

HOUSE FINANCE COMMITTEE
April 13, 2015
9:02 a.m.

[9:02:43 AM](#)

CALL TO ORDER

Co-Chair Thompson called the House Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Representative Mark Neuman, Co-Chair
Representative Steve Thompson, Co-Chair
Representative Dan Saddler, Vice-Chair
Representative Bryce Edgmon
Representative Les Gara
Representative Lynn Gattis
Representative David Guttenberg
Representative Cathy Munoz
Representative Lance Pruitt
Representative Tammie Wilson

MEMBERS ABSENT

Representative Scott Kawasaki

ALSO PRESENT

Jane Pierson, Staff, Representative Steve Thompson; Skiff Lobaugh, Human Resources Manager, Legislative Affairs; Kate Sheehan, Division Director, Division of Personnel and Labor Relations, Department of Administration; Representative Dave Talerico, Sponsor; Brodie Anderson, Staff, Representative Steve Thompson; Jane Pierson, Staff, Representative Steve Thompson; Kevin Brooks, Deputy Commissioner, Department of Fish and Game.

PRESENT VIA TELECONFERENCE

Don Quarberg, Self, Delta; Stacy Kleinsmith, Self, Anchorage; George, Pierce, Self, Kasilof; Richard Bishop, Self, Fairbanks;

SUMMARY

HB 137 HUNTING, SPORT FISH, TRAPPING FEES

CSHB 137(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Fish and Game.

HB 155 FEES; WAIVERS; CREDITS; DEDUCTIONS; TAXES

CSHB 155(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Revenue.

HB 176 REPEAL ST EMPL WAGE RAISE; LEGIS EMPL BENE

CSHB 176(FIN) was REPORTED out of committee with a "no recommendation" recommendation and with three new fiscal impact notes from the Alaska Judicial System, the Governor, and the Legislature.

SB 33 FEES FOR TIRES

HCS SB 33(FIN) out of committee with a "do pass" recommendation and with one previously published fiscal note: FN2 (DOR).

Co-Chair Thompson reviewed the schedule for the meeting indicating that public testimony would be heard. He hoped to move all bills scheduled for the meeting from committee.

#hb176

HOUSE BILL NO. 176

"An Act eliminating geographic pay differentials for employees of the legislature; repealing state employee salary schedule increases; and providing for an effective date."

9:03:53 AM

JANE PIERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, explained that HB 176 repealed state employee salary schedule increase, the Cost of Living Adjustment (COLA), of 2.5 percent that was scheduled to go into effect on July 1, 2015.

Representative Guttenberg asked if work draft, version E, was the version that the committee should be looking at.

Ms. Pierson responded in the affirmative.

9:05:07 AM

Co-Chair Thompson OPENED public testimony.

Co-Chair Thompson CLOSED public testimony.

Co-Chair Thompson indicated Representative Gara had joined the meeting.

Representative Guttenberg remarked that although the bill was simple, it represented a significant step that the legislature was taking. He asked about the history of the state honoring its labor contracts. He wanted to understand both the short-term and long-term consequences for the administration and the bargaining units. He did not feel there had been enough discussion on the matter.

9:07:28 AM

SKIFF LOBAUGH, HUMAN RESOURCES MANAGER, LEGISLATIVE AFFAIRS, reported that the proposed legislation repealed the 2.5 percent COLA for exempt employees. He worked on the fiscal note for the bill but deferred to Ms. Sheehan, the director of the Division of Personnel from the Department of Administration. He explained that the executive branch had the largest number of exempt employees and thought it would be better for her to speak to the bill.

KATE SHEEHAN, DIVISION DIRECTOR, DIVISION OF PERSONNEL AND LABOR RELATIONS, DEPARTMENT OF ADMINISTRATION, detailed that the bill applied only to partially exempt, exempt, legislative, and court employees. She added that the bill did not pertain to employees represented by collective bargaining agreements. In the executive branch there were approximately 636 exempt and 682 partially exempt employees.

Representative Guttenberg wondered if the bill was an effort by the legislature to organize partially exempt and exempt employees. He did not feel anyone was speaking on behalf of the combined group of employees. He felt that it

was the legislature's job to consider what pressure was being placed on the economy and who would be impacted most. He expressed his concerns regarding the long list of actions that were being taken by the legislature. He noted that the fiscal note represented approximately \$5.8 million.

Representative Gara wanted to confirm that a three-year statute was being discussed. Employees were given an increase of 1 percent two years prior, an increase of 1 percent the previous year, and an increase of 2.5 percent scheduled for the current year. He asked if the legislation would revoke the 2.5 percent increase.

Ms. Sheehan responded affirmatively that it was the third year.

Representative Gara asked if his numbers were accurate.

Ms. Sheehan answered, "Yes, they are correct."

Representative Gara stressed that the problem he had with the legislation was that the state offered a three-year deal in which the first two years the employees received raises that fell below the inflation rate leaving them behind cost of living increases. In the third year the promise was to provide employees with a better raise. The increases in salary averaged over three years remained behind the rise in the cost of living. If circumstances were reversed he would be more supportive of the bill. The legislature was proposing to take the most valuable increase away from state employees after two years of austerity. He had a problem with the bill without further discussion.

Representative Munoz asked if the bill addressed the geographical differentials.

Co-Chair Thompson responded that the bill did not address cost differentials.

Representative Munoz asked if it just applied to the third year of the contract.

Co-Chair Thompson responded that it was just the third year of the COLA increase.

9:11:03 AM

Vice-Chair Saddler suggested that three years prior when the contracts were negotiated the state's oil revenue was significantly higher than at present. Before the meeting he read in the paper that Alaska's current oil revenue was lower than when the pipeline first opened. He contended that either jobs would be cut or salaries would be held steady after two years of increases. It could be argued that it was a cut because it did not keep up with inflation but the legislation would hold people's salaries steady and insure job security. It was not a pleasant thing to have to impose, but he believed it was respectful of everyone to try to keep them employed.

Representative Gara remarked that there were additional choices aside from cutting jobs. He suggested that over the following two years the state would be giving out over \$500 million to the oil industry in tax credits, more than the state would receive in production taxes. Co-Chair Thompson interjected that the current discussion was not about oil taxes. Representative Gara asserted that there were additional options to consider and that he could not be supportive of the bill. He opined that there were smarter options available.

Co-Chair Neuman MOVED to REPORT CSHB 176(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

Representative Guttenberg OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Gattis, Pruitt, Saddler, Wilson, Neuman, Thompson
OPPOSED: Guttenberg, Munoz, Edgmon, Gara

The MOTION PASSED (6/4).

There being NO further OBJECTION, CSHB 176(FIN) was REPORTED out of committee with a "no recommendation" recommendation and with three new fiscal impact notes from the Alaska Judicial System, the Governor, and the Legislature.

9:14:03 AM

AT EASE

[9:18:11 AM](#)

RECONVEYED

Co-Chair Thompson mentioned that he had forgotten to recognize Representative Pruitt earlier in the meeting.

#hb137

HOUSE BILL NO. 137

"An Act raising certain fees related to sport fishing, hunting, and trapping; raising the age of eligibility for a sport fishing, hunting, or trapping license exemption for state residents to 65 years of age; requiring state residents to purchase big game tags to take certain species; and providing for an effective date."

[9:19:21 AM](#)

REPRESENTATIVE DAVE TALERICO, SPONSOR, appreciated the opportunity to appear before the committee. He indicated there was an updated spreadsheet that reflected numbers from the current committee substitute of the bill. He suggested having Mr. Brooks review the accompanying fiscal note, which included critical information.

KEVIN BROOKS, DEPUTY COMMISSIONER, DEPARTMENT OF FISH AND GAME, relayed that the department had not finalized the fiscal note. However, he had crunched some numbers since the committee previously met in order to give the committee an idea of the type of revenue that would be generated with the current work draft of the bill. In the first year the estimated increased revenue for fishing licenses was \$3.8 million and for hunting licenses was \$3.3 million, based on the department's analysis. The total increase in revenue would equal \$7.1 million under the current work draft of HB 137. The effective date of the increase would be delayed until the bonds for the hatchery were fully redeemed at which time the surcharge would retire. The department estimated the retirement of the surcharge to be in 2021 or 2022, not prior. The current revenue for the surcharge was \$6.3 million. Once the surcharge terminated a \$9 increase on all licenses would be implemented that would generate \$3.8 million. There would actually be a decrease of \$2.5 million in surcharge dollars attributable to a sliding

scale used on the surcharge for non-resident licenses. Currently, the surcharge for non-residents ranged from \$10 to \$45 but would be replaced with a \$9 surcharge. However, the department anticipated revenue in the amount of \$3.8 million once the surcharge retired in the year 2022.

Representative Gara commented on the bravery of the sponsor of the bill to attempt to raise fees. He proposed increasing certain non-resident fees listed on page 6. He supposed that he could put forth separate conceptual amendments for each or he could propose one amendment with multiple changes. He suggested changes related to trophy game or to subsistence animals that Alaskans relied on. He pointed to page 4, beginning on Line 14 citing increases in black bear fees to \$600, brown bear and grizzly fees to \$1200, bison fees to \$1200, Caribou fees to \$1000, moose to \$1000, sheep to \$1000, and muskox to \$2500.

Co-Chair Thompson voiced that amendments would be addressed following public testimony.

Representative Gara had his conceptual amendment on the table for members to make comments.

Representative Wilson made mention that in testimony heard the previous week that very few tags were issued for some categories versus several for more popular tags. She believed it would be helpful to have additional numbers from the department in order to determine any revenue that might be left on the table.

[9:23:43 AM](#)

Representative Munoz asked if the payoff amount of the bonds was approximately \$3.8 million. She asked if the money went away or was directed for another purpose.

Mr. Brooks responded that the surcharge payment of the bonds currently generated approximately \$6.3 million annually. The amount would sunset and be replaced by a \$9 increase per license that would generate about \$3.8 million. There was a \$2.5 million delta between the two amounts. The revenue generated from a \$9 increase across the board was a lower amount than revenue generated from the assessed surcharge (between \$10 and \$45) for non-residents. The surcharge was based on a sliding scale depending on the length of a license.

Representative Munoz wanted to know if part of the revenue generated for the paying off of the bonds would go towards conservation programs.

Mr. Brooks responded affirmatively.

Representative Munoz asked when the bonds would be paid off.

Mr. Brooks estimated in 2021 or 2022. Each year the department generated a little more. Therefore, there was early redemption dependent on the rate in which the state redeemed the bonds early. He could not provide a definitive answer but it appeared that 2021 or 2022 was a safe estimate.

Representative Munoz wanted Mr. Brooks to speak to the two hatcheries projects. She wanted to know whether they remained in operation and whether the state had met its project goals.

Mr. Brooks reported that there were two hatcheries, one in Anchorage and one in Fairbanks. The Anchorage hatchery was funded through general funds and the Fairbanks hatchery was the project in which the state was paying down bonds. He added that both hatcheries were fully operational with production levels pre-dating when they were built. They were very successful at producing fish of which Alaskans were catching.

Representative Gara asked whether the state was using general funds to pay for things that the fees would otherwise pay for because of a shortfall in fee revenues.

Mr. Brooks answered that each were about \$48 million within the Division of Sport Fish and the Division of Wildlife Conservation. Primarily, the state received federal aid from Pittman-Robertson and Dingell-Johnson funds and through matching fish and game funds. The divisions currently had about \$6 million in unrestricted general funds, monies viewed by the department as vulnerable for the following few years. The fee increase would help to offset potential general fund (GF) reductions. He reported that, at present, there were GF reductions in deliberation for the FY 16 budget. Also, he mentioned being under

matched within the Wildlife Division. The increase would help to match federal dollars.

Representative Gara asked if the federal funds had to be spent towards capital projects or if they could be spent towards wildlife conservation projects outside of capital projects.

Mr. Brooks responded that Representative Gara was correct.

[9:27:33 AM](#)

Co-Chair Thompson OPENED public testimony.

[9:27:52 AM](#)

DON QUARBERG, SELF, DELTA (via teleconference), suggested that the fees be further increased to recoup monies lost to inflation since the last increase nearly 20 years previously. He also proposed a resident tag fee. He requested that the committee seriously consider removing the \$5 license fee based on a family household income for two reasons. First, he believed that the fee was subject to fraud. Secondly, the \$5 fee was too costly to administer. The Department of Fish and Game (DFG) lost \$64 for every sale of a reduce fee license. Instead, he surmised that the lost \$64 could be used for matching funds for available Pittman-Robertson and Dingell-Johnson tax monies on a 3-to-1 basis. He calculated a potential loss of \$192 to the state in matching tax monies for each license. Consequently, he projected that the total loss to the state for each one of the licenses equaled \$256 not including the King Salmon stamp, which cost \$15. He reviewed the total losses associated with the King Salmon stamp. He reported that he had contacted the predominant license vendor in Delta Junction. Their estimate of the percentage of \$5 license sales was 30 percent or more at a current income limit of \$82 hundred. He suggested that the percentage would greatly increase if the income limit was raised to \$29 thousand or more. He continued to provide some statistics. He believed that the \$5 license should be administered within the Department of Health and Social Services for the purpose of properly vetting applicants. All of the fees would be transferred to DFG for use in managing Alaska's wildlife resources. He concluded his testimony.

[9:32:19 AM](#)

STACY KLEINSMITH, SELF, ANCHORAGE (via teleconference), relayed that she was an avid sportswoman. She shared her experience as a mentor to children. She advocated a \$15 increase for residence licenses. She also reasoned that there should be no Pittman-Robertson dollars left on the table. She opined that an additional \$10 was not a large amount. She reiterated her support of a \$15 resident license fee increase.

[9:34:51 AM](#)

GEORGE, PIERCE, SELF, KASILOF (via teleconference), opposed HB 137. He suggested increased fees for guides and out-of-state hunters and fishers. He believed that the sockeye salmon stamp should be applicable only to non-residents. He opposed charging personal use fishermen. He suggested that the Kenai River Sport Fishing Association, a guide business for non-residents, proposed the tax. He stressed raising fees for non-residents rather than for Alaskans. He relayed that the personal use fishery was supposed to be a subsistence fishery and believed it should be a top priority. He urged raising fees for non-residents and guides rather than subsistence users. He vehemently opposed the sockeye salmon stamp for residents and opposed any increases for seniors. He asserted that residents owned the resources and were entitled to them. He purported that guides were making more money than anyone else on Alaska's resources by catering to non-residents.

Co-Chair Thompson stated that a salmon stamp was not associated with the bill.

[9:38:08 AM](#)

RICHARD BISHOP, SELF, FAIRBANKS (via teleconference), spoke in favor of HB 137. He strongly supported the recommendations for higher fees than those in the most recent work draft of the bill put forward by several outdoor groups. He agreed on the importance of meeting the need to capture federal matching funds and to offset an anticipated loss of GF in order to continue the DFG programs that ensured sound management. He ascribed to the fee increases recommended by the various outdoor groups and believed they were the best alternatives. He encouraged the

committee to amend the bill to include the increased fees and to pass the bill.

Co-Chair Thompson CLOSED public testimony.

Representative Talerico commented that it was unusual for people to ask for increased fees. One of the things he wanted to keep in mind was that moving forward, the fee levels were at a reasonable rate for the people he represented in District 6, from a resident perspective. He expressed his appreciation for the input provided by all the groups that had made suggestions. However, he was comfortable with the changes that had been made to the bill up to the current point. He reminded everyone that his main inspiration for the legislation was not to generate substantial general funds, but to be able to continue having the opportunities that sportsmen enjoy. He wanted to ensure that people could continue to hunt, fish, and enjoy the great outdoors. He thanked the committee for the opportunity to present his bill.

[9:42:40 AM](#)

Co-Chair Thompson MOVED to ADOPT Amendment 1:

Page 5, line 11:

Delete "gross income of less than \$29,820"

Insert "or household income equal to or less than the most recent poverty guidelines for the state set by the United States Department of Health and Human Services"

Vice-Chair Saddler OBJECTED for discussion.

Co-Chair Thompson explained that Amendment 1 corrected a drafting error discovered at the previous meeting regarding low-income licenses. It was a conforming amendment.

Vice-Chair Saddler wanted to clarify that it was 100 percent of the poverty level.

Co-Chair Thompson responded, "Correct."

Vice-Chair Saddler WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

Representative Pruitt did not have a copy of the amendment.

Co-Chair Thompson clarified that the amendment was a conforming amendment because there were two places where the language should have matched.

Representative Wilson referred to page 5 and explained the changes.

Representative Pruitt appreciated the information and recalled discussing it with Co-Chair Thompson.

[9:44:24 AM](#)

Representative Gara MOVED to ADOPT conceptual Amendment 2.

Co-Chair Thompson OBJECTED.

Representative Gara explained the amendment [proposed deletions shown in brackets below]:

page 6, line 14

(A) Bear, black, each 600[400]

page 6, line 15

(B) Bear, brown or grizzly, each 1200 [875]

page 6, line 16

(C)Bison, each 1200 [800]

page 6, line 17

(D) Caribou, each 1000[575]

page 6, line 21

(H) Moose, each 1000[700]

page 6, line 22

(I) Sheep, each 1000[750]

page 6, line 29

(L) Musk oxen, each 2500[1925]

page 7, line 17

(20) Nonresident alien hunting license 600 [450]

Representative Gara relayed that the changes in the amendment were associated with non-resident fees, as he agreed with the sponsor of the bill that the fees highlighted should not be borne by residents.

Vice-Chair Saddler asked if Representative Gara had done any kind of analysis on the effect on demand for the licenses by the increases listed.

Representative Gara responded that he had done a logical analysis; the money that non-residents paid to come to Alaska and to hire guides was in the thousands of dollars. He asserted that an increase of a few hundred dollars for trophy animals would likely not change demand. There was also some interest in protecting the few subsistence animals listed in the amendment. He believed the increases were relatively small.

[9:47:48 AM](#)

Vice-Chair Saddler clarified that there was no specific analysis except that more money was more money.

Representative Gara responded in the negative. He stated what he stated.

Vice-Chair Saddler asked if it was correct to say that there had been no specific analysis done.

Representative Gara responded, "Just logic."

Vice-Chair Saddler asked if Representative Gara's answer was a yes or a no.

Co-Chair Thompson interjected that it sounded like, "No."

Vice-Chair Saddler agreed that it sounded like, "No."

Representative Gara responded that he thought it was logical.

Representative Talerico suggested that he was comfortable with the figures with the exception of those suggested for the caribou and moose. He thought the suggested numbers were too high. He was happy with the other figures. He suggested bringing the caribou and moose figures back down and increasing the goat tag fee.

Co-Chair Thompson received a note that the committee could not amend more than two items or lines. He wanted clarification.

[9:49:06 AM](#)

AT EASE

[9:49:47 AM](#)

RECONVEYED

Representative Talerico responded again that he would keep the caribou and moose tags lower but would increase the goat tag.

Co-Chair Neuman acknowledged that Department of Natural Resources had spent a significant time on the bill and that many groups and sportsmen from around the state had contributed their input to the legislation. He also commented that there had been a large amount of testimonies through email and public testimony. He asked if he was correct.

Representative Talerico agreed.

Co-Chair Neuman indicated he would support the pay structure outlined in the current version of HB 137 based on the extensive responses from a number of Alaskans made in House Resources.

Representative Edgmon surmised that as the bill traveled through the legislative process there would be continued pressure to double all of the fees. He strongly opposed doubling the resident fees. Perhaps there was a measure of compromise to the increases. He agreed with previous testimony about the need to get more funding from Pittman-Johnson and Dingell-Johnson and to avoid underutilizing federally matched funding. He suggested that he would support taking the existing amendment and aligning it with what the sponsor had indicated.

[9:52:14 AM](#)

Representative Pruitt MOVED to AMEND conceptual Amendment 2.

Representative Pruitt explained the amendment to conceptual Amendment 2 [proposed deletions shown in brackets below]:

page 6, line 16
(C)Bison, each 900[1200]

page 6, line 17
(D) Caribou, each 650[1000]

page 6, line 21
(H) Moose, each 800[1000]

page 6, line 22
(I) Sheep, each 850[1000]

page 6, line 29
(L) Musk oxen, each 2200[2500]

He stated that the recommended numbers he was proposing were the same numbers recommended by the sportsman's group. He left the non-resident numbers for black bears, brown bears, and non-resident alien licenses at the levels Representative Gara recommended in conceptual Amendment 2.

Co-Chair Neuman OBJECTED.

Co-Chair Neuman discussed the fact that the state was increasing fees for many things such as refined fuels. He also mentioned the possibility of new income taxes and sales taxes, and dipping into the Permanent Fund. He expressed his concern with imposing additional increases for Alaskans.

Co-Chair Thompson reminded Co-Chair Neuman that the committee was currently discussing the amendment to Amendment 2, which would actually decrease the fees.

Co-Chair Neuman clarified that he would rather stay with the numbers in the original bill.

[9:55:19 AM](#)

Representative Gattis understood that it was a huge statement when groups joined together to take a position. She relayed that she would support the amendment to the amendment based on the groups she mentioned getting together.

Representative Wilson was also going to support the amendment to the amendment.

Representative Munoz thought the proposed changes were higher than the numbers recommended by the subcommittees. She wondered whether the outdoor groups were satisfied with the numbers that had been adopted.

Representative Pruitt relayed that the numbers provided by the outdoor caucus were slightly higher for bison and caribou. The overall numbers they suggested were lower than what Representative Gara was recommending. He believed the group was involved in previous discussions.

[9:57:36 AM](#)

Representative Gara supported the amendment to the amendment.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO OBJECTION, the amendment to conceptual Amendment 2 was adopted.

Co-Chair Thompson asked if there was further discussion on conceptual Amendment 2.

Co-Chair Neuman maintained his objection.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Pruitt, Saddler, Wilson, Edgmon, Thompson

OPPOSED: Gattis, Munoz, Neuman

The MOTION PASSED (7/3).

[9:59:15 AM](#)

Representative Gara asked to hear from the bill sponsor regarding raising fees for goat tags.

Representative Talerico pointed out that if a discussion ensued about trophy animals the goat should be included. He did not have an issue raising the tag fee to some degree with the exception of doubling or tripling the amount.

Co-Chair Neuman MOVED to REPORT CSHS 137 (FIN) out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, CSHS 137 (FIN) was REPORTED out of committee with five "do pass" recommendations and five "no recommendation" recommendations and with one new fiscal impact note from the Department of Fish and Game.

[10:00:27 AM](#)

AT EASE

[10:03:51 AM](#)

RECONVEYED

#hb155

HOUSE BILL NO. 155

"An Act relating to fees charged by the commercial fisheries entry commission; repealing an exploration incentive credit; amending the calculation of adjusted gross income for purposes of the tax on gambling activities aboard large passenger vessels; repealing the amount that may be deducted from the motor fuel tax to cover the expense of accounting and filing for the monthly tax return; repealing a provision allowing an investigation expense under the Alaska Small Loans Act to be in place of a fee required under the Alaska Business License Act; repealing the amount that may be deducted from the tobacco excise tax to cover the expense of accounting and filing for the monthly tax return; repealing the discount on cigarette tax stamps provided as compensation for affixing the stamps to packages; repealing the amount that may be deducted from a tire fee remittance to cover the expense of accounting and filing for the quarterly fee return; and providing for an effective date."

[10:03:51 AM](#)

Co-Chair Thompson indicated he was the sponsor of the bill and that there was a committee substitute for the bill.

Vice-Chair Saddler MOVED to ADOPT the proposed committee substitute for HB 155, Work Draft 29-LS0715\N, Nauman, 4/8/15.

Co-Chair Neuman OBJECTED.

10:04:56 AM

BRODIE ANDERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, reviewed the changes to the committee substitute by reading from a prepared statement:

Title: Title change removing indirect expenditures referenced in the bill

Old Section 1 & 2: Sections deleted referencing Commercial Fisheries Entry Commission (CFEC) fee language.

Section 1-9: Renumbered from Sections 3-11

Section 10(Old section 12): Removed AS 16.43.160(d), AS 43.98.025(e), Statutes referencing indirect expenditures related to the CFEC and the tire fee.

(Old Section 13): Deleted section referencing regulations related to CFED indirect expenditures.

Section 11: Transition language reflects renumbered sections and removed transition language that referenced CFEC indirect expenditures.

Section 12-13: Renumbered from Sections 15-16, section language reflects renumbered sections.

10:06:27 AM

Representative Guttenberg asked if the Committee Substitute removed Sections 1 and 2 of the old bill.

Mr. Anderson responded that the old Sections 1 and 2 specifically dealt with indirect expenditures related to the Commercial Fisheries Entry Commission (CFEC). He reported that after Representative Edgmon's question in the prior committee meeting, he looked at what the indirect expenditures were for CFEC and determined that they were all related to indirect expenditures for things such as low-income reductions and fee exemptions. In looking further the low-income reference cited federal code for the federal poverty level. It was noted that the low-income applicants truly met the poverty level criteria. After

talking with industry and CFEC a more comprehensive look at the fee structures for all of CFEC fees and exemptions might be better utilized and addressed at a later time.

Co-Chair Thompson identified additional available

Representative Guttenberg asked about removing Sections 1 and 2 and whether they just related to CFEC and not to any other commission.

Mr. Anderson responded that the old sections only related to CFEC. There was one other indirect expenditure that was removed from the bill relating to the tire tax fee. It was addressed in previous legislation that was already heard by the finance committee.

[10:08:57 AM](#)

Representative Pruitt wanted to confirm that the legislation would remove four fees for CFEC. He asked if he was correct.

Mr. Anderson stated that all references to any CFEC fee or reduction were removed.

Representative Pruitt asked about why all four were removed. He noted that one of the fees had an effect amounting to \$17 thousand or \$18 thousand. He also referred to a reduced application fee for low-income non-residents that had not been used. He asked if there was a reason for removing all four fees.

Mr. Anderson stated that it was cleaner. He elaborated that Sections 1 and 2 of the old bill had language allowing the commission to rewrite regulations, which was not necessarily in the best interest of the state. It was also thought it would be better to look at the fees and reductions in their entirety. Industry suggested that, although some of the indirect expenditures had not been used for the previous 4 years, some might be needed. He cited the example of the expediting transfer fee used only in an emergency. If such an emergency came up low-income poverty families could be negatively impacted. Therefore, they were removed.

[10:11:15 AM](#)

Co-Chair Thompson OPENED public testimony.

Co-Chair Thompson CLOSED public testimony.

Vice-Chair Saddler MOVED to REPORT CSHB 155(FIN) out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, CSHB 155(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Revenue.

[10:12:18 AM](#)

AT EASE

[10:15:13 AM](#)

RECONVEYED

#sb33

SENATE BILL NO. 33

"An Act relating to remittance of tire fees; and providing for an effective date."

[10:15:20 AM](#)

Vice-Chair Saddler MOVED to ADOPT the proposed committee substitute for SB 33, Work Draft 29-LS0102\W.

[10:15:44 AM](#)

AT EASE

[10:16:04 AM](#)

RECONVEYED

Co-Chair Thompson VOIDED the motion. [Vice-Chair Saddler referred to an incorrect version of the work draft].

Vice-Chair Saddler MOVED to ADOPT the proposed committee substitute for SB 33, Work Draft 29-GS1044\W, Nauman, 4/11/15.

There being NO OBJECTION, it was so ordered.

[10:16:39 AM](#)

JANE PIERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, discussed the changes in the committee substitute. She relayed that the House Finance Committee had heard the companion bill [HB 88] in the previous week. The changes in version W of the Senate bill corresponded with the changes made in the House's version. The changes included:

Lines 7-8, page 1 add:

The department may only, on a form required under this subsection, require a seller to provide information on tires subject to the tax under this section.

Line 14, page 1 replace:

\$600 [\$900]

Co-Chair Thompson stated other available testifiers.

Representative Gattis stated that there was work done in the House version on the form and the information collected from tire agencies. She wanted to confirm that that the resulting changes ended up in the Senate version of the bill.

Ms. Pierson verified that the information was also included in the Senate version. She referenced page 1, Lines 7-9 of the bill.

Co-Chair Thompson opened public testimony

Co-Chair Thompson closed public testimony.

Vice-Chair Saddler MOVED to REPORT HCS SB 33(FIN) out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, HCS SB 33(FIN) out of committee with a "do pass" recommendation and with one previously published fiscal note: FN2 (DOR).

10:19:23 AM
AT EASE

10:19:50 AM
RECONVEYED

Co-Chair Thompson discussed the agenda for the following meeting later in the same day.

#

ADJOURNMENT

10:20:33 AM

The meeting was adjourned at 10:20 a.m.