

SENATE FINANCE COMMITTEE

April 8, 2016

3:42 p.m.

3:42:13 PM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 3:42 p.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

MEMBERS ABSENT

Senator Donny Olson

ALSO PRESENT

Mike Smith, Staff, Senator Click Bishop; Tim Grussendorf, Staff, Senator Lyman Hoffman.

PRESENT VIA TELECONFERENCE

Ben Ellis, Director, Alaska State Parks, Anchorage.

SUMMARY

SB 101 STATE PARKS FEES & SALES OF MERCHANDISE

SB 101 was HEARD and HELD in committee for further consideration.

SB 196 POWER COST EQ FUND: RESERVE ACCT; DIVIDEND

SB 196 was HEARD and HELD in committee for further consideration.

#sb101

SENATE BILL NO. 101

"An Act relating to fees for use of state park system facilities; and relating to the sale of merchandise by the Department of Natural Resources."

[3:43:59 PM](#)

Senator Bishop MOVED to ADOPT Amendment 1, 29-GS1040\H.1, Bullard, 3/24/16 (copy on file):

Page 1, line 1, following "to":

Insert "merchandise sold and' Page 1, following line 3, insert a new bill section to read: "i Section 1. AS 37.05.146(b)(56) is amended to read: (56) fees and other char2es received by the Department of Natural Resources under AS 4121.026 [FOR THE USE OF STATE PARK SYSTEM FACILITIES];"

Page 1, line 4:

Delete "Section 1"
Insert "Sec. 2"

Renumber the following bill section accordingly.

Page 2, lines 3 -10:

Delete all material and insert:
"(10) [SALE OF MERCHANDISE FOR INFORMATIONAL OR EDUCATIONAL PURPOSES RELATED TO PUBLIC USE and UNDERSTANDING OF PARKS, INCLUDING MAPS, PLANS, AND OTHER GRAPHIC MATERIALS;

(11)] use of a developed facility that has developed parking [(12)] presentation or attendance at programs related to natural or cultural history, outdoor skills or education, or other topics concerned with public use, enjoyment, or understanding of parks."

Page 2, following line 10:

Insert new bill sections to read:

"h Sec. 3. AS 37.10.050(a) is amended to read:

(a) A state agency may not charge a fee for the provision of state services unless the fee (1) is set or otherwise authorized by statute; and (2) where a regulation is necessary, is set by or provided for in a regulation that meets the standards of AS 44.62.020 and 44.62.030. Unless specifically exempted by statute, a state agency authorized to collect or receive fees, licenses, taxes, or other money belonging to the state shall account for and remit the receipts, less fees to which the collector is entitled by statute or regulation, to the Department of Revenue at least once each month. The commissioner of administration shall separately account under AS 37.05.142 for receipts deposited under this subsection. A fee or other charge that is set by regulation may not exceed the estimated actual costs of the state agency in administering the activity or providing the service unless otherwise provided by the statute under which the regulation is adopted; however, this limitation does not apply to sale or lease of property by a state agency, fees charged by a resource agency for a designated regulatory service as defined in AS 37.10.058, fees adopted by the Department of Natural Resources under AS 41.21.026(f) AS 44.37.025, and [OR] 44.3 7.027, or fees, rents, tolls, and other charges established or levied by the Department of Transportation and Public Facilities for the use of the Knik Arm bridge and appurtenant facilities.

Sec. 4. AS 41.21.026 is amended by adding a new subsection to read:

(0 In addition to the activities, services, and products for which the department may charge or collect a fee under (a) of this section, the department may sell informational, educational, or promotional merchandise. The department shall price merchandise sold under this section in a manner that ensures a reasonable monetary return to the state. To the extent practicable, the department shall sell only merchandise produced or manufactured in the United States)'

Co-Chair MacKinnon OBJECTED for DISCUSSION.

Senator Bishop explained the amendment. He shared that there was discussion about inserting language that had been removed in the Senate Resources Committee, which lessened the Department of Natural Resources (DNR) dependence on unrestricted general fund (UGF) dollars. He shared that in 2015, DOR collected 3.5 million in UGF funds. Furthermore, DOR brought in \$3.36 million in program receipts. He remarked that there was an intention for DNR to sell to retailers. He stressed that Alaska was a tourism destination, and Alaska tourism was promoted through funding from the tourism marketing industry. He stressed that promoting Alaska as a destination while closing state parks was detrimental to the tourism industry. He remarked that the amendment would only allow DNR to sell merchandise in park offices, ferry terminals, and wholesale to retailers. The amendment did not authorize DNR to open a retail store, rather only the ability to offer products wholesale to retailers. It was not the intent for the state to compete against any private industry, but rather allow DNR the opportunity to recoup some of its operational expenses.

[3:46:53 PM](#)

MIKE SMITH, STAFF, SENATOR CLICK BISHOP, detailed the amendment. He shared that the original bill contained prohibitions. The original bill stated that DNR could only merchandise the product inside the park boundaries. The current bill did not contain that restriction. He shared that there was an examination of the opportunity for DNR to raise additional revenues by selling of merchandise, there were other restrictions. He shared that the state agencies had a general restriction against selling products for profit. Generally, the state agencies were supposed to sell the merchandise to individuals for cost and had little ability to generate operating revenue. The bill would allow DNR to charge a reasonable amount of monetary gain, but would only allow the sale within the confines of the park services offices, ferry terminals, and for wholesale to retail entities. He remarked that the conforming changes were drafted to conform to existing statutes. He stated that the primary change allowed for DNR to sell merchandise for profit.

Co-Chair MacKinnon queried comments on the amendment.

[3:48:57 PM](#)

BEN ELLIS, DIRECTOR, ALASKA STATE PARKS, ANCHORAGE (via teleconference), testified in support of the amendment.

Vice-Chair Micciche wondered if there would be a consideration of an amendment to the amendment.

[3:49:37 PM](#)

AT EASE

[3:51:44 PM](#)

RECONVENED

[3:51:50 PM](#)

Vice-Chair Micciche MOVED to ADOPT conceptual amendment 1 to Amendment 1:

Page 3, line 1, following "United States":

Insert "procurement and branding services, such as printing screen-printing, must occur through an Alaska-owned business or correctional institution whenever competitively possible."

Senator Dunleavy OBJECTED for DISCUSSION.

Co-Chair MacKinnon wondered if there should be an adoption of the conceptual amendment, and then Legislative Legal would determine its legality within the legislation.

Senator Dunleavy WITHDREW the OBJECTION. There being NO OBJECTION, it was so ordered. The amendment to the conceptual amendment to Amendment 1 was adopted.

Co-Chair MacKinnon WITHDREW the OBJECTION. There being NO OBJECTION, Amendment 1, as amended, was adopted.

SB 101 was HEARD and HELD in committee for further consideration.

#sb196

SENATE BILL NO. 196

"An Act relating to the use of certain unexpended earnings from the power cost equalization endowment fund."

3:53:30 PM

Vice-Chair Micciche MOVED to ADOPT the committee substitute for SB 196, Work Draft 29-LS1383\F (Nauman, 4/8/16).

Co-Chair MacKinnon OBJECTED for DISCUSSION.

TIM GRUSSENDORF, STAFF, SENATOR LYMAN HOFFMAN, explained the committee substitute. He looked at Section 1, line 8, added the word, "and." He furthered that the second change added the language, "the earnings of the fund for the previous year." That language was added so the commissioner would calculate on the earnings, rather than the monthly average of the previous three fiscal years. He noted that the Legislative Finance Division (LFD) and the Legislative Legal had different language preferences. He shared that LFD preferred the phrase, "closed fiscal year", so they could know the exact amount. He looked at Section 2, which changed "seven" to "five", which was the maximum amount that could be used for purpose of power cost equalization (PCE). He stated that the change lined up with the change to the investment target of 4 percent average over a 5 percent per year period. He stated that LFD preferred the phrase "up to five" rather than "five." He encouraged the committee to evaluate that difference in their consideration of the bill. He stated that Section 3 was a new section, which stated that if the 5 percent was not enough to pay for the PCE program, the amount would be prorated. He remarked that the last section addressed how the earnings were split for the previous fiscal year, and whether there was anything above the cost of the program. He shared that there was previously a dividend going to GF of 60 percent. He stated that the dividend was changed to 50 percent. The 50 percent would be assigned to community revenue sharing. He shared that there was an issue with sending money from the PCE fund to GF was changing DGF to UGF. The CS changed DGF to DGF, because it was designated for community revenue sharing. He stressed that the savings of GF would be the money that the legislature could use from the program.

Co-Chair MacKinnon WITHDREW the OBJECTION. There being NO OBJECTION, the proposed committee substitute was adopted.

Co-Chair MacKinnon noted that the public hearing had already occurred. She shared that she would like LFD to analyze the new language in the CS.

SB 196 was HEARD and HELD in committee for further consideration.

3:58:07 PM

AT EASE

3:58:14 PM

RECONVENED

Co-Chair MacKinnon discussed the schedule.

3:58:29 PM

AT EASE

3:59:28 PM

RECONVENED

Co-Chair MacKinnon stated that there would be no continuing pursuit of SB 208.

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ADJOURNMENT

4:00:12 PM

The meeting was adjourned at 4:00 p.m.