  
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Representative Doug Isaacson; Darrell Breese, Staff, Representative Bill Stoltze; Representative Dan Saddler; Kris Curtis, Auditor, Division of Legislative Audit; Representative Bob Lynn; James Waldo, Staff, Representative Lindsey Holmes;

PRESENT VIA TELECONFERENCE

Scott Thomas, Architect, Engineering Division, Department of Transportation and Public Facilities, Anchorage; Mark San Souci, Liaison, Department of Self Defense, Tacoma, Washington; Brandon Spanos, Audit Supervisor, Tax Division, Department of Revenue; Nancy Hull, Alaska Motorcycle Adventures, Mat-Su Valley;

SUMMARY

SB 96 OIL AND GAS AND GAS ONLY LEASES

SB 96 was SCHEDULED but not HEARD.

HB 56 PASSENGER VEHICLE RENTAL TAX

HB 56 was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN1 (REV).

CS HB 30(FIN)

STATE AGENCY PERFORMANCE AUDITS

CS HB 30(FIN) was SCHEDULED but not HEARD.

CS HB 84(FIN)

MILITARY TRAINING CREDIT/TEMP. LICENSE

CS HB 84(FIN) was REPORTED out of committee with a "do pass" recommendation and with previously published zero fiscal notes: FN1 (EED), FN2 (LWF), FN3 (UA), and FN5 (CED).

HB 94 CON AND NELLIE MILLER BRIDGES

HB 94 was REPORTED out of committee with a "do pass" recommendation and with two new fiscal impact notes from Department of Transportation and Public Facilities.

CS HB 99(RES)

EXTEND ALASKA MINERALS COMMISSION

CS HB 99(RES) was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN2 (CED).

CS HB 153(TRA)

NAMING WALTER J. HICKEL PARKWAY

CS HB 153(TRA) was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN1 (DOT).

#hb94

HOUSE BILL NO. 94

"An Act naming the northbound Chena Flood Channel Crossing Bridge the Nellie Miller Bridge and naming the southbound Chena Flood Channel Crossing Bridge the Con Miller Bridge."

9:14:19 AM

Co-Chair Kelly MOVED to ADOPT the proposed committee substitute for HB 94, Work Draft 28-LS0407\N (Martin, 4/8/13).

Co-Chair Meyer OBJECTED for discussion.

9:15:11 AM

REPRESENTATIVE DOUG ISAACSON, explained HB 94. He looked at the Sponsor Statement (copy on file).

Conrad "Con" and Nellie Miller were some of the early settlers of the City of North Pole, arriving there in 1950. Con joined the Navy after leaving home at the age of 15 and served in China from 1927 to 1931. He worked on the construction of the Hoover Dam after a brief stint as a sheriff and private investigator. He later re-enlisted in the Navy during World War II, serving in the South Pacific. Nellie was one of 15 children raised in Idaho Springs, Colorado and married Con in 1938 at the age of 15. Like many of Alaska's early pioneers, Nellie and Con moved to Alaska in 1950 with \$1.40 in their pocket and seeking a new beginning for their small family. Con and Nellie Miller built their first business, a clothing store, in Fairbanks and Con travelled to rural communities to sell his wares. When he travelled, he often donned a red crushed velvet Santa suit, part of the stock the couple brought north from a previous business. As they began to build their store in North Pole in 1952, a child of a customer from Northway asked Con if he was building a house for Santa Claus and the name stuck. The store became Santa Claus House.

Con and Nellie were known as Santa and Mrs. Claus and their family store brought worldwide attention to the City of North Pole, Alaska. The store has grown and evolved over time into the icon that stands today, including the 42-foot, 900 pound Santa Claus statue outside that entices visitors from around the globe to celebrate Christmas year-around. Con was the longest serving mayor of North Pole, dedicating 19 years of leadership. In 1952 he carried the city's incorporation papers to Juneau. He also served as North Pole's postmaster and civil defense director for

20 years as well as serving as the fire chief. Nellie served on the local school board, as the postmistress and as the town's magistrate and marriage commissioner.

The Millers raised three children: sons, Terry and Mike; and daughter, Merry Christmas Miller. Their two sons served in both the Alaska State House and the Alaska State Senate and hold the distinction of being the only two siblings in the United States to have presided as Senate President. Terry Miller also served as Lt. Governor. For their commitment to Alaska and their role in developing the City of North Pole, it is fitting that the Chena Flood Channel Bridges be named for these two distinguished Alaskans. The Northbound Bridge #1364 shall be known as the Nellie Miller Bridge and the Southbound Bridge #1866 shall be known as the Con Miller Bridge.

Representative Isaacson furthered that he supported the addition of the Lowell J. Ray Memorial Corridor, in Wasilla, to the bill.

[9:18:32 AM](#)

Co-Chair Meyer queried the changes between version A and version N of the legislation.

Representative Isaacson explained that the title had been changed in the N version to accommodate both the Lowell J Memorial Corridor and the change in the Senate Transportation Committee to designate the Miller's by their cultural moniker the "original Mr. and Mrs. Santa Clause."

[9:19:10 AM](#)

Co-Chair Meyer REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:19:31 AM](#)

DARRELL BREESE, STAFF, REPRESENTATIVE BILL STOLTZE, explained the addition of the Lowell J. Ray Memorial Corridor to the legislation. Mr. Ray served 16 years in the Navy, 10 years in the Air Force and 20 years as a civil servant working for the Department of Defense. He improved the "do line" radar system that served Alaska and Canada

during the Cold War. His work extended the life of the radar system an additional 10 years and saved approximately \$12 million per radar system. His knowledge of the system led him to instruct allies in Germany, Britain, and Canada in the enhancement of their radar systems. When the Department of Transportation (DOT) made improvements to the Parks Highway through Wasilla, through the purchase agreement of the property for right-of-way, a promise was made to Ray's family that the section of road would be named after Ray. The department had dropped the ball on that promise and so the change was an attempt to fulfill the promise.

[9:22:21 AM](#)

Vice-Chair Fairclough wondered if there were homes adjacent to the corridor.

Mr. Breese replied that there were homes adjacent to the corridor. He shared that by naming the small section of corridor the name of the road would not change. The addresses of the homes would remain the same.

[9:23:06 AM](#)

Senator Dunleavy remarked that he supported the legislation.

[9:23:33 AM](#)

Senator Bishop expressed support for the legislation. He commented that DOT had made a promise to the family and hoped that the department could find it within their budget to zero out the fiscal notes.

[9:24:38 AM](#)

Co-Chair Meyer OPENED public testimony. There being none Co-Chair Meyer CLOSED public testimony. He noted the two fiscal impact notes.

[9:24:51 AM](#)

AT EASE

[9:26:02 AM](#)

RECONVENED

SCOTT THOMAS, ARCHITECT, ENGINEERING DIVISION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, ANCHORAGE (via teleconference), spoke to the promise made to the Ray family. He stated that DOT did not have the power to memorialize highways; highway memorials were a legislative per view. He stated that an effort had been made to approach the Mat-Su Borough to research how street addressing would be effected, as well as emergency response. The department had asked to rename the road in terms of the green street signs that were found atop stop signs, but the choice rested with the borough as to how street addressing, mail delivery and emergency response should be handled; East Blue Lupine had been chosen by the borough instead. He said that the department had approached the legislature on the matter, which was why the bill was before the committee. He asserted that the department did not leave the issue unaddressed but pursued it the only way that it had the authority.

[9:27:46 AM](#)

Co-Chair Meyer wondered if the department had the \$10,000 it would cost to put up the signs.

Mr. Thomas responded no. He added that the sign on the Richardson Highway could not be white letters on a blue background because federal conditions allowed for white letters on a brown background only.

[9:28:52 AM](#)

Co-Chair Meyer stated that he was not going to wrestle over \$10,000.

[9:28:56 AM](#)

Co-Chair Kelly MOVED to REPORT HB 94 out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

HB 94 was REPORTED out of committee with a "do pass" recommendation and with two new fiscal impact notes from Department of Transportation and Public Facilities.

#hb84

CS FOR HOUSE BILL NO. 84(FIN)

"An Act relating to applying military education, training, and service credit to occupational licensing and certain postsecondary education and employment training requirements; providing for a temporary occupational license for qualified military service members; and providing for an effective date."

9:30:22 AM

REPRESENTATIVE DAN SADDLER, gave a sponsor statement:

According to the Department of Defense, the September 2012, jobless rate for post-9/11 veterans was 9.9% with young male Veterans (ages 18 to 24) experiencing an unemployment rate of 18.1 percent. Last year, Alaska had over 1200 service members separate from the military from our posts and bases. These are 1200 potential workers who could contribute to our state's economy. It is our responsibility to assist their transition into our work force swiftly and appropriately.

Our nation's military is one of the most highly trained in the world. These men and women who undertake this challenge face unique challenges and sacrifice many things that the general population does not. We owe it to our men and women to ensure that their distinctive set of skills do not go to waste once they separate from the military. These highly trained individuals deserve to remain productive members of society and to be able to provide for their families.

HB 84 requires the Division of Professional Licensing, University of Alaska and vocational educational facilities to examine the credentials of related military experience. Relevant military experience would be credited for licensing requirements and educational credit would be granted for appropriate training.

In the last 10 years our military has seen record numbers of deployments. HB 84 is one way we can show our thanks and allow our service members the opportunity to create positive and productive futures.

Representative Saddler shared that service members often experience delays and lost opportunities qualifying for licenses and academic credit even though they had highly qualified training and experience. The legislation would make it more likely that veterans in Alaska could get jobs and advance their civilian careers by accelerating the licensing process and the process of gaining educational credit. The state currently faced forced reductions and significant budget cuts, coupled by the sequestration, which could force more veterans to seek civilian jobs. He said that 19 states had enacted legislation similar to HB 84 as of July 2012, and 30 were considering similar legislation in 2013. He believed that the state had an obligation to find ways to give Alaska's veterans every opportunity to leverage their military experience into academic credit, job certification or vocational training credits.

[9:32:40 AM](#)

MARK SAN SOUCI, REGIONAL LIAISON FOR MILITARY FAMILIES NORTHWEST, DEPARTMENT OF DEFENSE, TACOMA, WASHINGTON (via teleconference), expressed the departments support and gratitude for the legislation. He noted that the training that members of the military received was paid for by federal tax dollars. Additionally, the department supported the 2014 effective date.

[9:33:59 AM](#)

Senator Bishop spoke to Section 4 of the bill. He commented that the Department of Labor should reach out to organizations that already accepted military records on their military discharge papers for application to apprenticeship programs.

[9:35:13 AM](#)

Co-Chair Meyer CLOSED public testimony.

Co-Chair Kelly MOVED to REPORT CS HB 84(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

Co-Chair Meyer OBJECTED for the purpose of discussion.

[9:35:44 AM](#)

Vice-Chair Fairclough noted the multiple zero fiscal notes.

[9:35:59 AM](#)

Representative Saddler noted that former Representative Bill Thomas had done much of the initial work on the legislation.

Vice-Chair Fairclough queried fiscal notes.

Co-Chair Meyer REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered.

CS HB 84(FIN) was REPORTED out of committee with a "do pass" recommendation and with previously published zero fiscal notes: FN1 (EED), FN2 (LWF), FN3 (UA), and FN5 (CED).

[9:37:35 AM](#)

AT EASE

[9:38:31 AM](#)

RECONVENED

#hb99

CS FOR HOUSE BILL NO. 99(RES)

"An Act relating to the membership of the Alaska Minerals Commission; and extending the termination date of the Alaska Minerals Commission."

[9:38:58 AM](#)

Representative Saddler explained that HB 99 would help to ensure the growth and sustainability of the minerals development and mining sector of Alaska's economy by extending the Alaska Minerals Commission by an additional 10 years. The commission was established by the legislature in 1986 and has since been reauthorized four times. The commission is responsible for identifying road blocks to mineral development in the state and for making recommendations to the governor and the legislature on how to clear any obstacles. The commission meets three times per year in Anchorage, Fairbanks, and Juneau where commissioners deliver an annual report to the capital during the first ten days of the legislative session. Since the commission's last reauthorization in 2003 it had made

several key recommendations which the legislature had since implemented or was currently working on putting into place:

- Reforming the state's permitting process to make permitting more timely and efficient
- Funding infrastructure development under the Roads to Resources program
- Asserting and defending public access to roads, trails and navigable waters

Representative Saddler reiterated that the commission was a proven and affordable voice for an important sector of Alaska's economy; mining employed 4,500 Alaskans and provided over \$600 million in direct and indirect payroll. The bill provided for three year terms and a limit of two consecutive terms, in addition to the annual election of a chair and a vice-chair.

[9:41:14 AM](#)

Co-Chair Meyer queried when the commission was last audited.

Representative Saddler replied that there had never been a request made to audit the commission.

[9:41:33 AM](#)

Co-Chair Meyer understood that the bill would provide for a 10 year sunset date. He wondered if the request was standard.

Representative Saddler replied in the affirmative. He added that the commission had previously received several 5 year extensions and one 10 year extension.

[9:42:35 AM](#)

KRIS CURTIS, AUDITOR, DIVISION OF LEGISLATIVE AUDIT, testified that the division had no opinion on the legislation because it had not performed an audit on the commission. She furthered that the commission was an entity that was not subject to mandatory audits.

[9:43:22 AM](#)

Vice-Chair Fairclough asked what the state was currently spending to operate the commission.

Representative Saddler responded approximately \$13,000 per year, which included travel to meetings, the cost of printing the annual report and minimal staff support.

Co-Chair Meyer asked if the report on the commission was available to the public.

Representative said that printed copies had been distributed earlier in the session and the PDF version could be found online at the Department of Commerce, Community and Economic Development website.

Co-Chair Meyer noted the fiscal note for \$13,000.

[9:44:43 AM](#)

Co-Chair Kelly MOVED to REPORT CS HB 99(RES) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HB 99(RES) was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN2 (CED).

[9:45:14 AM](#)

AT EASE

[9:48:33 AM](#)

RECONVENED

#hb153

CS FOR HOUSE BILL NO. 153(TRA)

"An Act designating Minnesota Drive and a portion of O'Malley Road in Anchorage the Walter J. Hickel Parkway."

[9:49:06 AM](#)

REPRESENTATIVE BOB LYNN, explained that HB 153 would designate a 7.5 mile portion of Minnesota Drive as the Walter J. Hickel Parkway. The change would involve the placement of two road signs. He offered a brief history of the legacy of Walter J. Hickel.

[9:50:31 AM](#)

Co-Chair Meyer wondered why the particular 7.5 miles of road was chosen.

Representative Lynn responded that the section of road was chosen in an effort that no addresses would be required to change.

[9:51:42 AM](#)

Co-Chair Meyer wondered about the size of the sign.

Representative Lynn responded that there would be two signs on each end of the 7.5 mile stretch that would be of similar size to other existing signs.

[9:52:26 AM](#)

Senator Hoffman wondered if there was dedication ceremony planned.

Representative Lynn replied that once the bill was signed then the dedication ceremony would be planned.

[9:52:50 AM](#)

Senator Bishop thanked Representative Lynn for the proposal.

Co-Chair Meyer CLOSED public testimony.

[9:53:20 AM](#)

Co-Chair Meyer noted the fiscal note for \$15,000.

[9:53:59 AM](#)

Vice-Chair Fairclough noted that the fiscal note reflected the use of the 2009 Manual of Uniform Traffic Control Devices for examining where signs should be positioned on roadways. She noted that her physical address was in Eagle River and that she had seen an increasing amount of signs erected on single posts. She quoted the fiscal note:

"The memorial or dedication signing shall be limited to one side at an appropriate location in each route direction, each as an independent sign installation."

Vice-chair Fairclough wondered whether the code should be modified in an effort to co-locate some informational signs.

Mr. Thomas responded that historically bridge memorial signs had been co-located with the signs containing the name of the river. In the case of major highways two posts were generally used.

[9:55:59 AM](#)

Co-Chair Kelly MOVED to REPORT CS HB 153(TRA) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HB 153(TRA) was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN1 (DOT).

[9:56:31 AM](#)

AT EASE

[10:00:04 AM](#)

RECONVENED

#hb56

HOUSE BILL NO. 56

"An Act excluding motorcycles and motor-driven cycles from the passenger vehicle rental tax; and providing for an effective date."

JAMES WALDO, STAFF, REPRESENTATIVE LINDSEY HOLMES, explained that the bill would eliminate the passenger vehicle rental for the purposes of motorcycle rentals. He noted the motorcycle rentals contributed to a small portion of the passenger vehicle rental tax. He relayed that when the tax was originally passed by the legislature motorcycles had not been considered. The legislature had exempted recreation vehicles such as RV rentals from the 10 percent tax. He asserted that motorcycles were rented for recreational tourism only and only during certain times of the year. He stated that the cost of rental a motorcycle was significantly higher than renting a car. Motorcycles were rented for approximately \$200 per day, which made the

10 percent tax, over a 10 day excursion, nearly as much as another day's rental. Travelers that rented motorcycles stayed in hotels and eat in restaurants, thus already contributing to the states local sales and bed taxes. Elimination of the tax would aid people in growing motorcycle rental businesses in the state and would bring more independent travelers into the state for extended visits.

[10:03:32 AM](#)

Co-Chair Meyer noted that the bill sponsor had been amicable to a smaller tax amount, but once the total amount of the smaller tax was examined it was clear that the cost to collect the tax would surpass the revenues it would generate.

[10:04:13 AM](#)

Co-Chair Meyer wondered about the impetus for the legislation.

Mr. Waldo responded that the concept was introduced by the motorcycle rental businesses. The Department of Revenue had only decided a few years prior to tax the businesses, which had been a surprise to the industry. The department had originally asked for back taxes for the previous 19 years that they had been collection the passenger vehicle rental tax, but had decided against the punitive measure.

[10:05:48 AM](#)

Senator Bishop wondered if snow machine rentals were taxed.

BRANDON SPANOS, AUDIT SUPERVISOR, TAX DIVISION, DEPARTMENT OF REVENUE (via teleconference), testified that he was unsure whether snow machines were taxed. He offered to get back to the committee with the information.

[10:06:52 AM](#)

Co-Chair Meyer though that the tax would pertain to snow machines.

Mr. Spanos understood that the tax was for highway use vehicles.

[10:07:14 AM](#)

NANCY HULL, ALASKA MOTORCYCLE ADVENTURES, MAT-SU VALLEY (via teleconference), testified in support of HB 56.

[10:09:29 AM](#)

Co-Chair Meyer noted that Ms. Hull had submitted written testimony as well(copy on file).

[10:09:48 AM](#)

Co-Chair Meyer CLOSED public testimony.

[10:10:01 AM](#)

Vice-Chair Fairclough noted the fiscal note reflected the loss of revenue of \$12,000 per year from FY15 and into future years.

[10:10:29 AM](#)

Vice-Chair Fairclough MOVED to REPORT HB 56 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 56 was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN1 (REV).

[10:10:59 AM](#)

Vice-Chair Fairclough wondered if an amendment for HB 30 could be considered at the 1:30pm meeting.

Co-Chair Meyer said yes.

#hb30

CS FOR HOUSE BILL NO. 30(FIN)

"An Act relating to performance reviews, audits, and termination of executive and legislative branch agencies, the University of Alaska, and the Alaska Court System; and providing for an effective date."

HB 30 was SCHEDULED but not HEARD.

#sb96

SENATE BILL NO. 96

"An Act relating to the primary period of an oil and gas or gas only lease and the extension of a lease; relating to terms to be included in an oil and gas or gas only lease; relating to rental for an oil and gas or gas only lease; and providing for an effective date."

SB 96 was SCHEDULED but not HEARD.

#

ADJOURNMENT

[10:11:54 AM](#)

The meeting was adjourned at 10:11 a.m.