

SENATE FINANCE COMMITTEE

April 18, 2015

9:10 a.m.

9:10:45 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:10 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

Erin Shine, Staff, Senator Anna MacKinnon; Gene Therriault, Deputy Director, Statewide Energy Policy Development, Alaska Energy Authority, Department of Commerce, Community and Economic Development; Fred Parady, Deputy Commissioner, Department of Commerce, Community, and Economic Development; Crystal Koeneman, Staff, Representative Cathy Munoz; Ben Mulligan, Special Assistant, Department of Fish and Game; Ben Ellis, Director, Parks and Recreation, Department of Natural Resources.

PRESENT VIA TELECONFERENCE

Alpheus Bullard, Staff, Legislative Legal, Juneau; Dick Rohrer, Self, Kodiak.

SUMMARY

CSHB 41(FIN)am

SPORT FISHING SERVICES

CSHB 41(FIN)am was HEARD and HELD in committee for further consideration.

HB 178 WORKERS' COMP MEDICAL FEES; DELAY

HB 178 was SCHEDULED but not HEARD.

CSHB 105(FIN)

AIDEA: BONDS;PROGRAMS;LOANS;LNG PROJECT

SCS CSHB 105(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from Department of Commerce, Community and Economic Development.

COMMITTEE CONTRACT: BILL STREUR

#hb105

CS FOR HOUSE BILL NO. 105(FIN)

"An Act relating to the programs and bonds of the Alaska Industrial Development and Export Authority; relating to the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund; requiring the Alaska Industrial Development and Export Authority to deliver to the legislature reports relating to the Interior energy project; relating to the financing authorization through the Alaska Industrial Development and Export Authority of a liquefied natural gas production plant and natural gas energy projects and distribution systems in the state; amending and repealing bond authorizations granted to the Alaska Industrial Development and Export Authority; authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project; authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of rebuilding transmission between the Hope substation and Portage, rebuilding transmission between Powerline Pass to Indian, and the Eklutna hydroelectric transmission system upgrade project; relating to legislative approval for loans from the power project fund to the City of King Cove; and providing for an effective date."

9:11:47 AM

Vice-Chair Micciche MOVED to ADOPT the proposed committee substitute for CSHB 105(FIN), Work Draft 29-GH1019\F (Shutts, 4/17/15). Co-Chair MacKinnon OBJECTED for discussion.

ERIN SHINE, STAFF, SENATOR ANNA MACKINNON, explained that the committee substitute incorporated components of SB 50 and HB 105. She stated that there was an expanded title on page one. Section 1 was intent language that had not changed from the root version. She looked at Section 2, which raised the limitations on amounts that the Alaska Industrial Development and Export Authority (AIDEA) could bond without legislative approval. She looked at Section 3, which would raise the bonding level. She furthered that there was an amendment on page 3, line 4 and 5, which changed the word, "law" to "the legislature." Section 4 raised the bonding level for AIDEA from \$20 million to \$25 million. Section 5 was the beginning of many sections that placed sideboards on the EIP project. She noted that Sections 6, 7, and 8 incorporated most of the language from the House version of the bill. Section 9 included added language from the House version. Section 10 incorporated a bonding amendment, which reduced the funds from \$85 million to \$28 million. Section 11 was a repealer section, which was original language from the governor's introduced legislation. Section 12 was the report language that was in each version of the bill.

Co-Chair MacKinnon REMOVED her objection. There being NO OBJECTION, Work Draft 29-GH1019\F was ADOPTED.

GENE THERRIAULT, DEPUTY DIRECTOR, STATEWIDE ENERGY POLICY DEVELOPMENT, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, thanked the committee for their efforts. He believed that the committee substitute contain all the critical language for the IEP.

Co-Chair MacKinnon asked that Mr. Therriault study the bill, and be available later in the day for questions.

Co-Chair MacKinnon wondered if Mr. Parady had any additional comments.

FRED PARADY, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, stated that he had no additional comments.

Vice-Chair Micciche wondered where in the legislation the phrase, "propane air mixture" was included. Mr. Therriault replied that propane delivered in a pipe system there was a mixture of air to lower the BPU content to an appropriate level for the appliances.

CSHB 105(FIN) was HEARD and HELD in committee for further consideration.

#hb41

CS FOR HOUSE BILL NO. 41(FIN) am

"An Act relating to sport fishing services, sport fishing operators, and sport fishing guides; and providing for an effective date."

9:19:00 AM

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE CATHY MUNOZ, explained the legislation. The sport fishing guide and operator licenses were originally adopted by the legislature in 2004 and implemented by the Department of Fish and Game (ADF&G) for the 2005 fishing season. These licenses have proven useful and valuable both to sport fishing businesses and the recreational anglers they serve. The guide and operator licenses help mitigate unmanaged growth of the charter fishing sector while ensuring a basic level of professional certification for individuals who serve the guided recreational fishing public. HB 41 re-establishes the sport fishing guide and operator licenses which had sunset on December 31, 2014. In re-establishing this licensing program for recreational fishing guides, it also amends the previously existing fee structure to double licensing fees necessary to ensure the program is budget neutral. The 2014 sunset was not an intentional policy decision by the 28th Alaska State Legislature, but rather an unintentional oversight arising from a failure to act on a piece of legislation that contained the re-authorization language. It is the intent of the sponsors to re-establish these licenses that have benefitted the guided sport fishing industry and the general public.

Co-Chair MacKinnon requested a sectional analysis. Ms. Koeneman explained the Sectional Analysis (copy on file):

Section 1 - Effective January 1, 2016; establishes license fees at the rate of \$200 for operators, \$100 for guides, and \$200 combined.

Co-Chair MacKinnon wondered if the operator fee was \$200 or \$20. Ms. Koeneman stated that the fee was \$200.

Ms. Koeneman continued with the Sectional Analysis:

Section 2 - Effective January 1, 2016; Amends 16.05.395 Sport fishing vessel registration; updates the statute references to reflect the reinstated program.

Section 3 - Effective January 1, 2026; removes the language in Section 4 to reflect the 10 year sunset provision.

Vice-Chair Micciche wondered if the committee had the correct sectional analysis.

[9:21:58 AM](#)

AT EASE

[9:24:34 AM](#)

RECONVENED

[9:24:39 AM](#)

Ms. Koeneman continued to discuss the Sectional Analysis.

Section 4 - Effective January 1, 2016; Reestablishes the Sport fishing operator license, Sport fish guide license, reporting requirements, penalties, and definitions; only change to original statute language is to reflect the updated statute citations.

Section 5 - Effective January 1, 2016; Reestablishes language in AS 25.27.244(s)(2) as this language was repealed December 31, 2014; cleanup of statute since (ii) was repealed in 2005.

Section 6 - Effective January 1, 2016; Reinserts language into AS 41.21.506 Comprehensive Management

Plan, Regulations that was repealed with the sunset provision; This language requires the DNR Commissioner to develop and adopt a management plan for the Kenai River Special Management Area in conjunction with the Borough.

Section 7 - Effective January 1, 2026; removes the language in Section 8 to reflect the 10 year sunset provision.

Section 8 - Effective January 1, 2026; Repealers for the 10 year sunset provision.

Sections 9 and 10 - Transitional provision for regulations with an immediate effective date.

Section 11 - Section 3, 7, and 8 take effect January 1, 2021.

Section 12 - Effective date of January 1, 2016.

Senator Hoffman looked at Section 1, and wondered why an operator would not obtain a combined license for the same fee. He specifically queried the reasoning behind the identical price for an operator's license and combined license. Ms. Koeneman deferred to Mr. Mulligan. She furthered that the operator oversaw the entire program, and the guides worked for the operator.

[9:28:18 AM](#)

BEN MULLIGAN, SPECIAL ASSISTANT, DEPARTMENT OF FISH AND GAME, introduced himself.

Senator Dunleavy wondered if there should be a sunset of two years, because the fee increases may not be necessary due to the transfer of written logs to electronic logs. Mr. Mulligan responded that the plan was to administer a beta test on the Kenai River in the current year. There was a hope that the program would be electronic in two years. He furthered that five years was a conservative timeframe.

Co-Chair MacKinnon shared that she was planning to propose an amendment that would reduce the timeframe to two years.

Senator Dunleavy surmised that two years was enough time to transfer to an electronic log, but five years gave ample

time for the transfer. Mr. Mulligan replied in the affirmative.

[9:30:07 AM](#)

AT EASE

[9:30:27 AM](#)

RECONVENED

[9:31:24 AM](#)

AT EASE

[9:38:45 AM](#)

RECONVENED

[9:39:02 AM](#)

Vice-Chair Micciche explained that a possible amendment would adjust Section 6, subsection (g). He hoped that there would be an addition of the word, "shall", in order to provide an online course.

Co-Chair MacKinnon shared that she would propose a conceptual amendment later that would reduce the extension from five years to two years.

ALPHEUS BULLARD, STAFF, LEGISLATIVE LEGAL, JUNEAU (via teleconference), introduced himself.

Co-Chair MacKinnon asked for an explanation of the draft amendment A.5 (copy on file). Mr. Bullard replied that the required course for guides to work in the Kenai River Special Management Area would require the department to offer the course online, in addition to other course venues.

Co-Chair MacKinnon wondered if there would be an additional expense to develop an online course. Mr. Mulligan replied that the program was in Title 41. The Kenai River Special Management Area was managed by Department of Natural Resources (DNR), so he could not answer the question.

Co-Chair MacKinnon stated that there may be a new fiscal note.

DICK ROHRER, SELF, KODIAK (via teleconference), expressed concern on line 22, page 5. He would like to change the word "knowingly" to "intentionally." He shared that the

change would refer to untimely reporting of log books and a violation for not keeping the license on their purpose.

Co-Chair MacKinnon CLOSED public testimony.

Co-Chair MacKinnon stated that the committee was attempting to contact DNR regarding the possibility of a new fiscal note related to the amendment.

[9:45:16 AM](#)

AT EASE

[9:49:38 AM](#)

RECONVENED

[9:49:44 AM](#)

Co-Chair MacKinnon remarked that she closed the public testimony for the legislation.

Co-Chair MacKinnon MOVED to ADOPT Conceptual Amendment 1:

page 2: decrease the five year sunset to a two year sunset.

Vice-Chair Micciche OBJECTED for discussion.

Co-Chair MacKinnon stated that she wanted to keep the bill until the following year. The decreased sunset would bring the bill back to the committee at a sooner date.

Vice-Chair Micciche REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

CSHB 41(FIN)am was HEARD and HELD in committee for further consideration.

^COMMITTEE CONTRACT: BILL STREUR

[9:51:24 AM](#)

Co-Chair Kelly MOVED to extend the contract of Mr. Streur. The contract would extend over the course of the year.

Vice-Chair Micciche MOVED to authorize the chairs as procurement officers to extend the contract with Mr. William Streur for consulting services relating to the

Department of Health and Social Services and Medicaid, not to exceed a total contract extension of \$60,000 for professional services provided through December 31, 2015.

[9:52:44 AM](#)

AT EASE

[9:53:43 AM](#)

RECONVENED

#hb41

CS FOR HOUSE BILL NO. 41(FIN) am

"An Act relating to sport fishing services, sport fishing operators, and sport fishing guides; and providing for an effective date."

[9:54:21 AM](#)

Co-Chair MacKinnon explained that there was a proposed conceptual amendment had the word "shall" included. She wondered if there would be additional cost to provide online training as related to the word, "shall."

BEN ELLIS, DIRECTOR, PARKS AND RECREATION, DEPARTMENT OF NATURAL RESOURCES, explained that typically the requirement to take a guide academy class to qualify to receive a guide permit was a one week in-person class conducted by the Kenai Peninsula College. The college created the curriculum and collected the fees. The division had not examined an online class, nor the technical ability to offer the class online. He stated that the draft language would give the commissioner the ability to offer an online class. He was comfortable with that language, because there was no requirement. He felt that the Kenai Peninsula College should be approached to see if they were interested in offering an online class.

Senator Bishop wondered if there was a guide program at the college. Mr. Ellis replied in the affirmative. He explained that the offered class qualified for the guide education, as part of the Kenai River Guide stipulation permit through the division.

Senator Bishop surmised that there may be a discussion with the college to help set up an online class. Mr. Ellis replied in the affirmative. He stated that the topic had

catalyzed a conversation regarding the concerns of the in person and online class options.

[9:59:11 AM](#)

Vice-Chair Micciche queried some history on the Kenai River professional guides and other guide members on the river. Mr. Ellis explained that there was a growing number of guides, and it was extremely busy at the time before the recent decrease in salmon population. Many of the newer guides had no river experience and how the fishery was prosecuted. The Professional Guides Association encouraged the college to offer a class to train the guides. There was a five year period where current guides could take a class, and continue as a professional guide. The five year period had since expired, and the new guides were now required to attend the class.

Co-Chair MacKinnon clarified that the conceptual amendment referred to the entire bill.

CSHB 41 was HEARD and HELD in committee for further consideration.

[10:02:06 AM](#)

RECESSED

[1:35:34 PM](#)

RECONVENED

#hb105

CS FOR HOUSE BILL NO. 105(FIN)

"An Act relating to the programs and bonds of the Alaska Industrial Development and Export Authority; relating to the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund; requiring the Alaska Industrial Development and Export Authority to deliver to the legislature reports relating to the Interior energy project; relating to the financing authorization through the Alaska Industrial Development and Export Authority of a liquefied natural gas production plant and natural gas energy projects and distribution systems in the state; amending and repealing bond authorizations granted to the Alaska Industrial Development and Export

Authority; authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project; authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of rebuilding transmission between the Hope substation and Portage, rebuilding transmission between Powerline Pass to Indian, and the Eklutna hydroelectric transmission system upgrade project; relating to legislative approval for loans from the power project fund to the City of King Cove; and providing for an effective date."

[1:36:30 PM](#)

GENE THERRIAULT, DEPUTY DIRECTOR, STATEWIDE ENERGY POLICY DEVELOPMENT, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, felt that the intended language was appropriately incorporated.

Co-Chair MacKinnon looked at page 6, line 22, and remarked that the word, "propane" was not included.

Co-Chair Kelly queried the draft version. Co-Chair MacKinnon stated that the bill version was F.

Mr. Therriault deferred to Mr. Parady, regarding the word, "propane."

FRED PARADY, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, explained that the deletion of the word "propane" was due to the feeling that the phrase "natural gas" would cover the word.

Vice-Chair Micciche stated that technically liquid petroleum gas was considered "propane." He stated that adding the word, "propane" at the end of the sentence on line 22 and after the words "natural gas" on line 24 would be more appropriate, and expand the potential.

Mr. Parady agreed.

[1:38:53 PM](#)

AT EASE

[1:39:00 PM](#)

RECONVENED

Vice-Chair Micciche moved Conceptual Amendment 1. He explained the amendment:

Add "or propane" after the words "natural gas" on line 24.

Co-Chair MacKinnon restated the amendment.

Vice-Chair Micciche explained the fiscal note.

Vice-Chair Micciche felt that the concept was a simple concept, and would result in generational low energy costs.

Vice-Chair Micciche MOVED to REPORT SCS CSHB 105(FIN) out of committee with individual recommendations and the accompanying fiscal note.

SCS CSHB 105(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Commerce, Community, and Economic Development.

[1:42:04 PM](#)

AT EASE

[1:44:17 PM](#)

RECONVENED

Co-Chair MacKinnon discussed housekeeping.

#

ADJOURNMENT

[1:45:08 PM](#)

The meeting was adjourned at 1:45 p.m.