

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 17, 2015

3:31 p.m.

MEMBERS PRESENT

Senator Click Bishop, Chair
Senator Bert Stedman, Vice Chair
Senator Anna MacKinnon
Senator Dennis Egan

MEMBERS ABSENT

Senator Lyman Hoffman

OTHER MEMBERS PRESENT

Senator Cathy Giessel

COMMITTEE CALENDAR

CONFIRMATION HEARING:

Commissioner-Alaska Department of Commerce, Community, and
Economic Development

Chris Hladick

- CONFIRMATION ADVANCED

SENATE BILL NO. 22

"An Act relating to the collection costs for the municipal motor vehicle registration tax; and providing for an effective date."

- MOVED SB 22 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 70(RES)

"An Act adding land and water to the Creamer's Field Migratory Waterfowl Refuge."

- HEARD & HELD

SENATE BILL NO. 56

"An Act adopting the Municipal Property Assessed Clean Energy Act; authorizing municipalities to establish programs to impose assessments for energy improvements in regions designated by

municipalities; imposing fees; and providing for an effective date."

- MOVED SB 56 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 22

SHORT TITLE: MOTOR VEHICLE REG. TAX: COLLECTION COSTS

SPONSOR(s): SENATOR(s) GIESSEL

01/21/15 (S) READ THE FIRST TIME - REFERRALS
01/21/15 (S) CRA, STA, FIN
02/10/15 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
02/10/15 (S) Heard & Held
02/10/15 (S) MINUTE(CRA)
03/17/15 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)

BILL: HB 70

SHORT TITLE: CREAMER'S FIELD REFUGE

SPONSOR(s): REPRESENTATIVE(s) WOOL

01/21/15 (H) READ THE FIRST TIME - REFERRALS
01/21/15 (H) RES
02/11/15 (H) RES AT 1:00 PM BARNES 124
02/11/15 (H) Moved CSHB 70(RES) Out of Committee
02/11/15 (H) MINUTE(RES)
02/13/15 (H) RES RPT CS(RES) 8DP
02/13/15 (H) DP: JOHNSON, JOSEPHSON, HERRON, HAWKER,
SEATON, OLSON, TARR, TALERICO
02/23/15 (H) TRANSMITTED TO (S)
02/23/15 (H) VERSION: CSHB 70(RES)
02/25/15 (S) READ THE FIRST TIME - REFERRALS
02/25/15 (S) CRA, RES
03/17/15 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 56

SHORT TITLE: MUNI ENERGY IMPROVEMNT ASSESSEMNTS/BONDS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/18/15 (S) READ THE FIRST TIME - REFERRALS
02/18/15 (S) CRA, FIN
03/12/15 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
03/12/15 (S) Heard & Held
03/12/15 (S) MINUTE(CRA)
03/17/15 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

CHRIS HLADICK, Commissioner Designee
Alaska Department of Commerce, Community and Economic
Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Addressed questions regarding his
appointment as commissioner.

FORREST WOLFE, Staff
Senator Giessel
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview for SB 22.

DANIEL MOORE, City Treasurer
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Supports SB 22. He explained Anchorage's
position on auto taxes going to DMV rather than the
municipality.

AMY ERICKSON, Director
Division of Motor Vehicles (DMV)
Department of Administration
Anchorage, Alaska

POSITION STATEMENT: Explained the impact from SB 22 on licensing
fees collected by DMV for municipalities.

REPRESENTATIVE ADAM WOOL
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor for HB 70.

DAVID JAMES, Regional Supervisor
Division of Wildlife Conservation
Alaska Department of Fish and Game
Fairbanks, Alaska

POSITION STATEMENT: Announced his availability to answer
questions regarding HB 70.

GENE THERRIAULT, Director
Energy Policy & Outreach
Alaska Energy Authority
Anchorage, Alaska

POSITION STATEMENT: Addressed questions regarding support from
banks for SB 56.

ACTION NARRATIVE

[3:31:01 PM](#)

CHAIR CLICK BISHOP called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Egan, MacKinnon, Stedman, and Chair Bishop.

CONFIRMATION HEARING:

COMMISSIONER-ALASKA DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT

[3:32:25 PM](#)

CHAIR BISHOP welcomed Commissioner Designee Hladick to the committee hearing.

[3:32:35 PM](#)

CHRIS HLADICK, Commissioner Designee, Alaska Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska. He said he has been a city manager in the state since 1990 and has worked in: Galena, Dillingham, and the last 14 years in Unalaska. He noted his broad experience that dealt with: fisheries, living in Interior Alaska, running water and sewer departments, various utilities, projects, schools, swimming pools, marine projects, Arctic Policy Commission, and the Northern Waters Task Force. He stated that he is looking forward to applying his skills to the position.

SENATOR STEDMAN noted that Commissioner Hladick previously had to address some environmental issues dealing with discharge compliance.

COMMISSIONER HLADICK explained that in 2004, Unalaska had a discharge permit for a wastewater treatment plant that was flawed. He pointed out that the Department of Environmental Conservation and the Environmental Protection Agency both agreed that the permit was flawed. He revealed that a federal enforcement agency ultimately accused Unalaska of violating its permit that resulted in potential multimillion dollar fines and a suit that involved the Department of Justice.

[3:36:04 PM](#)

SENATOR STEDMAN stated that the committee should support any person that is willing to go to the federal "pokey" on behalf of their community.

CHAIR BISHOP thanked Senator Stedman for his comments.

SENATOR MACKINNON noted that a DCCED person has been in place to resolve issues regarding professional licensees. She asked what Commissioner Hladick will do in his role as commissioner to help people who are licensed in the Alaska to be charged a fair price for their professional licensing fees.

COMMISSIONER HLADICK replied that he has met with some of his staff about licensing fees and he is committed to try and make that work.

SENATOR MACKINNON noted that Commissioner Hladick has remarkable experience in communities across Alaska: Unalaska, Dillingham, and Galena. She asserted that Commissioner Hladick can do a really good job understanding how different communities are effected by many different things. She addressed economic development and asked what management style or guidance Commissioner Hladick will provide DCCED in looking at diversifying Alaska's economy or supporting local communities.

[3:38:17 PM](#)

COMMISSIONER HLADICK replied that as a city manager he did a lot of work on economic development. He noted that he recently worked with a company to ship fish to Norway. He pointed out that DCCED is getting the word out about Alaska through tourism or various companies like Lockheed Martin. He said he understands work in the villages and asserted that planning needs to occur with the people rather than for the people in rural Alaska.

[3:39:37 PM](#)

SENATOR EGAN commented that he has known Commissioner Hladick for many years through his involvement with the Alaska Municipal League and noted that Commissioner Hladick provided input during his time in Dillingham. He stated that Commissioner Hladick is an excellent choice.

CHAIR BISHOP commented that Commissioner Hladick has a great resume with work experience and education. He appreciated Commissioner Hladick's broad breadth and depth of his personal work experience that has a great cross section that fits Alaska and the people of Alaska well. He asserted that Commissioner Hladick having experience negotiating with the federal government is a great thing for the state.

[3:41:06 PM](#)

CHAIR BISHOP opened public testimony.

[3:41:18 PM](#)

CHAIR BISHOP announced that hearing no request, public testimony is closed.

[3:41:27 PM](#)

CHAIR BISHOP read the following statement:

The committee will recommend that the appointment be forwarded to a joint session for consideration of Chris Hladick as Commissioner of the Department of Commerce, Community, and Economic Development; this does not reflect an intent by any of the members to vote for or against the confirmation of the individual during any further sessions.

[3:41:44 PM](#)

At ease

SB 22-MOTOR VEHICLE REG. TAX: COLLECTION COSTS

[3:44:02 PM](#)

CHAIR BISHOP announced the consideration of SB 22. He asked that Mr. Wolfe address questions posed at the previous committee meeting that included costs to the communities and to the Division of Motor Vehicles (DMV).

[3:44:24 PM](#)

FORREST WOLFE, Staff, Senator Giessel, Alaska State Legislature, Juneau, Alaska, read the following statement:

Since the inception of the motor vehicle registration and tax system in 1983, the cost to the state in collecting municipality taxes has been reduced considerably while the rate taken off the top by the state has not. The Motor Vehicle Registration Fees & Taxes (MVRT) Program was created not as a revenue sharing program, but was intended to piggyback in a sense on the activities the state was already conducting in order to produce revenue for the municipalities; with this understanding in mind, the state should only be collecting the added cost it incurs from the operating the program and not sharing

in the revenues the municipalities receive from their citizens.

SB 22 proposes to reduce the amount that the state collects from 8 percent to 5.5 percent in order to more accurately reflect the amount of work and resources the state provides to the municipality for performing this service. This does not impose any new costs or fees on the state or citizens, it simply reallocates the collected funds to the cities themselves. By allowing local governments to keep more of their own taxes, this revenue is kept closer to the citizens it was enacted to serve and therefore serves the people better. With revenue sharing posed to be reduced in these difficult fiscal times, allowing the municipalities to retain more of their revenue makes sense.

[3:45:56 PM](#)

CHAIR BISHOP welcomed Senator Cathy Giessel, bill sponsor, to the committee meeting.

[3:47:58 PM](#)

DANIEL MOORE, City Treasurer, Municipality of Anchorage, Anchorage, Alaska, stated that Anchorage has been losing \$500,000 per year in tax revenue. He said when Anchorage increased its auto tax rates in 2012, DMV's statutory 8 percent fixed rate for administering the MVRT Program provided DMV with an additional \$500,000. He detailed that Anchorage accounts for 45 percent of all the vehicles in the state, but since the change in 2012, Anchorage is paying 59 percent of all of the costs. He declared that changing DMV's fixed rate to 5.1 percent would put DMV's administrative charge back to parity. He noted that Senator Giessel's proposal in SB 22 provides for a 5.5 percent fixed rate, a rate that takes into account wage increases that DMV may have encountered. He remarked that DMV has noted in their fiscal note that a 5.5 percent rate will have no impact on their operational costs. He added that not just Anchorage, but 16 other communities that have MVRT will benefit by an additional 3 percent in revenue.

[3:52:09 PM](#)

SENATOR MACKINNON asked to confirm that Anchorage accounts for 45 percent of the state's transactions.

MR. MOORE answered correct. He noted that the rate is a percentage that DMV recently quoted.

SENATOR MACKINNON called upon Amy Erickson and asked if she agreed with Mr. Moore's assertion that Anchorage accounts for 45 percent of DMV's transactions. She also inquired if the proposed rate reduction to 5.5 percent would fairly allocate costs across the state.

[3:53:20 PM](#)

AMY ERICKSON, Director, Division of Motor Vehicles (DMV), Department of Administration, Anchorage, Alaska, replied that based on DMV's statistics, 45 percent of all of the vehicles in the state are registered in the Municipality of Anchorage. She commented that she cannot speak to effects on the other communities.

SENATOR EGAN noted previous discussions regarding the contract collectors for DMV licensing. He asked if the contract collectors are being figured into the licensing fee equation.

MS. ERICKSON replied that strictly DMV and commissioned agents were taken into account.

SENATOR EGAN asked if the Alaska Trucking Association (ATA) is a commissioned agent.

MS. ERICKSON answered no. She explained that ATA is considered a contracting processor.

SENATOR EGAN noted previous legislation for ATA and other organizations that were trying to collect some kind of revenue and the bill did not pass. He asked if Ms. Erickson is interesting in talking with ATA and other organizations. He conceded that the previous bill was different, but remarked that the bill was trying to get to the same end result.

[3:55:07 PM](#)

MS. ERICKSON replied that the legislation Senator Egan referred to was slightly different. She detailed that ATA was trying to achieve a commission for DMV processing fees. She specified that SB 22 relates to the MVRT which DMV collects on behalf of 17 municipalities and then redistributes the fees after retaining 8 percent.

SENATOR EGAN asked to verify that DMV retains 8 percent.

MS. ERICKSON replied that DMV retains 8 percent.

SENATOR EGAN asked how much ATA would retain.

MS. ERICKSON answered that ATA charges a service fee and does not receive 8 percent of the Motor Vehicle Registration Tax.

SENATOR EGAN asked if ATA's service charge is market driven.

[3:56:14 PM](#)

CHAIR BISHOP announced that public testimony is closed.

[3:56:26 PM](#)

SENATOR STEDMAN moved to report SB 22, [29-LS0315\A], from committee with individual recommendations and attached fiscal note(s).

[3:56:34 PM](#)

CHAIR BISHOP announced that without objection, SB 22 moved out of the Senate Community and Regional Affairs Standing Committee.

[3:56:38 PM](#)

At ease

HB 70-CREAMER'S FIELD REFUGE

[3:58:05 PM](#)

CHAIR BISHOP called the committee back to order. He announced the consideration of HB 70.

[3:58:28 PM](#)

REPRESENTATIVE ADAM WOOL, Alaska State Legislature, Juneau, Alaska, sponsor for HB 70, said the bill did come through both bodies last year and was vetoed by the governor due to the having an incorrect land description. He stated that the decision was made to reintroduce the bill with the right description.

He explained that Creamer's Field is a migratory waterfowl refuge located near the center of Fairbanks that consists of four parcels that were purchased by the state many years ago with the intent of being added to the refuge. He explained that HB 70 would simply transfer the four parcels from the Department of Natural Resources over to the Department of Fish and Game. He noted that the Friends of Creamer's Field is a nonprofit group that works with the Department of Fish and manages the land as part of the refuge.

[3:59:32 PM](#)

SENATOR EGAN pointed out that the previous legislation's title for Creamer's Field Refuge was broadened to include an appropriation for the House of Wickersham located in Juneau.

[4:00:08 PM](#)

At ease

[4:00:34 PM](#)

CHAIR BISHOP called the committee back to order and announced that public comment will be taken.

[4:01:14 PM](#)

DAVID JAMES, Regional Supervisor, Division of Wildlife Conservation, Alaska Department of Fish and Game, Fairbanks, Alaska, announced that he was available to answer questions.

[4:01:30 PM](#)

CHAIR BISHOP announced that HB 70 will be held in committee.

SB 56-MUNI ENERGY IMPROVEMNT ASSESSMNTS/BONDS

[4:01:45 PM](#)

CHAIR BISHOP announced the consideration of SB 56.

[4:02:12 PM](#)

GENE THERRIAULT, Energy Policy & Outreach Director, Alaska Energy Authority, Anchorage, Alaska, noted that at the last hearing there were some questions from committee members on whether bankers in the state had a position on the bill. He noted that he had contacted the Alaska Bankers Association (ABA) last fall on the pending Property Assessed Clean Energy (PACE) legislation. He referred to a letter from Steve Lundgren, current ABA president; that indicated support as long as SB 56 has a provision where the business's current mortgage holder provides permission for PACE financing.

[4:03:26 PM](#)

CHAIR BISHOP thanked Mr. Therriault for getting the letter of assignment into the committee bill packets.

SENATOR EGAN noted his appreciation for Mr. Therriault's work on getting the issue regarding PACE financing solved and noted that previous legislation failed.

MR. THERRIAULT replied that PACE financing strictly applies to businesses and the previous legislation included financing for residences. He detailed that secondary lending institutions are

still not willing to purchase loan portfolios for residential properties that have PACE financing.

[4:04:55 PM](#)

CHAIR BISHOP asked if there were further questions from the committee or public.

[4:05:20 PM](#)

CHAIR BISHOP closed public comment.

[4:05:29 PM](#)

SENATOR STEDMAN moved to report SB 56, [29-GS1021\A], from committee with individual recommendations and accompanying fiscal notes.

[4:05:38 PM](#)

CHAIR BISHOP announced that without objection, SB 56 moved out of the Senate Community and Regional Affairs Standing Committee.

[4:05:45 PM](#)

At ease

[4:07:00 PM](#)

CHAIR BISHOP called the committee back to order.

[4:07:35 PM](#)

There being no further business to come before the committee, Chair Bishop adjourned the Senate Community and Regional Affairs Standing Committee hearing at 4:07 p.m.