

SENATE FINANCE COMMITTEE

April 14, 2016

8:07 a.m.

8:07:31 AM

CALL TO ORDER

Vice-Chair Micciche called the Senate Finance Committee meeting to order at 8:07 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

Marleanna Hall, Executive Director, Resource Development Council, Juneau; Barbara Huff Tuckness, Director, Government and Legislative Affairs, Teamsters Local 959, Juneau; Representative Shelley Hughes, Sponsor; Stuart Krueger, Staff, Representative Shelley Hughes; Brodie Anderson, Staff, Representative Steve Thompson; Fred Parady, Deputy Commissioner, Department of Commerce, Community, and Economic Development; Lori Wing-Heier, Director, Division of Insurance, Department of Commerce, Community and Economic Development; Senator Cathy Giessel, Sponsor; Jane Conway, Staff, Senator Cathy Giessel; Jill Matheson, Alaska Optometric Association; Sara Chambers, Administrative Operations Manager, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Brad Faulkner, Self, Homer; Dave Hanson, Self, Anchorage; Renee Reeve, Alaska Support Industry Alliance, Anchorage;

Michael Jespersen, Self, Anchorage; Rick Koch, City of Kenai; Don Laichak, Self, Anchorage; Mike Coons, National Legislative Director, Citizens Initiatives, Palmer; Curtis Thayer, Alaska Chamber of Commerce, Anchorage; Delice Calcope, Self, Sutton; Mike Coons, Self, Palmer; Jeff Gonnason, Legislative Chair, Alaska Optometry Association; Dr. Paul Barney, Chairman, Board of Optometry, Anchorage; Dr. Carl Rosen, Ophthalmologist, Anchorage. Ben Schoffmann, Kakivik Asset Management, Anchorage; Reed Christensen, Dowland-Bach Corporation, Anchorage; Terry Smith, Unified Operations, Anchorage; Chantal Walsh, Petrotechnical Resources of Alaska, Anchorage; Tom Walsh, Petrotechnical Resources of Alaska, Anchorage; Mike Heiring, Udelhoven Oilfield System Services, Anchorage; Cathy Duxbury, Udelhoven Oilfield System Services, Anchorage; Scott Viera, Northstar Terminal & Stevedore, Anchorage; Pete Stokes, Petrotechnical Resources of Alaska, Anchorage; Maynard Tapp, Hawk Consultants, Anchorage; Patrick Walsh, Peak Oilfield Services, Anchorage; Jeff Bentz, Northstar Terminal & Stevedore, Anchorage; Dale Kisse, President, CONAM Construction, Anchorage; Leah Talus, Stantek Consulting, Anchorage; Adam Crum, Northern Industrial Training, Anchorage; Drema Fitzhugh, Hawk Consultants, Anchorage; Cari-Ann Carty, Alaska Process Industry Careers Consortium, Anchorage; Joseph Colonell, Colonell Associates, Anchorage; Steve Post, North Star Equipment, Anchorage; Martha Peck, Alaska Process Industry Careers Consortium, Anchorage; Nick Pepperworth, Udelhoven Oilfield System Services, Anchorage; Dennis Hebner, Superior Machine and Welding, Anchorage; Brian Benson, Air Liquide, Anchorage; Joey Crum, Northern Industrial Training, Anchorage.

SUMMARY

SB 55 OPTOMETRY & OPTOMETRISTS

SB 55 was HEARD and HELD in committee for further consideration.

SB 130 TAX;CREDITS;INTEREST;REFUNDS;O & G

SB 130 was HEARD and HELD in committee for further consideration.

SB 206 REINSURANCE PROGRAM; HEALTH INS. WAIVERS

SB 206 was HEARD and HELD in committee for further consideration.

CSHB 77(FIN)

DISABILITY:ID/LICENSE AND TRAINING RQMTS.

CS HB 77(FIN) was REPORTED out of committee with "no recommendation" and with one previously published zero fiscal note: FN3 (ADM).

HB 247 TAX;CREDITS;INTEREST;REFUNDS;O & G

HB 247 was SCHEDULED but not HEARD.

HB 314 AK REG ECON ASSIST. PROGRAM; EXTEND

HB 314 was HEARD and HELD in committee for further consideration.

CSHCR 4(STA)

US COUNTERMAND CONVENTION DELEGATES

CSHCR 4(STA) was REPORTED out of committee with "no recommendation" and with one previously published indeterminate fiscal note: FN2 (LEG).

#sb130

SENATE BILL NO. 130

"An Act relating to confidential information status and public record status of information in the possession of the Department of Revenue; relating to interest applicable to delinquent tax; relating to disclosure of oil and gas production tax credit information; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the minimum tax for certain oil and gas production; relating to the minimum tax calculation for monthly installment payments of estimated tax; relating to interest on monthly installment payments of estimated tax; relating to limitations for the application of tax credits; relating to oil and gas production tax credits for certain losses and expenditures; relating to limitations for nontransferable oil and gas production tax credits

based on oil production and the alternative tax credit for oil and gas exploration; relating to purchase of tax credit certificates from the oil and gas tax credit fund; relating to a minimum for gross value at the point of production; relating to lease expenditures and tax credits for municipal entities; adding a definition for "qualified capital expenditure"; adding a definition for "outstanding liability to the state"; repealing oil and gas exploration incentive credits; repealing the limitation on the application of credits against tax liability for lease expenditures incurred before January 1, 2011; repealing provisions related to the monthly installment payments for estimated tax for oil and gas produced before January 1, 2014; repealing the oil and gas production tax credit for qualified capital expenditures and certain well expenditures; repealing the calculation for certain lease expenditures applicable before January 1, 2011; making conforming amendments; and providing for an effective date."

8:09:49 AM

AT EASE

8:10:28 AM

RECONVENED

MARLEANNA HALL, EXECUTIVE DIRECTOR, RESOURCE DEVELOPMENT COUNCIL, JUNEAU, testified in opposition to the bill. She thought that raising taxes on the industry would not stimulate growth. She felt changing the oil tax regime would make Alaska's oil and gas industry seem unstable. She discussed the recent increase in oil throughput and referenced the tax credit. She noted that the members of the council were not asking for a tax decrease, rather to maintain the current structure in order to decrease the possibility of volatility.

8:13:12 AM

BRAD FAULKNER, SELF, HOMER (via teleconference), testified in support of the bill. He related that he had started working on the pipeline when he was 18, and had worked in the oil. He thought oil tax credits in Cook Inlet would never pay themselves off, and thought oil tax credits on the North Slope were set up to boost the oil industry. He

felt the Senate was controlled by the oil industry. He thought it was long since time to get rid of the tax credits.

[8:16:12 AM](#)

DAVE HANSON, SELF, ANCHORAGE (via teleconference), testified in favor of the bill. He described himself as a fiscal conservative, and felt the state could not afford the oil tax credit program. He discussed the fiscal situation in the state and commented that low oil prices were the cause of the oil industry's financial problems. He highlighted the importance of jobs in the oil industry.

[8:19:15 AM](#)

BARBARA HUFF TUCKNESS, DIRECTOR, GOVERNMENT AND LEGISLATIVE AFFAIRS, TEAMSTERS LOCAL 959, JUNEAU, felt that the current committee substitute was better than the original bill. She stressed that the legislation would impact many jobs. She felt that previously passed oil and gas legislation, SB 21, had a positive impact on the workers in the oil and gas industry.

[8:21:50 AM](#)

RENEE REEVE, ALASKA SUPPORT INDUSTRY ALLIANCE, ANCHORAGE (via teleconference); testified in opposition to the bill, and referred to other members of the alliance that were in the room to testify in opposition as well.

[Ms. Reeve gave her testimony, then the following individuals read their names and affiliations for the record, also in opposition to the bill.]

[8:22:21 AM](#)

BEN SCHOFFMANN, KAKIVIK ASSET MANAGEMENT, ANCHORAGE (via teleconference), testified in opposition to the bill.

REED CHRISTENSEN, DOWLAND-BACH CORPORATION, ANCHORAGE (via teleconference), testified in opposition to the bill.

TERRY SMITH, UNIFIED OPERATIONS, ANCHORAGE (via teleconference), testified in opposition to the bill.

CHANTAL WALSH, PETROTECHNICAL RESOURCES OF ALASKA, ANCHORAGE (via teleconference), testified in opposition to the bill.

TOM WALSH, PETROTECHNICAL RESOURCES OF ALASKA, ANCHORAGE (via teleconference), testified in opposition to the bill.

MIKE HEIRING, UDELHOVEN OILFIELD SYSTEM SERVICES, ANCHORAGE (via teleconference), testified in opposition to the bill.

CATHY DUXBURY, UDELHOVEN OILFIELD SYSTEM SERVICES, ANCHORAGE (via teleconference), testified in opposition to the bill.

SCOTT VIERA, NORTHSTAR TERMINAL & STEVEDORE, ANCHORAGE (via teleconference), testified in opposition to the bill.

PETE STOKES, PETROTECHNICAL RESOURCES OF ALASKA, ANCHORAGE (via teleconference), testified in opposition to the bill.

MAYNARD TAPP, HAWK CONSULTANTS, ANCHORAGE (via teleconference), testified in opposition to the bill.

PATRICK WALSH, PEAK OILFIELD SERVICES, ANCHORAGE (via teleconference), testified in opposition to the bill.

JEFF BENTZ, NORTHSTAR TERMINAL & STEVEDORE, ANCHORAGE (via teleconference), testified in opposition to the bill.

DALE KISSEE, PRESIDENT, CONAM CONSTRUCTION, ANCHORAGE (via teleconference), testified in opposition to the bill.

LEAH TALUS, STANTEK CONSULTING, ANCHORAGE (via teleconference), testified in opposition to the bill.

ADAM CRUM, NORTHERN INDUSTRIAL TRAINING, ANCHORAGE (via teleconference), testified in opposition to the bill.

DREMA FITZHUGH, HAWK CONSULTANTS, ANCHORAGE (via teleconference), testified in opposition to the bill.

CARI-ANN CARTY, ALASKA PROCESS INDUSTRY CAREERS CONSORTIUM, ANCHORAGE (via teleconference), testified in opposition to the bill.

JOSEPH COLONELL, COLONELL ASSOCIATES, ANCHORAGE (via teleconference), testified in opposition to the bill.

STEVE POST, NORTH STAR EQUIPMENT, ANCHORAGE (via teleconference), testified in opposition to the bill.

MARTHA PECK, ALASKA PROCESS INDUSTRY CAREERS CONSORTIUM, ANCHORAGE (via teleconference), testified in opposition to the bill.

NICK PEPPERWORTH, UDELHOVEN OILFIELD SYSTEM SERVICES, ANCHORAGE (via teleconference), testified in opposition to the bill.

DENNIS HEBNER, SUPERIOR MACHINE AND WELDING, ANCHORAGE (via teleconference), testified in opposition to the bill.

BRIAN BENSON, AIR LIQUIDE, ANCHORAGE (via teleconference), testified in opposition to the bill.

JOEY CRUM, NORTHERN INDUSTRIAL TRAINING, ANCHORAGE (via teleconference), testified in opposition to the bill.

Ms. Reeve stated that all those introduced individuals were opposed to the legislation.

[8:24:20 AM](#)

MICHAEL JESPERSON, SELF, ANCHORAGE (via teleconference), spoke against the legislation. He stated that he and no one in his family had ever worked for the oil industry.

SB 130 was HEARD and HELD in committee for further consideration.

[8:25:52 AM](#)

AT EASE

[8:28:14 AM](#)

RECONVENED

#hb314

HOUSE BILL NO. 314

"An Act relating to the Alaska regional economic assistance program; extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

[8:28:57 AM](#)

REPRESENTATIVE SHELLEY HUGHES, SPONSOR, introduced the legislation. She stated that the bill would extend the sunset date of the Alaska Regional Economic Assistance (ARDOR) program.

[8:31:59 AM](#)

STUART KRUEGER, STAFF, REPRESENTATIVE SHELLEY HUGHES, addressed the summary of changes from version N to version P of the bill (copy on file):

Page 3, Line 6-11: The Senate Labor & Commerce CS reinstates the requirement that the Department of Commerce, Community & Economic Development compile and deliver a report to the senate secretary and chief clerk on regional development organization activities. It does so by removing language from the original bill starting on page 3, line 9, stating "that, in the preceding fiscal year, received assistance under (a) of this 10 section or a grant under (b) of this section"

Page 4, line 9: Repeals the sun set clause.

[8:33:40 AM](#)

Mr. Krueger discussed the sectional analysis (copy on file):

Section 1. Lists the duties of the department in providing assistance to new and existing ARDORs. New language added to make duties "subject to appropriation".

Section 2. Provides the department with the authority to make regional development grants to ARDORs. Limits the number of grants that the department can make, and allows the department to set procedures for grant applications.

Section 3. Sets reporting requirement deadline of February 1 of each year for the department to compile a report on the activities of ARDORs that have received funding in the preceding fiscal year. Also establishes requirement for ARDORs that have received assistance or funding in the preceding fiscal year to

provide information to the department to assist in the compiling of the department's report.

Section 4. Extends the sunset date of program to July 1, 2021

Section 5. Retroactivity clause.

Section 6. Effective date.

[8:34:37 AM](#)

Vice-Chair Micciche asked about FN 1, which had a \$774,100 grant, but had been removed in the subcommittee budget. He assumed that there would be a new zero fiscal note for the bill.

Representative Hughes explained that the second column was information only. She remarked that it was included in the governor's original budget request in December. The department agreed to go to zero, and the subcommittees had zeroed out the fiscal note. She stressed that the Legislative Finance Division (LFD) felt that it was a zero fiscal note, because the column was strictly information only.

HB 314 was HEARD and HELD in committee for further consideration.

#sb130

SENATE BILL NO. 130

"An Act relating to confidential information status and public record status of information in the possession of the Department of Revenue; relating to interest applicable to delinquent tax; relating to disclosure of oil and gas production tax credit information; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the minimum tax for certain oil and gas production; relating to the minimum tax calculation for monthly installment payments of estimated tax; relating to interest on monthly installment payments of estimated tax; relating to limitations for the application of tax credits; relating to oil and gas

production tax credits for certain losses and expenditures; relating to limitations for nontransferable oil and gas production tax credits based on oil production and the alternative tax credit for oil and gas exploration; relating to purchase of tax credit certificates from the oil and gas tax credit fund; relating to a minimum for gross value at the point of production; relating to lease expenditures and tax credits for municipal entities; adding a definition for "qualified capital expenditure"; adding a definition for "outstanding liability to the state"; repealing oil and gas exploration incentive credits; repealing the limitation on the application of credits against tax liability for lease expenditures incurred before January 1, 2011; repealing provisions related to the monthly installment payments for estimated tax for oil and gas produced before January 1, 2014; repealing the oil and gas production tax credit for qualified capital expenditures and certain well expenditures; repealing the calculation for certain lease expenditures applicable before January 1, 2011; making conforming amendments; and providing for an effective date."

[8:36:37 AM](#)

RICK KOCH, CITY OF KENAI (via teleconference), testified against the bill. He thought it had fairly significant negative impacts to the Railbelt. He thought there was a difference in consumers between Cook Inlet and North Slope. He encouraged the committee to consider the ultimate consumer of the resource, and who would bear the burden of the tax credit structure.

[8:38:33 AM](#)

DON LAICHAK, SELF, ANCHORAGE (via teleconference), testified in opposition to the bill. He had worked for several oil companies. He believed that smaller oil fields were the future of the state. He discussed the numerous costs associated with oil production.

#hcr4

CS FOR HOUSE CONCURRENT RESOLUTION NO. 4(STA)

Relating to the duties of delegates selected by the legislature to attend a convention of the states called under art. V, Constitution of the United States, to consider a countermand amendment to the Constitution of the United States; establishing as a joint committee of the legislature the Delegate Credential Committee and relating to the duties of the committee; providing for an oath for delegates and alternates to a countermand amendment convention; providing for a chair and assistant chair of the state's countermand amendment delegation; providing for the duties of the chair and assistant chair; providing instructions for the selection of a convention president; and providing specific language for the countermand amendment on which the state's convention delegates are authorized by the legislature to vote to approve.

[8:40:28 AM](#)

REPRESENTATIVE SHELLEY HUGHES, SPONSOR; discussed the bill:

Recent actions taken by the White House and Department of Interior constitute a new threshold of overreach in Alaska unlike anything in recent history.

HJR14 and HCR 4 seek to restore the balance of power between the states and federal government. The pair would strengthen state sovereignty by providing states with veto (countermand) power over federal decisions not in their best interest through a precise and careful mechanism established by an amendment to the U.S. Constitution. These two resolutions in tandem are intended to start the process of amending the US Constitution via the powers granted in Article V of that same document.

HJR 14 (The Application) provides Alaska's call to Congress for a clearly defined, single-issue Countermand Amendment Convention. The Countermand Amendment to the United States Constitution, when ratified, will allow states to propose Countermand Initiatives, which upon approval by three-fifths of state legislatures, will repeal any federal statute, executive order, judicial decision, or regulatory decision listed in the Initiative.

HCR 4 (The Delegate Resolution) enables the state legislature to institute tight parameters for the convention, to ensure that a "runaway convention" is not possible and provides for a productive, safe and timely process. The Delegate Resolution establishes a Credential Committee for selection of delegates to the convention, and outlines the duties of the delegates.

HCR 4 also includes the precise language of the proposed Countermand Amendment to the U.S. Constitution.

Passage of these resolutions is an actionable step the Legislature can take toward restoration of the proper balance of state and federal powers. These two resolutions do not pertain to a conservative versus liberal agenda; this is a state versus federal issue. This is OUR Alaska, and it's time the federal government understands that.

Vice-Chair Micciche restated that the committee had heard SCR 4, the identical bill, and had taken public testimony.

[8:44:35 AM](#)

MIKE COONS, NATIONAL LEGISLATIVE DIRECTOR, CITIZENS INITIATIVES, PALMER (via teleconference), testified in support of the legislation.

Vice-Chair Micciche drew attention to FN 2, which was indeterminate.

[8:45:40 AM](#)

AT EASE

[8:46:09 AM](#)

RECONVENED

Senator Hoffman MOVED to report CS HCR 4(STA) out of Committee with individual recommendations and the accompanying fiscal note.

CSHCR 4(STA) was REPORTED out of committee with "no recommendation" and with one previously published indeterminate fiscal note: FN2 (LEG).

[8:47:28 AM](#)

AT EASE

[8:50:03 AM](#)

RECONVENED

#hb77

CS FOR HOUSE BILL NO. 77(FIN)

"An Act relating to training regarding disabilities for police officers, probation officers, parole officers, correctional officers, and village public safety officers; relating to guidelines for drivers when encountering or being stopped by a peace officer; relating to driver's license examinations; and relating to a voluntary disability designation on a state identification card and a driver's license."

[8:50:11 AM](#)

BRODIE ANDERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, explained that the goal of HB 77 was intended to improve communication between law enforcement professionals and other agencies that may interact with individuals who have no apparent disabilities.

Vice-Chair Micciche discussed the zero fiscal note.

Co-Chair Kelly MOVED to report CS HB 77(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

CS HB 77(FIN) was REPORTED out of committee with "no recommendation" and with one previously published zero fiscal note: FN3 (ADM).

[8:52:40 AM](#)

AT EASE

[8:54:17 AM](#)

RECONVENED

#sb130

SENATE BILL NO. 130

"An Act relating to confidential information status and public record status of information in the possession of the Department of Revenue; relating to interest applicable to delinquent tax; relating to

disclosure of oil and gas production tax credit information; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the minimum tax for certain oil and gas production; relating to the minimum tax calculation for monthly installment payments of estimated tax; relating to interest on monthly installment payments of estimated tax; relating to limitations for the application of tax credits; relating to oil and gas production tax credits for certain losses and expenditures; relating to limitations for nontransferable oil and gas production tax credits based on oil production and the alternative tax credit for oil and gas exploration; relating to purchase of tax credit certificates from the oil and gas tax credit fund; relating to a minimum for gross value at the point of production; relating to lease expenditures and tax credits for municipal entities; adding a definition for "qualified capital expenditure"; adding a definition for "outstanding liability to the state"; repealing oil and gas exploration incentive credits; repealing the limitation on the application of credits against tax liability for lease expenditures incurred before January 1, 2011; repealing provisions related to the monthly installment payments for estimated tax for oil and gas produced before January 1, 2014; repealing the oil and gas production tax credit for qualified capital expenditures and certain well expenditures; repealing the calculation for certain lease expenditures applicable before January 1, 2011; making conforming amendments; and providing for an effective date."

[8:54:17 AM](#)

CURTIS THAYER, ALASKA CHAMBER OF COMMERCE, ANCHORAGE (via teleconference), testified in opposition to SB 130. He thought the state budget was not sustainable.

Vice-Chair Micciche noted that there may be additional testimony for the bill.

#sb206

SENATE BILL NO. 206

"An Act relating to a reinsurance program for residents who are high risks and insurer assessments to cover the costs of the reinsurance program; relating to application for state innovation waivers for health care insurance; relating to definitions of 'residents who are high risks' and 'covered lives'; and providing for an effective date."

[8:57:27 AM](#)

FRED PARADY, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, discussed SB 206. The individual insurance market for health insurance in the state was in crisis. He remarked that there were only two carriers, and one carrier was currently in weakened financial condition. He stressed that both carriers were losing money in the individual market. He pointed out that the pool was too small and the costs were too high.

Senator Dunleavy queried the factors the Division of Insurance considered when requesting a waiver.

LORI WING-HEIER, DIRECTOR, DIVISION OF INSURANCE, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, explained that the application process was intense, and required public hearings. She remarked that there was an examination of the individual mandate as to when individuals should be allowed to participate. She stated that there would be a determination to eliminate the tax or penalty for not participating in the employer or individual mandate. She remarked that there would be point of restrictive or too great a burden to participate in the individual plans. She shared that there was also an examination of the subsidies to "smooth the curve." She remarked that the current curve for subsidies was stark, with a "line in the sand" for subsidy qualification.

Senator Dunleavy asked what type of opposition to the bill the department had encountered.

Mr. Parady relayed that the bill had two key components: the assessment process; and the Section 13.32 innovation waiver. He stated that there was no opposition to the waiver process. He furthered that AETNA had expressed opposition to the assessment plan.

Senator Dunleavy asked to hear the pros and cons of leaving the federal plan.

Mr. Parady believed the pros outweighed the cons, because there were 22,000 insured lives in Alaska's individual insurance market who generated financial losses due to the requirement to cover all individuals.

[9:04:19 AM](#)

Senator Olson queried the benefits of those in the IHS system.

Mr. Parady deferred to Ms. Wing-Heier.

Ms. Wing-Heier replied that it had not impact on IHS beneficiaries.

[9:04:48 AM](#)

Vice-Chair Micciche referred to page 2 of a document entitled "SB 206 - Best Estimate Consumer Impacts," (copy on file), and noted that the cost would be spread to other covered.

Ms. Wing-Heier agreed

Vice-Chair Micciche queried the 15 to 18 percent premium impact.

Mr. Parady shared that the bill allowed the division authority to set premiums, and work through the process. He remarked that there would be a \$55 million estimated impact on insurance premiums with \$19.30 projection, resulting in an 18 percent reduction. He remarked that over the recent two years there was a 36 to 40 percent increase, and the following year was expected to see a similar increase. He stressed that the numbers were estimates based on the actuarial studies.

Vice-Chair Micciche asked if there was a significant fiscal note, because the state would cover its own insurance costs.

Mr. Parady replied in the negative, because the state did not carry stop loss premium. The state was self-insured.

The affected groups were listed on page 1, but it excluded state employees. Therefore, there was no fiscal note.

Ms. Wing-Heier remarked that since the state was self-insured, so those employees were not included in the plan.

SB 206 was HEARD and HELD in committee for further consideration.

#sb130

SENATE BILL NO. 130

"An Act relating to confidential information status and public record status of information in the possession of the Department of Revenue; relating to interest applicable to delinquent tax; relating to disclosure of oil and gas production tax credit information; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the minimum tax for certain oil and gas production; relating to the minimum tax calculation for monthly installment payments of estimated tax; relating to interest on monthly installment payments of estimated tax; relating to limitations for the application of tax credits; relating to oil and gas production tax credits for certain losses and expenditures; relating to limitations for nontransferable oil and gas production tax credits based on oil production and the alternative tax credit for oil and gas exploration; relating to purchase of tax credit certificates from the oil and gas tax credit fund; relating to a minimum for gross value at the point of production; relating to lease expenditures and tax credits for municipal entities; adding a definition for "qualified capital expenditure"; adding a definition for "outstanding liability to the state"; repealing oil and gas exploration incentive credits; repealing the limitation on the application of credits against tax liability for lease expenditures incurred before January 1, 2011; repealing provisions related to the monthly installment payments for estimated tax for oil and gas produced before January 1, 2014; repealing the oil and gas production tax credit for qualified capital expenditures and certain well expenditures;

repealing the calculation for certain lease expenditures applicable before January 1, 2011; making conforming amendments; and providing for an effective date."

[9:07:40 AM](#)

DELICE CALCOPE, SELF, SUTTON (via teleconference), testified in support of the bill. She was in favor of raising taxes on the oil industries.

[9:09:42 AM](#)

MIKE COONS, SELF, PALMER (via teleconference), testified in opposition to SB 130. He described himself as a conservationist. He thought the tax credits had been working and had stimulated more oil production and exploration.

Vice-Chair Micciche CLOSED public testimony for SB 130.

Vice-Chair Micciche passed the gavel to Co-Chair MacKinnon.

SB 130 was HEARD and HELD in committee for further consideration.

[9:12:02 AM](#)

AT EASE

[9:15:03 AM](#)

RECONVENED

#sb55

SENATE BILL NO. 55

"An Act relating to the practice of optometry."

[9:15:15 AM](#)

Co-Chair MacKinnon passed the gavel to Vice-Chair Micciche.

SENATOR CATHY GIESSEL, SPONSOR, introduced the legislation:

This bill moves the continuing education (CE) requirements back into regulation, as desired by the Department of Commerce, Community and Economic Development. Continuing education is still required by

current statute, but the hours and subjects will be determined by the Board of Optometry, as with other professions. The current regulations require more CE hours than the statute subsection deleted by this bill.

SB 55 allows the board to determine prescribed drug schedules anticipating federal regulations that may change again in the future as they did in 2014; that regulation required another statute change, and this bill would allow the board to move in step with its industry.

This bill updates the optometry definition to reflect current education and training, but specifically prohibits invasive surgery. This allows for future new and improved diagnostic and therapeutic procedures as determined by the board, while not having to return to the legislature for every new technological advance. It also defines that optometrists must be qualified for any procedure that they perform.

This bill also further defines and clarifies the prohibited surgical procedures under an "invasive surgery" definition. Alaska optometrists already do superficial surgical procedures such as removal of corneal foreign bodies under current statute, but nothing invasive would be allowed.

[9:24:31 AM](#)

Senator Bishop thought the bill's purpose was clear. He referred to the bill allowing "new and improved diagnostic and therapeutic procedures." He wondered whether that was a "catch all" or would there be additional efforts to assist the optometrist.

Senator Giessel deferred to an optometrist.

[9:25:53 AM](#)

JANE CONWAY, STAFF, SENATOR CATHY GIESSEL, discussed the sectional analysis (copy on file):

1. Section 1

Amends 08.72.050 Regulations. Adds to this section the power for the board to adopt regulations allowing the prescription and pharmaceutical agents for the treatment of eye disease and also that under agreement with the State Medical Board, it will describe the scope of practice for a licensee to perform ophthalmic surgery and noninvasive procedures.

2. Section 2.

Amends 08.72.181 (d) by requiring specified hours and period of continuing education requirements for the renewal of an optometrist's license but retains delegation of those requirements to the board in regulation.

3. Section 3.

Repeals and reenacts AS 08.72.272(a) to provide that pharmaceutical agents, including controlled substances, may be used by a licensed optometrist if consistent with standards adopted by the board and any limitations on practice under section 5 of the bill.

4. Section 4.

08.72.272 amends and adds new subsections prohibiting an optometrist to make injections into the ocular globe of the eye and limits the prescribing of a controlled substance in a quantity exceeding a 7-day supply and requires a referral to a physician or ophthalmologist if a longer prescription is needed.

5. Section 5.

08.72 is amended and a new section is added 08.72.278 Limitation on Practice. Provides that a licensee may perform only services within the licensee's education, training and experience as provided by board regulation.

6. Section 6

08.72.300(3) revises the definition of optometry.

[9:28:17 AM](#)

JILL MATHESON, ALASKA OPTOMETRIC ASSOCIATION, testified in support of the bill.

Senator Bishop asked Ms. Matheson to restate her concern.

Ms. Matheson replied at Section 1, line 6.

Senator Olson asked if Ms. Matheson had been on the Optometry Board.

Ms. Matheson stated she was on the board for eight years, and in that time there had been no complaints.

Senator Olson asked how the bill changed the scope of practice for optometrists.

Ms. Matheson thought the bill allowed for optometrists to provide for patients at the highest level of care.

Senator Olson asked if Ms. Matheson had ever practiced in rural Alaska.

Ms. Matheson replied in the negative.

[9:35:10 AM](#)

JEFF GONNASON, LEGISLATIVE CHAIR, ALASKA OPTOMETRY ASSOCIATION (via teleconference), testified in support of the bill.

Senator Olson wondered if there were any other trained professions that were classified under two boards.

Mr. Gonnason replied in the negative.

[9:40:24 AM](#)

Senator Olson wondered if there were any significant changes in training.

Mr. Gonnason relayed that medicine, dentistry, optometry, and health care had expanded greatly in ten to twenty years. There were new drugs and procedures.

[9:41:39 AM](#)

DR. PAUL BARNEY, CHAIRMAN, BOARD OF OPTOMETRY, ANCHORAGE (via teleconference), testified in support of the bill. He thought the CS for SB 55 (L&C) was excellently written with the exception of the aforementioned language specifying the State Medical Board. He urged the committee to strike the State Medical Board language from the bill.

[9:46:22 AM](#)

DR. CARL ROSEN, OPHTHAMOLOGIST, ANCHORAGE (via teleconference), testified in opposition to the bill. He discussed primary eye care, which was part of his purview. He thought the bill was a big pivot point for optometry, and urged caution. He thought it was important that the State Medical Board was involved.

Senator Olson thanked Dr. Rosen for practicing in the state. He asked if Dr. Rosen had ever been on the medical board. He shared that he had never been an elected member of the medical board. Dr. Rosen replied in the negative, but he had worked closely with someone on the medical board.

Senator Olson asked if Dr. Rosen was familiar with the training for optometrists. Dr. Rosen recounted that he had visited an optometry school, and was boycotted. He stressed that ophthalmology was a select sub-specialty within medicine.

[9:52:47 AM](#)

Senator Olson asked if Dr. Rosen had ever practiced in rural Alaska. Dr. Rosen replied in the negative.

Senator Olson wondered if the ophthalmologists were behind the negative media advertisements.

Mr. Rosen stressed that it was an onerous task to testify about this issue. He remarked that optometrists should become ophthalmologists, should they want to achieve the proposals laid out in the legislation.

Senator Olson commented that he was somewhat offended by the advertisements.

[9:55:18 AM](#)

Senator Dunleavy asked for an explanation of what the bill would allow or not allow optometrists to do in terms of surgery.

Senator Giessel stated that there were invasive surgeries that ophthalmologists did on the eye that were prohibited.

Senator Dunleavy asked about the surface of the eye, and procedures such as Lasik surgery or cataracts. He wondered what medical professionals currently performed the surgery.

Senator Giessel believed that Lasik and cataracts surgeries were not performed by optometrists.

[10:00:40 AM](#)

Vice-Chair Micciche referred to Section 4 and Section 5, which discussed the limitations of optometry practice.

Senator Bishop felt that there could be a referral for an emergency procedure.

Senator Giessel thought that certainly a fish hook penetrating the globe of the eye in to the vitreous, and remarked there would probably be a referral. She shared that telehealth was currently expanding.

[10:04:02 AM](#)

Vice-Chair Micciche CLOSED public testimony.

Senator Olson asked about medical professionals that were governed by two boards.

SARA CHAMBERS, ADMINISTRATIVE OPERATIONS MANAGER, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, stated that the current model was not like any other model.

Senator Olson wondered whether the medical board could take action against the licensee.

Ms. Chambers looked at page 1, line 12, which posed logistical concerns. She noted that because AS 08.08.64 were not amended, there was not requirement for the medical board to enter into an agreement with the Board of Examiners in Optometry. She felt that there were some

logistical concerns that would stymie the efforts of the bill.

Senator Olson wondered whether the department was in support of the current version of the bill.

Ms. Chambers replied that the department did not have a position on the bill. There was concern with the logistics and operations. There were conversations with the Department of Law.

Senator Olson agreed with that concern.

Senator Dunleavy asked why the department had not taken a position on the bill.

Ms. Chambers stated that when there was a clear desire from one board to accomplish a goal, the department may take a position to support the board. She remarked that there were two entities involved in support and opposition to the bill, so the department would not take a position.

[10:08:02 AM](#)

Senator Dunleavy thought it made sense that the department should take a position, when the issue was related to a life or death situation. He wondered if the bill contained anything dangerous. He assumed that not taking a position indicated no problem with the bill.

Senator Olson replied that the department was not full of trained medical professionals.

Senator Dunleavy thought the bills he had sponsored had garnered opinions from those who were not experts in the field.

Vice-Chair Micciche thought it was specifically a "Dunleavy problem."

[10:09:58 AM](#)

Senator Olson MOVED to ADOPT Amendment 1:

Page 1, line 12:

Delete "by agreement with the State Medical Board."

Vice-Chair Micciche OBJECTED for discussion.

Senator Olson explained the amendment. He felt that optometrists should not be overseen by two boards.

Co-Chair Kelly asked the sponsor's opinion on the amendment.

Senator Giessel expressed her support for the amendment.

Vice-Chair Micciche removed his objection. There being NO OBJECTION, Amendment 1 was ADOPTED.

Vice-Chair Micciche stated that the committee would hold the bill. He discussed the afternoon schedule.

SB 55 was HEARD and HELD in committee for further consideration.

#hb247

HOUSE BILL NO. 247

"An Act relating to confidential information status and public record status of information in the possession of the Department of Revenue; relating to interest applicable to delinquent tax; relating to disclosure of oil and gas production tax credit information; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the minimum tax for certain oil and gas production; relating to the minimum tax calculation for monthly installment payments of estimated tax; relating to interest on monthly installment payments of estimated tax; relating to limitations for the application of tax credits; relating to oil and gas production tax credits for certain losses and expenditures; relating to limitations for nontransferable oil and gas production tax credits based on oil production and the alternative tax credit for oil and gas exploration; relating to purchase of tax credit certificates from the oil and gas tax credit fund; relating to a minimum for gross value at

the point of production; relating to lease expenditures and tax credits for municipal entities; adding a definition for "qualified capital expenditure"; adding a definition for "outstanding liability to the state"; repealing oil and gas exploration incentive credits; repealing the limitation on the application of credits against tax liability for lease expenditures incurred before January 1, 2011; repealing provisions related to the monthly installment payments for estimated tax for oil and gas produced before January 1, 2014; repealing the oil and gas production tax credit for qualified capital expenditures and certain well expenditures; repealing the calculation for certain lease expenditures applicable before January 1, 2011; making conforming amendments; and providing for an effective date."

HB 247 was SCHEDULED but not HEARD.

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ADJOURNMENT

[10:12:50 AM](#)

The meeting was adjourned at 10:12 a.m.