

HOUSE FINANCE COMMITTEE

April 15, 2016

8:39 a.m.

8:39:13 AM

CALL TO ORDER

Co-Chair Thompson called the House Finance Committee meeting to order at 8:39 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 Cathy Munoz  
Representative Tammie Wilson

MEMBERS ABSENT

Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Lance Pruitt

ALSO PRESENT

Ed Fogels, Deputy Commissioner, Department of Natural Resources; Ben Ellis, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources; Representative Gabrielle LeDoux, Sponsor; Kaci Schroeder, Assistant Attorney General, Criminal Division, Department of Law; Brandon Brefcynski, Staff, Senator Bill Stoltze; Dr. Edward Barrington, Board of Chiropractic Examiners, Juneau; Janey Hovenden, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Ted Wellman, President, Kenai River Special Management Area Advisory Board, Sterling.

SUMMARY

HB 339 MOTOR VEHICLE ARSON

HB 339 was REPORTED out of committee with a "do pass" recommendation and with two previously published zero fiscal notes: FN1 (ADM) and FN2 (LAW).

CSSB 69(FIN)

BD OF CHIROPRACTIC EXAMINERS; PRACTICE

CSSB 69(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN2 (CED).

CSSB 101(FIN)

STATE PARKS FEES & SALES OF MERCHANDISE

CSSB 101(FIN) was REPORTED out of committee with a "do pass" recommendation and with and one previously published zero fiscal note: FN3 (DNR).

Co-Chair Thompson discussed the meeting agenda.

#sb101

CS FOR SENATE BILL NO. 101(FIN)

"An Act relating to merchandise sold and certain fees charged or collected by the Department of Natural Resources."

8:40:06 AM

ED FOGELS, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, relayed that the bill was extremely important to the department and the state. Alaska's state park system was the largest in the nation; it had evolved into a lean and efficient machine. The Department of Natural Resources (DNR) was trying hard to reduce the amount of General Funds required to run state parks and believed they had developed a strategy to completely get the state park system off of general funds in the near future. He detailed that the bill represented a key piece of the department's strategy.

BEN ELLIS, DIRECTOR, DIVISION OF PARKS AND OUTDOOR RECREATION, DEPARTMENT OF NATURAL RESOURCES, discussed that

the bill would enable the Division of Parks and Outdoor Recreation to sell state park themed merchandise in a manner that ensured a reasonable monetary return to the state to help support state park operations, which would thereby potentially reduce the division's reliance on General Funds. He communicated that the bill contained two parts. First, the current statute specified that the department could collect fees in a "park unit." He detailed that at present, DNR collected fees online for public use cabin reservations, annual parking and boat launch passes at public information centers; there were also other areas where funds were received that were not in a park unit. The bill would remove the park unit language. He specified that the Department of Law (DOL) had looked at the issue. He elaborated that the department was not in danger of losing the funds collected outside of a park unit, but the idea was to clarify the language. He characterized the change as a housekeeping measure. The second and more important part of the bill gave DNR another tool in its effort to reduce dependency on Undesignated General Funds (UGF) that supported the division.

Mr. Ellis explained that in FY 15 the division had been allocated \$3.5 million in UGF and the division had brought in \$3.3 million in program receipts. The division's operational budget was a little over \$7 million. The department had taken the steps through the legislation to try to close the gap. He explained that the division had increased its program receipts; previously about 31 percent of its operating expenses came from permits. The number had increased to 40 percent with a target in the 50 percent range by the beginning of next year. The division had looked at park units where the state had not charged fees and had taken steps to change that. For example, the division had installed collection stations with restrooms on Kodiak; it had anticipated bringing in \$20,000 as a result, but it had already reached that amount before the summer season had begun. He elaborated that Kodiak had been very supportive of the fee increase to support the parks, which comported with the overall statewide sentiment. The division had also reduced its spending by 18 percent in order to operate without UGF. The bill would enable the division to maintain park services, reduce dependency on UGF, and provide a way to support the largest state park system in the nation.

[8:45:32 AM](#)

Mr. Ellis relayed that the idea had come about 4.5 years earlier when there had been a photo contest as part of the 40th anniversary of Alaska's state parks. He detailed that the idea had come to create blank notecards with some of the photos and park information to sell for a profit. The division had been told it could only sell the item at cost. He showed the committee a park hat that was given to advisory board members, but could not be sold. Currently, the only source for park merchandise was an online retailer based in Seattle. For example, if a person wanted an Eagle Beach Alaska State Park sweatshirt they could buy it online for \$40; the state and the division received zero percent of the profits. The bill would enable people purchasing the merchandise to support their state parks and to know that the profit was going back into their state parks. He relayed that at least six other states had mature park merchandise programs that generated \$1 million or more in profits for their park systems.

[8:47:38 AM](#)

Co-Chair Neuman asked if the division had the ability to work with commissions. He stated that the Mat-Su visitor's center and others worked on commission sales where items could be sold.

Mr. Ellis answered in the affirmative. He detailed that the bill was broad and specified that it was the division's responsibility to seek a desirable and appropriate return on investment, which could occur through a number of venues. The program would have a strong wholesale component where a product would be sold to retail stores. The concept had been put forward by Princess, specifically related to its lodge at the Denali National Park near the new Kesugi campground. The division would love to have products to sell at the lodge, which would make a small profit for the state and the retailers.

Co-Chair Neuman looked forward to the bill becoming law so he could purchase a hat.

Representative Gattis asked if there was a preference given to Alaska businesses when retail items were purchased. She realized the state was going to try to make a profit and that the money went back in [to DNR's budget]. She referred to Mr. Ellis's testimony that currently the products could

only be purchased out of state. She believed there could be a win-win situation [for the state and its businesses].

Mr. Ellis answered that the bill did address the issue; it included language that to the extent practicable several things would occur. First, the products would be made in the United States. He noted that currently products were primarily made outside of the U.S. Second, there was an Alaska bidder preference and the ability to look into the state's correctional facilities to determine if they had an opportunity to create a product.

[8:50:33 AM](#)

Mr. Ellis continued to provide an explanation of the bill. He explained that there were states making between \$1 million and \$4 million in annual profit on the sales of merchandise (the programs had been in operation between 8 and 10 years in those states). However, he clarified that if implemented, the program would not bring in that kind of revenue immediately; it would be necessary to take very small steps to slowly grow the program. He explained that the bill had a zero fiscal note and the division would have to find the ability within its current means to make the program work. He communicated that states with the most successful programs had product at all of their state park areas. The program in Alaska would probably focus initially on some of the state's most heavily used areas that were closest to the largest population centers. The department intended to grow the program over a 5 to 8-year period. He relayed that the New Hampshire program had earned in the \$1 million per year range. He cited the program's deputy director as saying "We are fairly passionate about our retail operations here in New Hampshire state parks. When you change the dialogue from cost control to revenue growth opportunities all of a sudden new doors open, employees attitudes shift, and we build a broader customer base of support, loyalty, and advocacy for our state parks system."

Representative Munoz asked if the division would work with a wholesale distributor or if the state would act as the wholesaler.

Mr. Ellis answered that the division had not yet looked at those details, but it would in the future. The department would also look at turning artwork generated by artisan

residents in the Rie Munoz-Dorothy Gruening Artist-in-Residence Program into prints for resale.

Representative Munoz encouraged the division to work with a wholesaler with a network of businesses instead of taking the work on itself. She believed the work would be quite cumbersome for the state to take on itself.

Mr. Ellis agreed.

Representative Munoz suggested working with a graphic designer on creating a product line. She believed that investing a little on the front end would create greater success.

Mr. Ellis emphatically agreed. He acknowledged that the division did not contain graphic artist or merchandise sales experts; it would be looking to the private sector for the expertise in order to develop a product that would sell and that the state could be proud of.

[8:53:55 AM](#)

Co-Chair Neuman stated that a significant number of people enjoyed state parks for photography. He noted that many professional photographers had copyrights of their photos. He wanted to ensure that there was nothing in the bill that would infringe upon the right of individuals to take professional photos.

Mr. Ellis replied that the bill would not impact photographers. He relayed that in the photography contest held by the division six years earlier, the photographers had agreed to provide the division with copyright for their particular submission. However, the bill would not impinge upon the ability of professional photographers to take pictures.

TED WELLMAN, PRESIDENT, KENAI RIVER SPECIAL MANAGEMENT AREA ADVISORY BOARD, STERLING (via teleconference), testified in support of the legislation. The advisory board was concerned about ensuring adequate monies and funding for parks in order to have appropriate enforcement and maintenance of facilities. He shared that the Kenai River was under "virtual assault" by increased use throughout the system. The board was in favor of any legislation that raised funds to allow state parks to more adequately

perform their job. The board believed the bill and merchandizing was a nice and neat idea that would allow people visiting the park to identify with the park. He believed the products would be very popular. He relayed that the advisory board had submitted a letter of support in the past.

Co-Chair Thompson CLOSED public testimony.

Co-Chair Neuman addressed the zero fiscal note from DNR for FY 17 through FY 22. He noted that the department had the authority to collect fees at locations outside the park unit and the bill would enable the division to collect program receipts to allow for a profit to be made outside the sale of merchandise.

Co-Chair Neuman MOVED to REPORT CSSB 101(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 101(FIN) was REPORTED out of committee with a "do pass" recommendation and with and one previously published zero fiscal note: FN3 (DNR).

[8:57:38 AM](#)

AT EASE

[8:59:45 AM](#)

RECONVENED

#hb339

HOUSE BILL NO. 339

"An Act relating to arson in the third degree."

[8:59:52 AM](#)

REPRESENTATIVE GABRIELLE LEDOUX, SPONSOR, thanked the committee for hearing her bill. The bill aimed to increase public safety by expanding the circumstances where the act of arson may be classified as arson. She explained that current law provided that damaging a vehicle by fire or explosion may only be charged as arson in the third degree if the crime was committed on state or municipal land. An identical action on private land would be criminal mischief in the third degree. She explained that both crimes were

Class C felonies. She elaborated that the narrowness of the arson statute hindered fire and arson investigators' ability to track repeat offenders. She continued that serial arsonists were often prime suspects when a new arson crime was committed, but were difficult to track when they had only been previously convicted of criminal mischief. The bill would aid investigators in solving the crimes by creating a clear criminal history. She urged the committee to support the bill.

Representative LeDoux relayed that the bill was supported by the Alaska Fire Chief's Association. Additionally, the bill had been one of late Representative Max Gruenberg's priorities. She explained that after Representative Gruenberg had passed away, the House Judiciary Committee decided to sponsor the legislation.

Co-Chair Thompson discussed individuals available to testify.

[9:02:54 AM](#)

Co-Chair Thompson asked to hear from the Department of Law (DOL). He wondered if there were any problems with the bill.

KACI SCHROEDER, ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, DEPARTMENT OF LAW, replied that DOL saw no legal issues with the legislation as currently drafted.

Co-Chair Neuman believed during his time as a House Representative, Senator Bill Stoltze had worked on legislation specifying that a crime would be classified as arson if it was committed on public lands. He asked if there had ever been an arrest of someone burning a vehicle (even on public land).

Ms. Schroeder noted that it was a statute the department was familiar with, but she did not know if there had been any arrests for the crime.

Representative Wilson stated that the issue had been brought forward by firefighters in her district. She clarified that there was currently a different charge on public lands versus private lands.

Ms. Schroeder answered in the affirmative; if the bill did not go through the department would continue to charge the crime on private lands as criminal mischief in the third degree (a Class C felony).

Representative Wilson asked for verification that the bill created even ground and allowed fire fighters and public safety to track offenders who committed the crime on both public and private property.

Ms. Schroeder replied in the affirmative. The department would have the ability to charge the crime as arson. The crime would be tracked as arson, which was an immediate notification to the public and law enforcement that burning was involved.

Co-Chair Neuman asked if there was current law to force a person who committed the crime to pay for removing the vehicle.

Ms. Schroeder answered that the direction would be included in part of the damages and restitution the department often sought in resolving the cases.

Co-Chair Thompson noted that Vice-Chair Saddler had joined the meeting.

Co-Chair Thompson OPENED and CLOSED public testimony.

Co-Chair Neuman addressed the two zero fiscal notes for the Department of Law and Department of Administration for FY 17 to FY 22. He noted that the departments did not currently anticipate a fiscal impact from the legislation.

Co-Chair Neuman MOVED to REPORT HB 339 out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

HB 339 was REPORTED out of committee with a "do pass" recommendation and with two previously published zero fiscal notes: FN1 (ADM) and FN2 (LAW).

[9:07:45 AM](#)

AT EASE

[9:09:16 AM](#)

RECONVENED

#sb69

CS FOR SENATE BILL NO. 69(FIN)

"An Act relating to the Board of Chiropractic Examiners and the practice of chiropractic."

9:09:24 AM

BRANDON BREFCYNSKI, STAFF, SENATOR BILL STOLTZE, explained that the bill had been brought forward by the Board of Chiropractic Examiners and the Alaska Chiropractic Society. State chiropractic laws had not been updated since 1988; the bill was intended to clarify and modernize the associated statutes. The bill addressed the training and utilization of chiropractic clinical assistants, interns, and preceptors. Additionally, the bill would strengthen and clarify law allowing chiropractors to perform school physicals. The legislation would also revise penalties for fraudulent practices, updated definitions, and modernized terminology.

Representative Wilson referred to the explanation of bill changes, which she believed contained an error. She referred to the explanation that the bill reinstated provisions requiring chiropractors to perform physical examinations (Section 2, page 2). She asked for verification that the bill would allow chiropractors to perform examinations, but not require it.

Mr. Brefcynski replied in the affirmative. He noted that it may have been a drafting error.

Vice-Chair Saddler asked who would be covered by the bill. Mr. Brefcynski deferred the question to a representative from the Board of Chiropractic Examiners.

9:11:41 AM

DR. EDWARD BARRINGTON, BOARD OF CHIROPRACTIC EXAMINERS, JUNEAU, provided information about his professional background. He relayed that the Board of Chiropractic Examiners and the Chiropractic Society supported the bill.

Vice-Chair Saddler asked how many people were employed in chiropractic clinical assistants, interns, and preceptors.

Mr. Barrington answered that there were currently no statistics available because the positions were not regulated. Typically a person was trained in a chiropractic office. There were programs in chiropractic colleges and there was a national board examination for chiropractic clinical assistants. An intern was a chiropractic student who had passed all of their graduation requirements and may have graduated, but was waiting for a board examination in a particular state and who may want to gain clinical experience. The preceptor supervised the intern. Currently, there were chiropractic colleges wanting to place interns in Alaska, but they required enabling language in Alaska law. He explained that clinical assistants would be regulated much like medical assistants. There was public interest in the endeavor and there had been third-party inquiries from insurance companies about the qualifications of people working with their insureds directly.

Representative Munoz asked if chiropractors had prescriptive authority in Alaska. Mr. Barrington answered that chiropractors did not have prescriptive authority over pharmaceutical substances; they did have prescription over exercise and nutrition.

Co-Chair Thompson noted other individuals available for questions.

Co-Chair Thompson OPENED and CLOSED public testimony.

Vice-Chair Saddler addressed the fiscal note from the Department of Commerce, Community and Economic Development. The note reflected a cost of \$2,500 in FY 17 and no position changes.

[9:16:30 AM](#)

Representative Gattis remarked that she had received comments from chiropractors in her district who saw the legislation as a helpful cleanup bill. She hoped the bill was reported out.

Co-Chair Thompson agreed that the bill was to help industry.

Representative Wilson asked about the fiscal note. She did not recall that there was typically a charge to the boards

for rewriting regulation and for printing and postage. She asked if the practice was normal.

JANEY HOVENDEN, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, replied that typically all expenses for a profession were charged back to licensees. The \$2,500 fiscal note would be paid for by licensees of the chiropractic program.

Representative Wilson asked for verification that every time the department made changes to any of the boards (even if the change did not come at the board's request) it was charged to the board.

Ms. Hovenden replied in the affirmative.

Vice-Chair Saddler MOVED to REPORT CSSB 69(FIN) out of committee with individual recommendations and the accompanying fiscal note.

CSSB 69(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN2 (CED).

[9:19:11 AM](#)

AT EASE

[9:20:26 AM](#)

RECONVENED

Co-Chair Thompson addressed the schedule for the afternoon meeting. He recessed the meeting to a call of the chair [note: the meeting never reconvened].

#

ADJOURNMENT

[9:21:14 AM](#)

The meeting was adjourned at 9:21 a.m.