

SENATE FINANCE COMMITTEE

April 9, 2016

3:23 p.m.

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CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 3:23 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

Erin Shine, Staff, Senator Anna MacKinnon; Laura Cramer, Staff, Senator Anna MacKinnon; David Teal, Director, Legislative Finance Division.

PRESENT VIA TELECONFERENCE

Wayne Aderhold, Self, Homer; Susanne Fleek-Green, Chief of Staff, Mayor's Office, Municipality of Anchorage, Anchorage; John J. Pierce, Self, Fairbanks.

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.

SB 210 COMM. REV. SHARING; PROP. TAX EXEMPTIONS

SB 210 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."

[3:24:17 PM](#)

Co-Chair Kelly MOVED to ADOPT the committee substitute for SB 101, 29-GS1040\E (Bullard, 4/8/16).

Co-Chair MacKinnon OBJECTED for DISCUSSION.

ERIN SHINE, STAFF, SENATOR ANNA MACKINNON, explained that the committee substitute incorporated Amendment H.1, with a conceptual amendment. She stated that the drafter had raised concerns on the conceptual language, so there were conversations to relieve the concerns. She looked at page 3, lines 7 through 12, which was a rewording of the intent of the conceptual amendment.

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

Co-Chair MacKinnon remarked that she hoped that the bill would move from committee the following Monday morning.

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."

[3:26:13 PM](#)

Co-Chair Kelly MOVED to ADOPT the committee substitute for SB 196, Work Draft 29-LS1383\V (Nauman, 4/9/16).

Co-Chair MacKinnon OBJECTED for DISCUSSION.

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LAURA CRAMER, STAFF, SENATOR ANNA MACKINNON, explained the difference between version F and version V of the bill. She looked at page 1, line 12, following the reference to reference to AS 42.45.080c. She announced that the number 1 was inserted, which referenced the above section on line 7. She stated that the language, "for the fiscal year beginning the following July 1." She announced that the version read, "c.1 may be appropriated for the following purposes." She looked at page 2, subsection d, following the statute reference AS 42.45.080c, the number 2 was inserted. The number 2 referenced Section 1, subsection 2. She shared that page 2, line 11, following "appropriation under (a) of the section" inserted the phrase "for the current fiscal year." She stated that it had previously read, "for the previous fiscal year." She shared that following the statute reference on line 13, AS 42.45.080c, the number 2 was inserted, which referenced Section 1. She looked at subsection 1, line 16, which allowed for appropriating 30 percent or \$30 million, whichever is less, to the Community Revenue Sharing or Community Assistance Fund. The following subsection allowed for appropriation to the Renewable Energy Grant Fund, and the committee added "Bulk Fuel Revolving Loan Fund" and the "Rural Power System Upgrades." The percentage changed from 30 percent to 20 percent. She furthered that \$25 million was added, whichever was less. She announced that an effective date of June 30 of the current year was added to the bill. She shared that any excess earnings would either return to or stay in the Power Cost Equalization (PCE) Endowment Fund.

Co-Chair MacKinnon REMOVED her OBJECTION. There being NO further OBJECTION, the proposed committee substitute was ADOPTED.

Co-Chair MacKinnon queried the impact of the change to Power Cost Equalization in the numbers that were included as maximums that could be withdrawn from the fund.

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DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, looked at the spreadsheet titled, "Power Cost Equalization Endowment Fund - Impacts of SB 196" (copy on file). He remarked that the purpose of the bill was to determine how to manage excess earnings to the PCE Endowment Fund. He noted that Section 3, subsection d outlined the action for the excess earnings. He noted the highlighted yellow columns, which showed the repeat of experience from 2004 to the current day. It was not intended as a prediction of interest rates, rather it was an example of some higher and negative rates. The column showed years of excess earnings and years of insufficient earnings. He looked at Section 3, which stated that "if the 5 percent payout was insufficient to pay the Power Cost Equalization amount", as listed under program costs in the spreadsheet, "then Power Cost Equalization will be prorated." He furthered that if there was insufficient funds, then there was no money available for Community Assistance or Rural Energy programs. He stated that, if there was excess money, 50 percent of the amount available for allocation would be put in Community Assistance.

Co-Chair MacKinnon queried comments for the committee to consider. Senator Hoffman replied that the CS was improved, especially when examining the available scenarios.

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

#sb210

SENATE BILL NO. 210

"An Act relating to the community revenue sharing program; changing the name of the community revenue sharing program to the community assistance program; and relating to the municipal property tax exemption on the residence of a senior, a disabled veteran, and a widow or widower of a senior or disabled veteran."

[3:35:24 PM](#)

LAURA CRAMER, STAFF, SENATOR ANNA MACKINNON explained that the committee had removed the property tax exemption language, so the name was changed from Community Revenue Sharing to Community Assistance. She remarked that the bill would have funding, should SB 196 become law.

[3:36:30 PM](#)

AT EASE

[3:36:35 PM](#)

RECONVENED

[3:36:37 PM](#)

Vice-Chair Micciche MOVED to ADOPT Amendment 1, 29-LS1593\H.1, Shutts, 4/4/16 (copy on file):

Page 6, line 3:

Delete "revenue sharing"

Insert "assistance [REVENUE SHARING]"

Co-Chair MacKinnon OBJECTED for DISCUSSION.

Ms. Cramer explained the amendment. She remarked that Legislative Legal did not catch the name change.

Co-Chair MacKinnon WITHDREW the OBJECTION. There being NO OBJECTION, Amendment 1 was ADOPTED.

WAYNE ADERHOLD, SELF, HOMER (via teleconference), testified against the legislation. He shared that he was a senior who received the exemption. He felt that he should be taxed. He remarked that the constitution provided rights, but also outlined duties. He announced that seniors must be engaged in the financially in the state's current budget problem. He felt that any exemption should be needs-based, rather than age-based. He shared that there was a 2009 Pugh Trust report, which showed that over the 25-year period up to 2009 people over the age of 65 were performing 42 percent better at the end of that period. He noted that people under the age of 35 were performing 68 percent worse, in regards to net worth.

Co-Chair MacKinnon explained that the exemption was no longer in the bill.

SUSANNE FLEEK-GREEN, CHIEF OF STAFF, MAYOR'S OFFICE, MUNICIPALITY OF ANCHORAGE, ANCHORAGE (via teleconference), testified against the current version of the legislation. She felt that the bill would result in a \$9 million reduction to the current amount of Community Revenue Sharing. She shared that the municipality had taken

responsible action with the passage of its budget. The municipal budget allowed for a \$5 million cut in municipal assistance. She felt that cutting the Anchorage assistance by \$9 million would have significant consequences. The municipality would need to add to burden to counteract the effects of the legislation.

JOHN J. PIERCE, SELF, FAIRBANKS (via teleconference), spoke in support of the elimination of the property tax exemption. He reassured the committee that targeting the fixed income seniors, disabled military, and veterans was wrong.

Co-Chair MacKinnon CLOSED public testimony.

[3:46:45 PM](#)

AT EASE

[3:47:12 PM](#)

RECONVENED

Co-Chair MacKinnon

SB 210 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[3:48:07 PM](#)

The meeting was adjourned at 3:48 p.m.