

SENATE FINANCE COMMITTEE
March 24, 2015
9:05 a.m.

9:05:09 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:05 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Peter Micciche, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Carol Beecher, Director, Child Support Services, Department of Revenue; Stacy Steinberg, Chief Assistant Attorney General, Department of Law; Senator Bill Stolze, sponsor; Daniel George, Staff to Senator Bill Stoltze

PRESENT VIA TELECONFERENCE

Ronan P. Nagle, Self, Fairbanks; James Hastings, Last Frontier Aviation Group and Pathfinder, Inc., Matsu; Elinor Maya Salganek, Director, Film Program, University of Alaska Fairbanks, Fairbanks; Asmeret Payne, Film Student, University of Alaska Fairbanks, Fairbanks; Cedar Cussins, Co-Owner, 49th State Motor Tours, Anchorage; Thomas Daly, President, Alaska Film Group, Kenai; Frank Flavin, Flavin Photography, Anchorage; Andrew Macebo, self, Anchorage; Elmer Pekoalok, Self, Nome; Dr. George Guthridge, self, Dillingham

SUMMARY

SB 39 REPEAL FILM PRODUCTION TAX CREDIT

SB 39 was HEARD and HELD in committee for further consideration.

SB 51 UNIFORM INTER.CHILD SUPPORT; PARENTAGE

SB 51 was HEARD and HELD in committee for further consideration.

[9:05:36 AM](#)

#sb51

SENATE BILL NO. 51

"An Act relating to the Uniform Interstate Family Support Act, including jurisdiction by tribunals of the state, registration and proceedings related to support orders from other state tribunals, foreign support orders, foreign tribunals, and certain persons residing in foreign countries; relating to determination of parentage of a child; and providing for an effective date."

[9:05:54 AM](#)

CAROL BEECHER, DIRECTOR, CHILD SUPPORT SERVICES, DEPARTMENT OF REVENUE, gave an overview of SB 51. She stated that SB 51 would amend current law by expanding it to provide an efficient and effective mechanism for enforcing child support orders between countries. She shared that the current version of the Uniform Interstate Family Support Act, contained in Alaska's statutes and passed in 1996, was written in order to provide a clear framework for enforcing orders between states. She furthered that the act cleared up problems with multiple orders in various locations, as well as other jurisdictional issues. She stressed that the act had been instrumental in providing a uniform method for enforcing child support orders between states. She noted that the change in the act suggested by the W version of the bill would greatly improve child support services when one parent lived outside of the United States. She shared that in 2008, the National Conference of Commissioners on Uniform State Laws (also known as the Uniform Law

Commission) approved amendments to UIFSA to incorporate the provisions of the Convention on the International Recovery of Child Support and Other Forms of Family Maintenance (Convention), concluded at The Hague, November 23, 2007. She furthered that in 2010 the U.S. Senate provided a resolution of advice and consent to The Convention, and in September of 2014, public law 113-183, "Preventing Sex Trafficking and Strengthening Families Act", was signed into law. The law required that all 4-D child support programs to pass UIFSA 2008 by the next legislative session.

[9:08:05 AM](#)

Ms. Beecher continued that federal funding of the 4-D child support program was a condition of passage and would mean \$19 million to the child support program; the Temporary Aid for Needy Families block grant was also contingent on passage.

[9:09:04 AM](#)

Ms. Beecher said that UIFSA 2008 would allow U.S. children to receive child support if the non-custodial parent lived in a treaty country. She explained that many countries currently would not process foreign child support requests in the absence of a treaty obligation. She relayed that the 2008 changes had been limited to those necessary to accommodate the convention. She asserted that passage would ensure a uniform method of enforcing child support orders between participating countries.

[9:09:53 AM](#)

STACY STEINBERG, CHIEF ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, presented the sectional analysis (copy on file):

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Secs. 1 - 16. Amend definitions and add new definitions applicable to AS 25.25 relating to the Uniform Family Support Act.

[9:10:36 AM](#)

Co-Chair MacKinnon interjected that the section would expand the definition of "home state", or "state."

Ms. Steinberg clarified that the section would amend some definitions, including "foreign state", and add new definitions for what would be the new Article 7 in the act. She stated that the section amended the definition of "foreign state", "initiating tribunal", "issuing state", "issuing tribunal", "obligee", "obligor", "register", "registering tribunal", "responding state", "responding tribunal", "state", "support order", and "support enforcement agency."

Co-Chair MacKinnon added that the bill worked to expand definitions in order to appropriately communicate with other organization that may be foreign in nature, keeping in-line with what other states were doing.

[9:12:48 AM](#)

Ms. Steinberg concurred. She continued with the sectional analysis:

Sec. 17. Designates the child support services agency created in AS 25.27.010 as the support enforcement agency of the state.

Sec. 18. Amends AS 25.25.103 to clarify that cumulative remedies do not affect the recognition of a support order on the basis of comity.

Sec. 19. Adds a new subsection to AS 25 .25.103 to establish that the bill does not establish the exclusive method for establishing support orders in the state and that it does not grant the state the ability to issue an order related to custody or parenting time under this chapter.

Sec. 20. Requires a tribunal of the state to apply specified sections of the bill and law to proceedings involving foreign support orders, foreign tribunals,

or obligees, obligors, or children residing in a foreign country.

Sec. 21. Makes clarifying amendments to AS 25.25.201 pertaining to jurisdiction over nonresidents.

Sec. 22. Explains that the laws of the state may not be used to acquire personal jurisdiction for a tribunal of the state to modify a child support order of another state, or a foreign support order, unless certain requirements are met.

Sec. 23. Repeals and reenacts AS 25.25.202 to provide that the state has continuing, exclusive jurisdiction to modify or enforce its order if certain requirements are met.

Co-Chair MacKinnon welcomed Co-Chair Kelly to the table.

[9:14:36 AM](#)

Ms. Steinberg continued:

Sec. 24. Makes clarifying revisions to AS 25.25.203 pertaining to initiating and responding tribunals.

Sec. 25. Makes clarifying revisions to AS 25.25.204 pertaining to simultaneous proceedings.

Sec. 26. Clarifies that jurisdiction is based on residency at the time of filing and that the state can have continuing jurisdiction with the consent of all parties even when the parties no longer reside there.

Sec. 27. Clarifies when the state may not exercise continuing, exclusive jurisdiction to modify a child support order issued by a tribunal of the state.

Sec. 28. Requires a tribunal of the state to recognize continuing, exclusive jurisdiction of the tribunal of another state that has issued a child support order under a law substantially similar to this chapter.

Sec. 29. Allows a tribunal of the state to serve as the initiating tribunal to request the tribunal of another state to modify a support order issued in that state.

Secs. 30 and 31. Clarify when a tribunal of this state can act as an initiating or responding tribunal to enforce a support order.

Secs. 32 - 37. Amend procedures for determining which order is the controlling order if two or more support orders have been issued for the same obliger and child. Adds requirements for controlling support orders.

[9:16:06 AM](#)

Ms. Steinberg continued:

Sec. 38. Adds "foreign country" to AS 25.25.208 pertaining to orders for two or more obligees.

Sec. 39. Clarifies language regarding credit for payments.

Sec. 40. Adds new sections regarding proceedings involving nonresidents who are subject to personal jurisdiction, and regarding jurisdiction for modifying spousal support orders.

Sec. 41. Makes clarifying revisions to AS 25.25.301(c).

Sec. 42. Amends AS 25.25.303 to remove "including the rules on choice of law "

Sec. 43. Amends AS 25.25.304 relating to the duties of a tribunal of this state to specify the amount of support sought from a foreign country and to convert the amount into foreign currency.

Sec. 44. Allows a tribunal of this state to determine the controlling child support order.

Sec. 45. Provides the process for a tribunal of this state to convert a foreign support order into the equivalent amount in dollars.

Sec. 46. Makes clarifying revisions to AS 25.25.306.

Secs. 47 - 48. Makes clarifying revisions and adds sections to the duties of child support agencies

regarding foreign support orders and income withholding orders.

Sec. 49. Adds a new section setting out the duties of the Department of Revenue under the Act.

Sec. 50. Makes clarifying revisions to AS 25.25.310.

Sec. 51. Makes clarifying revisions to AS 25.25.311.

Sec. 52. Changes requirements regarding when a court may seal information to protect the health, safety, or liberty of a party or a child.

Sec. 53. Makes clarifying revisions to AS 25.25.3 13.

Sec. 54. Makes clarifying revisions to AS 25.25.3 14.

Secs. 55 - 59. Make clarifying revisions to AS 25.25.316.

Sec. 60. Adds a new section providing that a certified copy of a voluntary acknowledgement of paternity is admissible to establish paternity.

Sec. 61. Allows tribunals to communicate through electronic mail under the Act.

Sec. 62. Amends AS 25.25.318 to apply to tribunals outside this state.

Sec. 63. Makes clarifying revisions to AS 25.25.3 19.

Sec. 64. Adds sections relating to the duties of the support enforcement agency of this state or a tribunal of this state when the child support services agency of this state receives payments under a support order and neither the obligor, the obligee, nor the child resides in this state.

[9:19:09 AM](#)

Ms. Steinberg continued:

Sec. 65. Allows a responding tribunal of this state to issue a support order if the tribunal has personal

jurisdiction over an individual residing outside of the state.

Sec. 66. Clarifies when a tribunal may issue a temporary child support order.

Sec. 67. Authorizes a tribunal of this state to serve as a responding tribunal in a proceeding to determine parentage.

Sec. 68. Makes clarifying revisions to AS 25.25.501.

Sec. 69. Makes clarifying revisions to AS 25.25.502.

Sec. 70. Makes clarifying revisions to AS 25.25.503.

Sec. 71. Makes clarifying revisions to AS 25.25.504.

Sec. 72. Makes clarifying revisions to AS 25.25.505.

Sec. 73. Clarifies how an obligor can challenge the enforcement of an income withholding order issued in another state and received by an employer of this state.

Secs. 74 - 77. Add "foreign support order" as an order that can be registered in this state.

Sec. 78. Provides procedures for registering an order when more than one order is in effect.

Sec. 79. Adds "foreign support order" to AS 25.25.603, dealing with effect of registration for enforcement.

Sec. 80. Provides that the law of the issuing state or country governs certain proceedings relating to support orders.

Sec. 81. Provides that a responding tribunal in this state shall apply the procedures and remedies available in this state to collect and enforce a support order from another state or foreign country but will prospectively apply the law of the state or foreign country that issued the controlling order.

Sec. 82. Adds "foreign support order" to AS 25.25.605, regarding notice of registration of order.

Sec. 83. Adds new subsections relating to procedures required when a registering party asserts that two or more orders are in effect.

Secs. 84 - 85. Make conforming amendments to AS 25.25.606.

[9:21:21 AM](#)

Ms. Steinberg continued:

Sec. 86. Adds "the alleged controlling order is not the controlling order" to the list of defenses available to a party contesting the validity or enforcement of a registered support order.

Secs. 87 - 89. Make conforming amendments.

Sec. 90. Prohibits a tribunal of this state from modifying the duration of the obligation of support under a support order that could not be modified under the law of the issuing state.

Sec. 91. Makes clarifying amendments to AS 25.25.611(d).

Sec. 92. Adds new subsections providing that the law of the state that issued the controlling support order governs the duration of the obligation of support.

Sec. 93. Requires that when an order issued by a tribunal of this state is modified by another state, this state shall only enforce the original order for the purposes of arrears and interest prior to modification.

Sec. 94. Amends AS 25.25.613(b) to include references to new sections added by this bill.

Sec. 95. Adds new sections relating to jurisdiction and procedures to modify child support orders of foreign countries.

Sec. 96. Adds a new article, Article 7 A, dealing with proceedings under the Convention on the International Recovery of Child Support and Other Forms of Family Maintenance.

New sections include definitions, applicability, initiation of support proceedings, registration of convention support orders, contesting orders, recognition and enforcement of orders, foreign support agreements, modification of convention support orders, and other sections.

Secs. 97 - 100. Make clarifying revisions to AS 25.25.801, AS 25.25.802, and AS 25.25.901.

Sec. 101. Repeals AS 25.25.101(7), AS 25.25.205(f), AS 25.25.206(c), AS 25.25.301(b), AS 25.25.401 (c), and AS 25.25.701.

Sec. 102. Provides that this Act applies to proceedings begun on or after the effective date of this section.

Sec. 103. Requires the Department of Revenue to adopt transition regulations.

Sec. I 04. Directs the reviser to make conforming amendments to various article headings and section catch lines.

[9:24:12 AM](#)

Ms. Steinberg concluded the sectional analysis:

Sec. 105. Provides that sec. I 03 takes effect immediately.

Sec. 106. Provides that the Act, except as provided in sec. 105, takes effect July 1, 2015.

[9:24:29 AM](#)

Senator Dunleavy requested a brief summary of the legislation.

Ms. Steinberg explained that the bill contained clarifying amendments and would update the way Alaska handled child support cases involving a parent in another country, provided that the country had signed on to the 2008 treaty. In order or the U.S. to finalize the ratification process and ensure that it can meet all of the responsibilities

under the treaty, each state has to make the changes to state law found in the bill.

[9:28:19 AM](#)

Senator Dunleavy understood that child custody was not involved, only child support payments.

Ms. Steinberg responded in the affirmative.

Senator Dunleavy asked what would happen in the event the legislation did not pass.

Ms. Steinberg stated that approximately \$19 million in federal funds would be at risk, SH noted that those funds were also tied into the state's Temporary Assistance for Needy Families block grant.

Senator Dunleavy asked why the states had to pass the law in order for the treaty to take effect.

Ms. Steinberg explained that the same provisions and requirements must be uniformly in place in each state before working with international operations.

[9:31:20 AM](#)

Co-Chair Kelly opined that there was not a sponsor statement among the backup documents. He was directed to the governor's transmittal letter in his packet.

[9:32:05 AM](#)

AT EASE

[9:32:29 AM](#)

RECONVENED

Vice-Chair Micciche referred to Page 18, line 11 of the bill:

Sec. 25.25.312. Nondisclosure of information in exceptional circumstances.

If a party alleges in an affidavit or a pleading under oath that the health, safety, or liberty of a party or child would be jeopardized by disclosure of specific identifying information, that information must be

sealed and may not be disclosed to the other party or the public.

After a hearing in which a tribunal takes into consideration the health, safety, or liberty of the party or child, the tribunal may order disclosure of information that the tribunal determines to be in the interest of justice.

Vice-Chair Micciche asserted that other treaty countries may or may not have a fully functional legal system. He stated that the section could require someone to make unfair claims against a parent. He wondered how the rights of U.S. citizens would be protected in other countries.

Ms. Steinberg explained current law already contained a similar provision to Section 52. She said that the language in the section matched up with the language in the equivalent uniform law for child custody. She relayed that the provision provided an assurance that by disclosing the address or whereabouts of the child, the child would not be at risk of harm. She related that there were provisions in the treaty that would ensure due process for parents in the U.S. and abroad. She added that there was a provision in state law that said that if a child support order that was incompatible with U.S. law, the state did not have to enforce the order. She assured the committee that foreign countries would be required to give due process to parents; including appeal rights, notice, and opportunity to be heard.

[9:36:36 AM](#)

Vice-Chair Micciche noted that there were 26 reciprocating countries that took part in the Hague Convention, with 48 being the projected total. He assumed that those countries could put Americans out of reach of high level protection for their children even without a burden of proof of a health or safety risk. He said he would feel more comfortable with the language if it pertained to a domestic and not a foreign location.

Ms. Steinberg reiterated that countries needed to have a legal infrastructure in place in order to sign the treaty, which was why there were not more countries signed on. She noted that the majority of countries who had already signed the treat had advanced legal systems. She relayed that the

requirements for signing the treaty were onerous, thereby inherently requiring a certain level of developed legal system. She understood the concern but assured the committee that the countries that had signed on had advanced legal systems.

[9:39:22 AM](#)

Vice-Chair Micciche asked about Page 21, line 12.

Sec. 66. AS 25.25.401(b) is repealed and reenacted to read:

(b) The tribunal may issue a temporary child support order if the tribunal determines that an order is appropriate and the individual ordered to pay is

- (1) a presumed father of the child;
- (2) petitioning to have the individual's paternity adjudicated;
- (3) identified as the father of the child through genetic testing;
- (4) an alleged father who has declined to submit to genetic testing;
- (5) shown by clear and convincing evidence to be the father of the child;
- (6) an acknowledged father under AS 25.20.050;
- (7) the mother of the child; or
- (8) an individual who has been ordered to pay child support in a previous proceeding and the order has not been reversed or vacated.

Vice-Chair Micciche spoke to (b)(1) and the phrase "presumed fatherhood." He worried that men would be taken advantage of by being falsely accused of paternity.

Ms. Steinberg replied that the section spoke to a temporary child support order issued by a U.S. tribunal. She said that the language in (b)(1) was a legal standard; in the U.S. there was a presumption that if a man was married to the mother of a child then he was the father of that child. She said that there were legal provisions to rebut the presumption of paternity once proof was brought forward. She stated that the intention of the temporary order was to ensure that children were cared for during the time it took

to gather all the proof and necessary evidence to finalize a child support order.

[9:43:04 AM](#)

Vice-Chair Micciche worried that the intent could get lost in translation across international lines. He supported the intent of the legislation, but maintained his concern.

[9:43:58 AM](#)

Co-Chair MacKinnon asked for a copy of the original language in Section 66.

[9:44:13 AM](#)

Senator Bishop understood that the U.S. Senate had consented to the treaty.

Ms. Steinberg replied in the affirmative.

Co-Chair MacKinnon directed committee attention the response from Senator Lisa Murkowski (copy on file).

[9:44:47 AM](#)

Senator Hoffman asked whether a list of participating countries was available.

Ms. Steinberg replied that the list was in the back up, titled "Exhibit 4"(copy on file).

[9:45:13 AM](#)

AT EASE

[9:45:43 AM](#)

RECONVENED

Senator Dunleavy asked whether the Indian Child Welfare Act (ICWA) had been considered and incorporated into the legislation.

Ms. Steinberg replied that the ICWA does not apply to the treaty, as it solely dealt with child custody on Native children. She said that the federal Full Faith and Credit for Child Support Orders Act stated that states had to give full faith and credit to child support orders from other

states; tribes in Indian Country had to give full faith and credit to state orders. She noted that there were many Indian Tribes that had child support agencies equivalent to state child support service divisions; the agencies were federally funded and followed strict rules on enforcing orders from other states.

[9:47:50 AM](#)

Co-Chair Kelly read from the governor's transmittal letter dated February 10, 2015 (copy on file):

In 1995, Alaska adopted the UIFSA (A.S 25.25.010 - 25.25.903). In 2008, the National Conference of Commissioners on Uniform State Laws (also known as the Uniform Law Commission) approved amendments to UIFSA to incorporate the provisions of the Convention on the International Recovery of Child Support and Other Forms of Family Maintenance (Convention), concluded at The Hague, November 23, 2007 . The Convention contains provisions to establish uniform procedures for the processing of international child support orders.

In order to maintain compliance with federal law and treaty obligations and to continue to qualify for federal funding programs for child support matters, there is a compelling need to update Alaska's statutes this legislative session by adopting the 2008 amendments to the UIFSA.

The proposed bill is limited to amendments needed to integrate the 2008 updates to UIFSA into State law. The amendments must be effective by July 7, 2015, to comply with federal law.

First, the bill would amend the UIFSA to remove the fiction that a "foreign country" is a state of the United States by amending existing text referring to a tribunal of this state to add "or a foreign country."

Second, the proposed bill would provide guidelines relating to the legislation, enforcement, and modification of foreign support orders from countries that, like the United States, are parties to the Convention.

A third component of the bill would improve the enforcement of United States child support orders abroad and would ensure that children living in the United States would receive financial support due them from parents, wherever the parents reside.

These amendments would benefit Alaska families by ensuring stable and predictable enforcement of Alaska family support orders in other states and already. Additionally, it would ensure that residents of this state would be able to enforce support orders in this state, regardless of where they originated.

Co-Chair Kelly lamented that the bill had not been properly explained. He asserted that the transmittal letter may have met requirements, but triggered his "radar." He opined that the bill was 40 pages long and had come from the federal government, which he did not trust in the same way he did not trust the government of Bosnia, the European Union, Norway, etc. He communicated that the materials did not provide him the information needed to comprehend the legislation and were, in fact, "gobbledy gook."

[9:50:07 AM](#)

Senator Bishop clarified that the bill was not a child custody bill.

Ms. Steinberg replied in the affirmative.

[9:50:55 AM](#)

Co-Chair MacKinnon opened public testimony.

[9:51:40 AM](#)

Co-Chair MacKinnon closed public testimony.

[9:51:43 AM](#)

Vice-Chair Micciche supported the intent of the legislation. He wanted assurances that other countries would have the systems in place to respect the rights of a parent whose children had been taken to another country, and to have the legal wherewithal to deliver a fair process.

[9:53:44 AM](#)

Co-Chair MacKinnon understood the committee's concern with maintaining sovereignty as a state.

[9:54:10 AM](#)

Vice-Chair Micciche thought that issues surrounding children could get emotional and he feared that parents could be cut off from their children without due process.

[9:54:33 AM](#)

Senator Dunleavy understood that the issue was the state ratifying a law, because states do not ratify treaties. He thought that the purpose for ratification came down to federal money.

[9:55:11 AM](#)

Senator Bishop wondered how many times the issue had affected an Alaskan family.

Ms. Beecher estimated that the Alaska Child Support Agency currently had approximately 300 cases with a foreign address; in 130 instances the non-custodial parent lived in a foreign country.

[9:55:56 AM](#)

Co-Chair MacKinnon felt that the issue was important to the state. She directed the committee to carefully consider the legislation.

[9:57:17 AM](#)

Senator Bishop asked whether the United States had an embassy in each of the participating countries.

Ms. Steinberg replied that she could provide the information.

[9:57:35 AM](#)

Senator Dunleavy asked how much funding Alaska would receive from the federal government.

Ms. Beecher said that the federal portion would be \$19 million.

[9:57:57 AM](#)

Co-Chair MacKinnon added that \$45 million in family grants were also tied to the ratification.

Ms. Beecher responded in the affirmative. She furthered that it was required through the Social Security Act that states have an approved child support plan in order to receive the Temporary Aid for Needy Families block grant.

SB 51 was HEARD and HELD in committee for further consideration.

[9:58:38 AM](#)

AT EASE

[10:02:33 AM](#)

RECONVENED

#sb39

SENATE BILL NO. 39

"An Act repealing the film production tax credit; providing for an effective date by repealing the effective dates of secs. 31 - 33, ch. 51, SLA 2012; and providing for an effective date."

[10:02:50 AM](#)

SENATOR BILL STOLZE, SPONSOR, shared that the legislation was intended to reign in state spending during the current fiscal climate. He stressed that he was not making a value judgement on the product turned out by the film industry. He believed that the Film Tax Credit should be repealed in order to cut state expenditures.

[10:07:02 AM](#)

DANIEL GEORGE, STAFF TO SENATOR BILL STOLTZE, overviewed the sectional analysis (copy on file):

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an

interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 removes a reference to the film tax credit from AS 43.75.130(f), related to the revenue sharing with local governments of the fisheries business tax. The effective date of this section is July 1, 2015.

Section 2 removes a reference to the film tax credit from AS 43.75.130(f) as it is amended in sec. 14, ch. 61, SLA 2014. The effective date of this section is the same as the effective date of sec. 14, ch. 61, SLA 2014, December 31, 2016.

Section 3 removes a reference to the film tax credit from AS 43.77.060(e), related to the revenue sharing with local governments of the fisheries resource landing tax. The effective date of this section is July 1, 2015.

Section 4 removes a reference to the film tax credit from AS 43.77.060(e) as it is amended in sec. 17, ch. 61, SLA 2014. The effective date of this section is the effective date of sec. 17, ch. 61, SLA 2014, December 31, 2016.

Section 5 makes amendments conforming with the repeal of AS 44.25. I 00 - 44.25 .190, related to the film production incentive program. The effective date of this section is July 1, 2015.

Section 6 removes a reference to the film tax credit from sec. 28(b), ch. 61, SLA 2014, (the transition language of SCS CSHB 306(FIN) am S of the 28th Legislature) relating to the repeal of the film tax credit and other tax credits. This section has an immediate effective date.

Section 7 repeals AS 24.20.271(12) (related to the duty of the legislative audit division to conduct audits of the film production incentive program), AS 43.98.030 (film production tax credit), AS 44.25.100 - 44.25.130 (film production incentive program), AS 44.25.140 -44.25.190 (film production incentive program), and AS 44.33.231(c) (administration of the Alaska film production incentive program (AS

44.25.110)). The effective date of this section is July 1, 2015.

Section 8 repeals AS 44.25.135, effective July 1, 2021, allowing six years for the recovery of the film production tax credit after the credit program is repealed if the film office determines that the film producer or production is liable for damages to the state, or any political subdivision of the state. This section has an immediate effective date.

Section 9 repeals multiple sections of ch. 51, SLA 2012 and ch. 61, SLA 2014, related to the film tax credit. The effective date of this section is July 1, 2015.

Section 10 provides transition language for the repeal of the film tax credit. The effective date of this section is July 1, 2015.

Section 11 repeals certain sections of ch. 51, SLA 2012, related to the film tax credit. The effective date of this section is July 1, 2015.

Sections 12 - 15 provide the effective dates for the bill, noted above. These various dates are necessary because 2014 legislation will amend some sections in 2016, and to allow recovery of damages after the program is repealed.

[10:09:26 AM](#)

Co-Chair MacKinnon OPENED public testimony.

[10:09:54 AM](#)

RONAN P. NAGLE, SELF, FAIRBANKS (via teleconference), spoke in opposition to the bill. He shared that he was self-employed and made his living contracting out to production companies that came to Alaska to create reality television. He believed that the tax credit was an important factor in the diversification of the state's economy. He felt that the industry would not in the state without incentive. He suggested tying local hire requirements to tax credits. He said that the show Ultimate Survival Alaska had spent millions of dollars in the state and believed that removing

the credits would cause production companies to look elsewhere for filming locations.

[10:13:04 AM](#)

JAMES HASTINGS, LAST FRONTIER AVIATION GROUP AND PATHFINDER, INC., MATSU (via teleconference), echoed the comments of the previous speaker. He shared that he worked for a veteran owned and veteran run company. He spoke of his concerns for smaller local businesses that had benefited from the incentives.

[10:15:21 AM](#)

ELINOR MAYA SALGANEK, DIRECTOR, FILM PROGRAM, UNIVERSITY OF ALASKA FAIRBANKS, FAIRBANKS (via teleconference), spoke in opposition to the legislation. She related that the program graduated its first student in 2012. She said that the university had worked to develop pathways between students and the industry and that the work was now just coming to fruition; the degree program was one of the largest growing degree programs in the state. She relayed film was second largest export of the United States and that the funding available to the industry was astronomical. She believed that the industry could be a vehicle for Alaska language and history and should be supported.

[10:18:34 AM](#)

ASMERET PAYNE, FILM STUDENT, UNIVERSITY OF ALASKA FAIRBANKS, FAIRBANKS (via teleconference), testified in opposition to the bill. She related that she was majoring in film at UAF and if the incentives were to disappear then she would have to leave the state as well. She believed that films made in Alaska, and viewed worldwide, would prompt more tourism and lead to economic growth. She believed that the film industry touched on numerous other industries in a positive way.

[10:19:49 AM](#)

CEDAR CUSSINS, CO-OWNER, 49TH STATE MOTOR TOURS, ANCHORAGE (via teleconference), spoke in opposition to the bill. She shared that through her husband's work as a contractor on the film "Big Miracle" he had found a way to earn significant wages to support their family. She hoped that the committee would consider the financial impact the

incentives had on families statewide. She concluded that she understood the reasoning behind putting a freeze on incentives but hoped they would not be permanently eliminated.

[10:22:48 AM](#)

THOMAS DALY, PRESIDENT, ALASKA FILM GROUP, KENAI (via teleconference), opposed the bill. He commented that in order for a new industry to grow in the state it needed stability; a stable economy required diversification, and as the state was currently living through the downside of an economy heavily dependent on one sector, the incentives were vital. He asserted that the continued changes in the incentives for the industry created doubt in the minds of investors. He noted that the incentives were currently on hold and all state film positions had been terminated, which meant that passage of the bill would not save the state any additional money. He said that he had recently met with film producers in California who had been excited to film in Alaska, but that a competitive film incentive was necessary. He opined that the bill would kill new jobs in technology and destroy a business environment that was necessary for Alaskan businesses to make decisions for investment in hardware, training, and infrastructure. He stressed that there was a plethora of new businesses and positions that had been created in the state due to the film industry. He believed that a film program could be designed that the legislature could support, but that the legislature needed to define what it believed was a fiscally responsible rate of return on investment. The last legislative audit showed a return of \$2.10 for each dollar of tax credit issued and out of the \$100 million budget only \$43 million had been issued.

[10:26:27 AM](#)

FRANK FLAVIN, FLAVIN PHOTOGRAPHY, ANCHORAGE (via teleconference), testified in opposition to the bill. He stressed the importance the industry in the state. He hoped that the film office would not be closed entirely.

[10:29:04 AM](#)

ANDREW MACEBO, SELF, ANCHORAGE (via teleconference), spoke in opposition to the bill. He said that his business had benefited greatly from the film industry. He believed that

shutting down the office would send a negative message to the rest of the world. He felt that the state should diversify its economic portfolio.

[10:31:23 AM](#)

ELMER PEKOALOK, SELF, NOME (via teleconference), spoke in opposition to the bill. He praised the film tax incentive as the catalyst for bringing in the movie "Big Miracle." He related that he had been an actor in the film. He felt that the industry brought hope to rural Alaska and could be a positive influence on the high rate of suicide and depression the area. He highlighted the myriad of jobs associated with the film industry.

[10:34:00 AM](#)

DR. GEORGE GUTHRIDGE, SELF, DILLINGHAM (via teleconference), spoke against the legislation. He relayed that he had taught in rural Alaska for 40 years. He thought that passage of the bill would close the door on future economic opportunities. He believed that there should be Alaska hire contingency language added to the legislation. He shared that he was the coach for the "Kids from Nowhere", the only Native Americans in history to win the national championship in academics, and he had written a screen play about it that had won 5 national awards. He feared that without the tax incentive program his film would never be produced. He felt that children in the state needed to see inspiring film with Alaskan role models.

[10:37:55 AM](#)

Co-Chair MacKinnon CLOSED public testimony. She encouraged testifiers to send any additional testimony to her office.

SB 39 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[10:39:04 AM](#)

The meeting was adjourned at 10:39 a.m.