

SENATE FINANCE COMMITTEE

April 17, 2016

8:05 a.m.

8:05:37 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 8:05 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

Janak Mayer, Chairman and Chief Technologist, analytica;
Representative Cathy Munoz, Sponsor; Gene Therriault,
Deputy Director, Statewide Energy Policy Development,
Alaska Energy Authority, Department of Commerce, Community
and Economic Development; Laura Stidolph, Staff,
Representative Kurt Olson; Erin Shine, Staff, Senator Anna
MacKinnon; Representative Shelley Hughes, Sponsor; Mark
Luiken, Commissioner, Department of Transportation and
Public Facilities; Representative Gabrielle LeDoux,
Sponsor.

SUMMARY

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

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

HB 143 AIDEA BONDS: SWEETHEART CREEK HYDRO PROJ.

CSHB 143(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (CED).

HB 259 RELOCATION ASSISTANCE FOR FED. PROJ/PROG

HB 259 was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN 1(DOT).

HB 268 AIDEA:DIVIDEND TO STATE;INCOME;VALUATION

HB 268 was REPORTED out of committee with "no recommendation" and with one previously published indeterminate fiscal note: FN 1 (CED).

HB 289 BOARD OF BARBERS AND HAIRDRESSERS

SCS HB 289(FIN) was REPORTED out of committee with "no recommendation" and with one fiscal impact note by the Senate Finance Committee for the Department of Commerce, Community and Economic Development.

HB 290 EXTENDING THE REAL ESTATE COMMISSION

HB 290 was REPORTED out of committee with "no recommendation" and with one previously published fiscal impact note: FN 2(CED).

HB 314 AK REG ECON ASSIST. PROGRAM; EXTEND

SCS HB 314(FIN) was REPORTED out of committee with "no recommendation" and with one previously published fiscal impact note: FN 1(CED).

Co-Chair MacKinnon thanked Senate Finance Committee staff.

#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."

[8:08:05 AM](#)

JANAK MAYER, CHAIRMAN AND CHIEF TECHNOLOGIST, ENALYTICA, reminded the committee that he had finished the previous day with an overview of the North Slope. He would continue with the presentation "CS SB 130: KEY ISSUES and ASSESSMENT," (copy on file). He informed that he would review slides pertaining to the changes proposed for the North Slope and Cook Inlet in SB 130.

Mr. Mayer commenced his presentation with slide 18, "NOL-HARDENING SHIFTS REVENUE, TAXES LOSSES":

Effective tax rate under ACES could fall to zero because capital credits were applied after gross floor

SB21 applied a hard gross floor under \$/bbl credits - meaning skyrocketing net tax rate at low prices

Concern to protect state at low prices always valid, but must balance risk and reward at low and high end

Preventing NOL credit from 'piercing' floor moves state revenue from future to present; total is the same

Mr. Mayer thought that the concept of possible hardening of the gross floor to be one of the more contentious topics in SB 130. He mentioned that at low oil prices the gross floor bent up the effective tax rate very steeply under SB 21 [oil and gas production tax legislation passed in 2013], while taking over 100 percent of the available profit. He referred to the graph on the lower left of the slide, entitled "Effective Production Tax Rate," which showed that in the previous tax regime, the effective tax rate went down to zero in the \$50 per barrel oil price range. He pointed out that it was not possible to show effective tax rates if the price of oil was lower than \$46 per barrel.

Mr. Mayer continued discussing slide 18. He explained that when discussing the question of the hardening of the floor, there was no profit to consider. He recalled stating the previous day that SB 21 completely hardened the floor for legacy production, for all purposes but one credit that that went below and was the Net Operating Loss (NOL). He explicated that by definition a producer only earned a NOL when there was no profit to be made, and expenses exceeded revenues. A NOL credit was the portion of expenses that could not be taken against a production tax, and was in fact a loss. To ponder NOLs, it was necessary to examine other means than effective tax rates, which by definition were undefined under that scenario.

Mr. Mayer highlighted the chart "Production Tax \$/Taxable BBL" on the right hand side of slide 18, which examined absolute monetary terms of production tax per taxable barrel. He noted that the red line demonstrated scenarios under SB 21/CSSB 130; versus the green line, which demonstrated what would happen under CSHB 247(FIN). He observed that the two lines coincided for most of the

chart, excepting the period between the oil price of \$45 per barrel through \$46 per barrel and below. The difference in the lines was indicative of the hardening of the floor proposed in CSHB 247(FIN).

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Mr. Mayer continued to discuss slide 18, pointing out that the green line of the right-hand graph had a steep decline to about \$80 per barrel, at which there was a sharp inflection point. He noted that the same point was mirrored on the first chart, and reflected when the gross tax kicked in. The point signified the beginning of the area where as oil prices fell, revenues to the state fell more slowly and tax rates increased sharply. The scenario remained consistent until the \$46 per barrel level, at which point NOLs kicked in. He furthered that under CSHB 247, there was a secondary floor that kicked in and was reflected in a visible difference in the two lines. He thought it was important to understand that additional revenue achieved under the scenario was not actually new revenue, but rather revenue brought from the future to the present.

Mr. Mayer thought an important concept was the unique hybrid of a net tax and a gross tax. If there was a pure gross tax, costs would not be considered or deducted in any form against any tax. He thought that there was fundamentally a net tax system, and the core premise was deduction of costs against tax. When there were additional costs that could not be deducted (because a company was making a loss), the company was entitled at some point to deduct the costs. He discussed the question of whether the additional deduction would happen in the current year, whether it would take the company below the 4 percent floor, or whether the company would simply have to pay the 4 percent floor regardless of the loss and carry the additional costs into the future. By carrying the costs (NOL credit) into the future, at some point the costs would be deducted and would have a corresponding impact on state revenues. He stated that the impact on state revenues would either be in the future in a more profitable time, or in the present time. He summarized that the scenario was a question of the timing of cash flows, not the absolute amount.

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Vice-Chair Micciche thought it was interesting that slide 18 did not contain the phrase "loss carry forward" as it was a key issue on the slide. He wondered why it was not highlighted.

Mr. Mayer replied that enalytica had tried to highlight the final sentence on the slide, which stated that piercing the floor "moves state revenue from future to present." He noted that the credit itself could be referred to either as a NOL or a loss carry-forward credit. He thought perhaps in the context of the slide, thinking of it as a loss carry-forward credit highlighted the topic better.

Mr. Mayer continued to discuss slide 18, and emphasized that the system was already highly regressive, and any company that was cash flow negative was struggling to re-invest. He thought the proposed tax regime would make it harder for such companies, while helping to bridge some of the state's short-term financial problems. The state would make it more difficult for companies by taking additional cash when they were cash-flow negative, and displacing it by having them pay less tax in the future. He thought it was important for the public to understand that one of the impacts of bringing revenue from the future to the present was that if left an additional trail of NOL credits into the future, which may be difficult to explain when oil prices rose and the obligation had to be met. Such an obligation, made when times were bad, would reduce possible future revenues.

Vice-Chair Micciche pointed out that all of what Mr. Mayer stated was true if there was not a sunset to a loss carry-forward.

Mr. Mayer concurred.

[8:19:02 AM](#)

Mr. Mayer discussed slide 19, "NS Changes: New Field Example":

How do changes impact new field development?

Sample NS investment: Cumulative CAPEX and DRILLEX of \$1.3 bn; average annual OPEX of about \$15/bbl

Peak production of 20 mb/d; 30 wells (production and injection) drilled over 8 years

Ongoing DRILLEX in early years means bulk of tax liability occurs only after several years of production

Mr. Mayer explained that he had modelled the life cycle of a typical new development on the North Slope. He continued that the modelling started with a well-type curve that considered well productivity, well costs, a drilling schedule, facilities costs, and building the project up. He directed attention to the graph on the left hand side of slide 19, "Cashflow and Components: \$70/BBL," which showed cash flows from the hypothetical project.

Mr. Mayer discussed the "government take" category in red on the graph, which was shown as negative in the early years and positive in the later years. He mentioned the topic of the reimbursable net operating loss (NOL) credit, and explained that the government take category showed the impact of the credit in the early years of the project. The developer (without an existing liability) would be paying cash through the credit system up front for some share of the development costs; and as time went by, the negative portion represented the share of the cash coming to the state through the fiscal system. He reminded the committee that the graph was representative of the point of view of the company.

He referred to questions in a previous meeting about thinking of the credits as a snapshot in time, and pointed out that in doing so, one was unable to see the subsequent account of all the revenues that would follow.

Mr. Mayer continued to discuss the chart on slide 19, and thought it was interesting to observe an ongoing schedule of drilling wells to maintain plateau-level production. He pointed out that for most companies, there would not be substantial production tax liability under any profit-based production tax under the time period. The core of production tax received by the state (illustrated by the red bars as they became substantially greater) was really received later. One of the big impacts of both versions of the bill would be reducing the gross value reduction (GVR) to a window of 5 years. He pointed out that 5-year window coincided with the time where there was very little tax

being paid. The idea of the GVR was to reduce the effective tax rate; unfortunately by limiting it to 5 years, the effective tax rate was reduced precisely in a period where there was very little tax being paid in the first place.

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Mr. Mayer addressed slide 20, "5-year GVR limit has major impact on project value":

5-year GVR limit has major impact on project value

Project is marginal at \$60/bbl; elimination of GVR can wipe out all value at that price

Because most tax liability occurs after end of major spending, short GVR limit provides little benefit

5-year GVR limit destroys over 60% of project value at \$60/bbl, relative to status quo

Impact of 10 year limit much lower; 15 year limit preserves almost all of status quo value

Mr. Mayer clarified that the slide looked at comparison with the status quo to various possible time limits on the GVR. He recalled conversations that happened when SB 21 was debated, regarding whether the GVR should be an ongoing benefit without a time limit, or the opposite. Stakeholders at the time had considered a higher benefit that was shorter in time; versus an ongoing benefit, which was the choice that was ultimately made. He thought the decision was made largely to discourage changes in the way companies invested and developed a field, such as trying to put a project in a more compressed time frame to maximize the benefit. He thought there was concern about capping the benefit. He opined that if the value was capped, a time longer than 5 years was necessary to capture any of the value offered.

Mr. Mayer continued discussing the graph on slide 20, which showed how much of the total value of the project was effectively destroyed by introducing some time limit on the GVR. He noted that the differently colored lines showed different price levels, and compared the net present value of a project under the status quo versus a 5-year limit. By imposing the 5-year GVR limit, he observed that just over

60 percent of the total value of the project was taken away from the investor. By imposing a 10-year limit, it only removed closer to 20 percent. By imposing a 15-year limit, very little of the value was taken away, and most of the value could be taken by the investor during the time period. He detailed that the impact was particularly high at the \$60 per barrel price level, since at that level the project was marginal. He concluded that at the \$60 per barrel price, the value the project had for the investor was due to the GVR, and without it there would be no value. He continued that with a zero limit it would effectively take away the GVR altogether, thereby 100 percent of the value was taken away from the project.

Senator Bishop looked at the manner in which Mr. Mayer had laid out the examination of the GVR limit. He pondered the 5-year GVR limit, as well as the difficult environment for production of oil and gas, and wondered about incentive for drilling in the state.

Mr. Mayer thought it was important to consider that investments were undertaken while presuming that the GVR was not bound by time limits. He continued that companies that had made big expensive decisions were faced with considering diminishment of their investment in an already low-priced environment for its project. He discussed oil prices, and the effect of a 5-year GVR limit phenomenon on project decisions.

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Senator Dunleavy asked what other sovereign nations were doing in the same price environment. He wondered if other nations were changing relationships with oil companies and investments.

Mr. Mayer stated that choices varied around the world; and there were places that were actively and aggressively trying to cut taxes to maintain the oil industry, while there were other places that did not have the same luxury and fiscal strain necessitated toughened terms. He used the example of the United Kingdom (U.K.), which had a hydrocarbon basin in the North Sea that came online in the same era as the North Slope. He noted that in 2011 the government (under former Prime Minister John Cameron) had substantially raised taxes to try and solve budget problems, and a result was seeing was the industry

increasingly on the brink of the economic limit of production. As a result, in the previous two years the U.K. had very dramatically cut away a huge portion of the oil and gas taxation system to keep the fields going as long as possible.

Mr. Mayer used a counter example of Russia, which had a highly regressive gross taxation system that placed a substantial burden on companies. Russia was highly resource-dependent and had put off scheduled cuts to the taxes. He furthered that Russia was in the process of contemplating raising taxes on industry, despite it being widely understood that such a measure was for short-term survival and was destructive in the long-term. He referenced an article in The New York Times that described the scenario as "the oil industry equivalent of eating the seed corn." He thought it was widely understood that in doing so, Russia was taking away the cash that would otherwise be needed to reinvest to keep the fields running.

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Co-Chair Kelly asked about Mr. Mayer's reference to possible decommission of the fields in the U.K. Mr. Mayer restated that it was possible to have a negative investment boom when there was activity to shut-in and decommission producing fields.

Vice-Chair Micciche thought one of the difficult things about a complicated net tax system was how many levers were involved. He understood what Mr. Mayer was trying to convey on slide 20, but remarked that the price of oil did not remain static. He asked about a realistic way to assume pricing environments over a 15-year time span when one was evaluating a change to the GVR.

Mr. Mayer stated that analytica had tried to show graphs representing the price of oil in a range from \$60 per barrel to \$120 per barrel, and had not gone below \$60 per barrel since the example project was already marginal at \$60 per barrel. He explained that there were losses and negative present value to consider when looking at the project below \$60 per barrel, and the math stopped being particularly intuitive. He concluded that he was trying to show that while the portion of value taken away by putting in a GVR limit was greatest at low oil prices, it was possible to try and maintain much of the value between the

10 and 15 year limits and vastly preferable to a shorter duration.

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Mr. Mayer discussed slide 21, "prevent GVR raising NOL above 35% of actual loss":

Prevent GVR raising NOL above 35% of actual loss

The purpose of the Gross Value Reduction (GVR) is to lower the effective tax rate on new production

One surprising and counter-intuitive effect is to raise the effective rate of the NOL credit

Issue after production from new development starts, but ongoing drilling costs mean NOL eligible

Exacerbated at low prices, but impact <\$10mm yr for 20mb/d new development

Mr. Mayer referred to the question of the GVR raising a NOL above 35 percent of an actual loss. He explained that the slide would show why the effect happened and why it was important to address. He directed attention to a list of calculations on the lower left of the slide, which illustrated using the effects of the GVR in SB 21 versus the effect of CSSB 130. He restated that the GVR was really a sort of fiction to imagine there was less revenue from a project than there actually was, in aid of lowering the effective tax rate on new production, and focusing on the revenue side of the equation.

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Mr. Mayer highlighted the figures on the left hand side of the slide, and discussed the effect of SB 21 with GVR versus CS SB 130. He noted that if the GVR had not been factored in (at \$40 bbl in the example) there would be a loss of \$6 per barrel. With the GVR factored in, one could see loss of \$12 per barrel. He qualified that it was not an actual loss, but an artifact of the way the tax system worked. He elaborated that the way statute was written, the NOL credit was assessed based on the production tax value per barrel. He continued that particularly in the low-price oil environment, there were many occasions on which a

company could get much more than a 35 percent NOL credit in proportion to its actual loss.

Mr. Mayer directed attention to the graph on slide 21, which illustrated the after-tax cash flow of new development at oil priced \$40 per barrel; and took into account NOLs with the GVR or without GVR. He indicated that there was a big effect in the period time after production had started, while there was still ongoing drilling. It could be observed on the graph that between years 8 and 10, there was a value of a NOL credit being given despite the fact that the company was only very slightly cash flow positive. He thought at the time of SB 21 everyone had agreed that the state wanted a tax system that uniformly gave 35 percent government support for spending across almost all circumstances; however because of the way the statute operated, it turned out to be much more than 35 percent support for spending in particular. He thought both committee substitutes tried to address the matter by not factoring in the impact of the GVR when NOLs were calculated, because it was understood that it was something artificial to reduce the tax rate and should not be used to inflate the NOL credit.

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Mr. Mayer discussed slide 22, "Floor hardening Makes Tax System more regressive":

Floor hardening Makes Tax System more regressive

State of Alaska making negative production tax in today's prices; but overall gov't take is still high

Impact of floor hardening is to shift up government take in lower oil prices

In times of high investment / low prices (as in 2016), effective government take exceeds 100%

Mr. Mayer thought there were important considerations when looking at the question of further floor hardening on a new field. For new GVR-eligible production, it was not just the NOL credit that could reduce the tax burden below the gross minimum. He pointed out that the gross minimum did not apply to new production because the \$5 per barrel credit and the small producer credit (along with other things)

could take the project below the floor. He noted that the two charts on slide 22 showed some of the impact of the changes. He noted that previous versions of the same charts had shown a relatively uniform level of 60 percent to 65 percent government take on new production, while the current charts showed closer to a 70 percent government take, which was reflective of the impact of cutting off the GVR at 5 years.

Mr. Mayer continued discussing the charts on slide 22, and relayed that in the case of a 5-year GVR limit, new production in many circumstances would actually have a higher level of government take than legacy production. He furthered that in such a scenario, most of the benefit of the GVR was taken away. He qualified that the production only had a \$5 per barrel credit, and not the sliding up to \$8 per barrel credit that applied to legacy production. He emphasized that at whatever the level of government take, the system was designed to treat something that was fairly flat and neutral over a wide range of prices. At the lowest price levels, it could be observed that government take started climbing rapidly, because of the regressive effect of the royalty.

Mr. Mayer drew attention to the dashed black line on the chart on the left side, "Level & Composition of Government Take: CSSB130 GVR," which represented the government take, and was the sum of all of the bars. He highlighted the green bars at the lowest prices, at which point production tax was effectively a negative component of the system. He explained that production tax was negative at the lowest prices because the value of the credits the project received was greater than the value that the state would subsequently recoup through the production tax system during the life of the project. He pointed out that in the \$60 per barrel to \$70 per barrel range and upwards, the value of the production tax the state received later in the production cycle would be greater than the initial investment in credits; but would be less in the lower cost environments. He summarized that the negative green bars were pulling the black line (representing government take) down so that it was lower than the stacked total of positive bars. He summarized that the regressive effect of the royalty at the lowest oil prices was so great that even though there was a net contribution to the producer through the production tax system, the royalty was still taking so

much of the value it would be considered a highly regressive system.

Mr. Mayer continued to address slide 22, and discussed the effect of floor hardening. He compared the chart on the left with the chart on the right hand side of the slide, noting the points at which the regressive part of the curves kicked in. The curve on the chart on the right, "Level & Composition of Government Take: CSHB247 GVR," started to get regressive below \$60 per barrel, as opposed to below \$40 per barrel or \$50 per barrel on the graph on the left side.

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Mr. Mayer highlighted slide 23, "Refund limits boost Capital needs and Lower IRR":

Refund limits boost Capital needs and Lower IRR

Refundable credit limit would increase capital needs by up to 50% (from \$350mm to \$400-\$550mm)

Application to projects currently under development could have major adverse impacts

Near-Kuparak-sized new development could easily incur >\$2bn in NOL credits in development years

If per-company limit on refundability is the solution, what is the right level? \$100mm? \$85mm?

Mr. Mayer specified that the slide considered at impacts of putting limits on refundability of the NOL credit. He relayed that one of the key impacts of up-front reimbursement of NOL tax credits was that it enabled projects to be undertaken by companies with substantially less capital than might otherwise be required. The chart of the left looked at cumulative cash flow of the example project, and showed a descending line with a trough (showing negative cumulative cash flow), representing the amount of capital needed to build the project. Although the hypothetical project assumed \$1.3 billion of capital investment, the whole amount was not needed to build a project. After enough wells were drilled, there would be enough production and revenue that the project would be self-sustaining.

Mr. Mayer continued to discuss the graphs on slide 23, which examined the impact of if NOL credit was not refundable, and was only taken from future production tax liability. Additionally, the slide examined the impact of a limit on how much could be refunded and what it signified for the amount of capital a company required. He mused that if there were to be no refundability of the credit, a project that previously took \$300 million in capital to execute would then take more than \$500 of capital to execute, which would represent a 50 percent increase. He emphasized that the graphs were representative of things actually underway on the North Slope, and pondered what such a direction would communicate to companies that had already moved forward on projects. He added that another impact of not having up-front refunded credit was substantially reducing the internal rates of return that applied to any given price. He thought it represented a shift in the amount of capital needed for companies for start a project during a time the economics looked substantially less attractive than previously. He thought it was demonstrated why the refund limits would have a major impact on existing investments, particularly were it applied any time in the near future.

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Mr. Mayer thought putting a cap on the refundability (but short of ending it) would have a similar impact, but to a lesser degree. He directed attention to the charts on slide 23, where the larger dashed line showed the impact of a \$25 million cap on NOL credits. He qualified that the \$25 million cap was imposed imagining that the example project being considered was the only a project a company had, and could take the full value of the \$25 million credit on the project. He stated that there were several companies on the North Slope with more than one project involved, and that a company may have other assets in which they were still investing money and from which they were taking the \$25 million NOL credit. The extent to which a limited cap had an impact varied company by company based on what its capital program looked like and whether it was already taking a NOL credit elsewhere. He pointed out that the CS for HB 247(FIN) had proposed a \$100 million cap, and most recent analyses looking at amounts of companies capital projects recently claimed indicated that it could be managed under a \$100 million cap. He noted that the Senate

Resources Committee had proposed an \$85 million cap. He thought could think of at least one company that would be impacted by an \$85 cap and would have to think carefully about the implications and about how to afford its capital program going forward.

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Mr. Mayer thought an important consideration was to limit liability to the state from future major developments. He discussed the impact that credits could have if a major Kuparak-sized new development were to occur, which could incur upwards of \$2 billion in total credits that the state would be liable for under the current system. He pondered that such a development could equate to \$7 million or \$8 million per year for a couple of years during pre-production development. He pointed out that during a constrained price environment, it was a deeply concerning prospect for the state. He wondered about the right level at which to try and constrain future outliers while having as little possible disruption of work that was currently in place on the North Slope.

Vice-Chair Micciche thought that in any tax system, there were those that could "play" the system. He thought the state had a system in which a company could play a field of marginal value because of the healthy credits that were available. He asked if Mr. Mayer could discuss the effects of putting a limit on units.

Mr. Mayer thought that if it were possible to do so, there were many reasons to support the idea of a limit on units. He thought the level of analysis was directed at exposure to a project rather than exposure to a company. He mentioned "ring fencing," which was to distinguish between units or projects, while each asset had its own separate tax return and its own separate accounting of costs. He thought that the major limiting factor was that at the moment, the state had a Slope-wide system where company by company reported its costs to be audited, but costs were not distinguished by asset.

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Vice-Chair Micciche mentioned the Armstrong project, and thought that although it was exciting, the cost to the state would be substantial. He wondered what the value of

the project might look like in the long term. He questioned if there was any way to define future projects, and have a cap per unit, as opposed to existing projects that might deliver more value to the state. He emphasized that while the legislature wanted to understand the effects on companies, it had to manage the effects on the state.

Mr. Mayer thought the advantage of a project like the Armstrong project could be immense, but could put a lot of cash flow strain on the state in the short term. He did not have a good answer in terms of a good way to focus on the unit rather than the company, but agreed to come back with more information at a later time.

Senator Hoffman did not know if the state wanted to limit the amount to specific units, but thought perhaps limiting the number of projects a company could have would diminish the state's liability. At the present time, a company could have an unlimited number of projects.

Senator Dunleavy asked if Mr. Mayer would discuss a schedule of investments. He discussed falling oil prices, and wondered if the state should be looking at a continual investment concept, so that production was continually going towards maintaining the pipeline.

Mr. Mayer agreed with Senator Dunleavy that incremental constant reinvestment was the only way to stem decline. He observed an impressive amount of investment in the recent years, even considering the ongoing downturn in oil prices. He acknowledged the current strain of bearing the cost of credits in a low price environment, and thought the long term issue was that it could not possibly be maintained with oil prices at such a low.

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Senator Dunleavy asked if Mr. Mayer would discuss investment mentality, and how tax policy might come to bear in middle and long term potential investments.

Mr. Mayer emphasized that there was no single attribute of a fiscal system more important than stability, and Alaska had changed its fiscal system many times over the previous decade. He thought there were certain things, such as the GVR and if it inflated the NOL credits, which were important to look at as oversights of the SB 21 process. He

thought many other things (such as floor hardening or other measures) required trading any short term gain for longer term issues that were created in how investors perceived stability of the state's fiscal regime. He asserted that no one wanted to invest in a regime that changed the fundamentals of its fiscal system every couple of years.

Senator Dunleavy asked Mr. Mayer if from his perspective, Alaska was a place that changed its tax systems more often than others.

Mr. Mayer was not aware of many jurisdictions that changed their fiscal regime as often as Alaska debated and changed its regime.

Co-Chair Kelly asked if there was anything in the bill that Mr. Mayer could predict that would increase production.

Mr. Mayer answered in the negative, and thought that whichever version of the bill was passed, it did not change the fact that there was major credit outlay in the Cook Inlet. He thought that efforts to try and limit the credit outlay, and to some extent put a floor under the revenues, were driven by the short term financial needs of the state as opposed to the long term investment climate.

Co-Chair Kelly used an analogy to ask Mr. Mayer if SB 130 would increase or decrease production.

Mr. Mayer was not sure that the analogy was the best way in which to think about the important question of the future of production.

Co-Chair Kelly thought that it was obvious that hardening the floor and other measures would decrease investment and decrease production.

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Co-Chair MacKinnon mentioned that the state had a long-term relationship with oil and gas explorers, producers, transporters, and other businesses around the state. She thought it was possible for the state to examine itself like a business, and consider how to move forward in the current fiscal climate. She referred to the assertion by the governor that the state could no longer function in the same capacity, and had less ability to invest. She

commented that similarly to the state, the oil industry was also reducing its workforce and laying down rigs. She referred to proposals for new revenue and shared taxation, to help compensate for the current credit system; but thought the problem was projecting into the future and considering the deficit.

Co-Chair MacKinnon continued discussing the state's fiscal situation and new revenue proposals. She used the example of taxes on alcohol, tobacco, gambling, mining, and fishing; all of which could not supplant the dollars that the state was expending under the tax credit situation. She did not want to change the oil tax regime, but emphasized that the state did not have the resources in the long term to pay for its expenses. She wondered how to create balance with industry in the state.

Co-Chair MacKinnon continued to use the analogy of the state as a business, and drew a parallel between the state's finances and those of companies in the state. She asked the committee to use time to have a roundtable discussion on the topic of what the state should consider (as a sovereign) to retool what it had to invest. She emphasized that the state wanted to invest and be a good business partner. She rejected the idea that the legislature was trying to alter oil tax policy, but rather trying to balance the existing system and act as a board of directors of a good business.

[9:05:43 AM](#)

Vice-Chair Micciche thought there was a difference in the way the state had been politically fickle on tax policy; yet thought that even though it had settled on a system, it should still periodically evaluate and adjust blatant and significant flaws in the policy. He thought the state was engaged in a healthy evaluation. He stated that he could give a healthy debate on the value of SB 21, but noted it had unintended consequences that could be addressed. He expressed that he was a supporter of the oil industry, but thought it was important to evaluate adjustments and find a balance.

Co-Chair MacKinnon commented that she wanted industry to know that the state was responding as a business would respond; and trying to protect its shareholders, and not at the expense of one industry.

Senator Bishop discussed competition on a global commodity price comparison, and thought Alaska was starting with a disadvantage. He concurred with comments of the previous speaker. He discussed the six times in eleven years that the tax structure had been changed. He emphasized the importance of modelling the structure with stakeholders from government and industry present to arrive at a tentative agreement to be considered by the legislature. He referenced resource development in Aberdeen, Scotland; which had experienced a boom and bust cycle. He brought up an area of North Dakota that was facing a decline.

[9:09:49 AM](#)

Senator Dunleavy thought production on the North Slope was an anomaly due to the Cold War and dependence on oil in the Middle East. He referred to the North Sea. He referred to new technology, and less expensive places in which to invest. He thought that individual legislators and the administration were not on the same page. He thought the administration was focused on natural gas. He thought there were groups that had saturated the public with the idea that no further cuts could be made, and the idea that it was necessary to draw from savings. He referred to Alaska's Clear and Equitable Share (ACES), and thought it was an opportunistic attempt to reap benefits from high oil prices.

Senator Dunleavy continued, and pondered that no one had anticipated that the price of oil would drop so precipitously. He thought that there were people in Alaska that believed it was not possible to reduce government further, and the bill being considered was an example of trying to glean money where available. He thought it was time to decide realistically what the actions of the legislature would do to the state's future relationships and investments in oil; as well as what the actions would do to the permanent fund. He thought that many of the issues were linked and difficult to separate. He thought the state had done a tremendous amount of budget reducing over the previous two years. He pointed out that the permanent fund was not 100 percent invested within Alaska. He pondered that the Alaska Permanent Fund Corporation would most likely not invest in the state. He mentioned that the robust native corporations had much of their investments outside of the state. He thought that the

recent policy changes had made the state an unattractive investment.

[9:13:28 AM](#)

Co-Chair Kelly referred to points he disagreed with, including that the assertion that the state had responded to the fiscal situation. He asserted out that industry had laid off thousands of people, while the state had laid off only up to 50. He disagreed with Vice-Chair Micciche and thought that changing the state's tax regime 6 times in 11 years was fickle. He emphasized that nothing being considered in the bill would increase production. He recounted working with the previous administration with the goal of increasing oil production to up to \$1.1 million barrels of oil. He thought the state had missed a huge opportunity when the price of oil had been up to \$140 per barrel and the state was operating under ACES. He acknowledged that it had earned the state money at the serious cost of loss of investment. He was not supportive of ACES.

Co-Chair Kelly discussed the benefits of oil company investment, including jobs. He continued to say that the only jobs that the legislature had been trying to protect were state jobs. He discussed the taxing environment and thought there were unpredictable effects. He thought that it was intuitive that nothing the committee was doing would increase production. He thought issues in the Cook Inlet were different, but considered that happenings on the North Slope should not be under discussion. He did not think the legislature should be considering altering SB 21.

[9:18:02 AM](#)

Senator Hoffman thought that all committee members were concerned about the state's fiscal situation, and wanted to do what was right for the state. He spoke to the state's dependency on the oil industry. He mentioned the number of changes that had happened in recent years, and thought it reflected on the politics of the legislature and the governor. He reminded the committee that the legislature was there to take care of the people's business. He thought committee members looked across party lines. He thought there was promise in the state, more so than most people could realize at the current time. He felt that the state needed to tighten its belt more. He thought the permanent

fund dividend (PFD) was crucial to Alaskans, and thought Alaskan's were looking at the issue more so than any others. He considered that extreme care should be taken in any course of action concerning the PFD. He emphasized that the state should be thankful for the gifts the state had provided.

Senator Olson expressed optimism for the state, and attributed it to having young children. He looked forward to the future, and spoke about being a child in the state.

9:21:30 AM

Co-Chair MacKinnon asked Mr. Mayer to provide guidance in the context of the state being a business and a partner with components in different professions and industries. She asked Mr. Mayer to provide the committee with written comments on how the state could be a good partner, and move forward in a balanced way. She asked him to address historical tension between a sovereign and taxation, understanding the inability of the state to continue forward under the current structure. She referred to the AKLNG project, in which the state was proposing being an equity owner.

Mr. Mayer stated that clearly the overwhelming problem was (in the low priced oil environment) the balance between revenues the state received from its overall petroleum fiscal system and the amount it was spending on credits. He stated that the Cook Inlet and the North Slope were very different, in terms of the amount of revenue versus the amount of credits going out; and the balance was more off when looking at Cook Inlet versus the North Slope. He thought it was important to consider the purpose of the credits and how they functioned. In Cook Inlet, the credits were concerned with spending money to incentivize favorable behaviors; while on the North Slope, the credits were about timing of cash. He explicated that when considering the refund of NOL credit and floor hardening, the point was the time at which costs were recognized.

Mr. Mayer commented that it was clear that what was happening in Cook Inlet was unsustainable. He stated that many companies were committed to serious capital programs for the current year, and he thought it was very important to ensure that the companies could continue the capital programs in the current year. He thought there was a strong

argument to say that companies could be pushed into bankruptcy by the state trying to take away support. From the following year onwards, he thought there was possibility to take away a lot of the support and not to have to do so in an excessively gradual way.

Mr. Mayer thought there were harder more intractable problems on the North Slope, because they were concerned with timing of cash flows. He referred to slide 23 and pondered if the state should try and limit the refundability of the credits. Limiting the refundability of the credits was a method of constraining the cash flow problem, but had major impacts on who could operate in the basin. He remarked on the state's policy of the previous years of using a system to try and encourage small, less well capitalized companies to try and diversify and operate in the basin, and thought it had been successful thus far. He thought that changing the policy would have a major impact on the amount of capital required to do such projects, and therefore the sorts of companies who could do them. Major shifts in the policy could mitigate the state's cash crunch, but would have a major impact on whether some currently operating companies could continue. He thought the great risk for the state was in trying to manage the cash timing crunch versus having major detrimental effects in the long run.

[9:26:10 AM](#)

Mr. Mayer suggested that an important framing question for a state with major financial assets was how to leverage the assets to decrease volatility, and provide stability during a cash crunch. He considered how much the state would make difficult decisions in the present, that had potential major impacts for the future; and conversely to what degree the state would try and minimize long-term consequences, understanding that it made short-term finances more difficult.

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

[9:27:01 AM](#)

AT EASE

[9:53:20 AM](#)

RECONVENED

#hb143

CS FOR HOUSE BILL NO. 143(FIN)

"An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project."

9:53:30 AM

REPRESENTATIVE CATHY MUNOZ, SPONSOR, discussed HB 143, which would allow Alaska Industrial Development and Export Authority (AIDEA) go through a due-diligence process with Juneau Hydropower, Inc. for consideration of conduit bond financing for a 19.8 megawatt project located 43 miles south of Juneau. The project would increase hydro-electric capacity in the Juneau area by approximately 20 percent.

Representative Munoz addressed a question from the bill's most recent hearing, as to whether the conduit bond financing would affect the \$400 million rolling 12-month limit for AIDEA bonding capacity. She clarified that the purely conduit financing would not affect the limit, and AIDEA would be acting as an agent in the project.

Co-Chair Kelly requested a brief summary of conduit financing.

Representative Munoz explained that conduit financing was outside financing that was not an instrument of the State of Alaska. She used the example of a bond possibility in energy bonding, for which the Juneau project could compete.

Co-Chair Kelly asked for the anticipated total for the conduit financing.

Representative Munoz stated that the conduit financing would be up to \$120 million.

Senator Dunleavy asked if, as sponsor, Representative Munoz would ponder adding any amendments or additional projects to the bill.

Representative Munoz expressed a desire to know more about hypothetical projects that could be added to the bill, and

stated that if the projects were important to a community she was open to the idea.

Medicaid discussed FN 1 (CED), which was a zero fiscal note with no capital and no added personnel.

Vice-Chair Micciche MOVED to report CSHB 143(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

CSHB 143(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (CED).

[9:57:04 AM](#)

AT EASE

[10:00:21 AM](#)

RECONVENED

#hb268

HOUSE BILL NO. 268

"An Act relating to the dividends from the Alaska Industrial Development and Export Authority; relating to the meaning of 'mark-to-market fair value,' 'net income,' 'project or development,' and 'unrestricted net income' for purposes of the Alaska Industrial Development and Export Authority; and providing for an effective date."

[10:00:25 AM](#)

Co-Chair MacKinnon noted that the public hearing for SB 268 had been opened and closed on April 12, 2016.

GENE THERRIAULT, DEPUTY DIRECTOR, STATEWIDE ENERGY POLICY DEVELOPMENT, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, discussed the intent of the bill. He specified that the legislation proposed to fix two issues with computation of the AIDEA dividend. He explained that the dividend was paid out of AIDEA's net earnings on a yearly basis, and there were two issues which were starting to create unpredictability to the process. He specified that federal rules required that AIDEA make adjustments in order to get its financial audited statement. He furthered that a number of the

adjustments needed were for non-cash adjustments, and the adjustments impacted net income before the calculation for the dividend took place. He specified that one of the two problems was mark to market adjustments. He illustrated an example that if one had an investment portfolio in stocks and bonds, at the end of the fiscal year the market might be up. AIDEA was required to take a snapshot of the current value, and unrealized gains were booked (as if they were sold) and created an inflated income on which dividends were based. He noted that the market could also be down, which would create an artificially reduced net income. The bill would back out the non-cash adjustments in order to calculate the dividend with true net income.

Mr. Therriault discussed a second issue pertaining to calculation of the AIDEA dividend. He recounted that several years previously, the authority was instructed that when it received money from an outside source (such as federal funds or a direct capital appropriation to support a project), the funds were reflected as income. The practice had artificially inflated AIDEA's income, and the legislature had allowed for the outside funding to be disregarded for the purposes of calculating the dividend. The legislature had not anticipated that at times, funds from outside sources were spent to investigate but not go forward with a project, and the value of expenditures (such as an environmental impact study) would have to be written off the books. The periodic adjustments of such expenditures would artificially suppress the income in a particular year. He qualified that the expense write-offs happened very infrequently, and the AIDEA accounting staff had requested a remedy for the problem so that true net income would be considered when dividends were calculated.

Co-Chair MacKinnon directed attention to the fiscal note, FN 1(CED), and noted that the fiscal note was indeterminate.

Co-Chair Kelly MOVED to report HB 268 out of Committee with individual recommendations and the accompanying fiscal note.

HB 268 was REPORTED out of committee with "no recommendation" and with one previously published indeterminate fiscal note: FN 1 (CED).

[10:05:40 AM](#)

AT EASE

[10:07:45 AM](#)

RECONVENED

#hb290

HOUSE BILL NO. 290

"An Act extending the termination date of the Real Estate Commission; and providing for an effective date."

[10:07:48 AM](#)

Co-Chair MacKinnon recalled that there had been a public hearing on HB 290 on April 16, 2016.

LAURA STIDOLPH, STAFF, REPRESENTATIVE KURT OLSON, stated that HB 290 would extend the Alaska Real Estate Commission until June, 2018. She furthered that the bill provided for a shortened extension of the commission, as it was unable to obtain a master errors and omissions policy, which Representative Olson felt was crucial to the commission.

Co-Chair MacKinnon discussed FN 2 (OMB component 2360) for the Department of Commerce, Community and Economic Development (DCCED); noting that FY 17 through FY 19 reflected an expense of \$8,700. There were no capital appropriation requests, no supplemental, and no regulation change.

Senator Dunleavy asked what would happen if the bill was not passed.

Ms. Stidolph explained that if the bill was not passed, the commission would go in to wind-down mode over the following year, and the licensing and other jobs of the board would fall to the responsibility of DCCED.

Co-Chair MacKinnon restated that the responsibilities of the board would not go away, and would fall to individuals who may or may not have the same level of expertise as those on the board.

Ms. Stidolph concurred.

Senator Olson asked about the difference between the commission and an oversight board.

Ms. Stidolph believed the function of the commission was the same as a board, which included setting regulation and licensing.

Co-Chair Kelly MOVED to report HB 290 out of Committee with individual recommendations and the accompanying fiscal note.

HB 290 was REPORTED out of committee with "no recommendation" and with one previously published fiscal impact note: FN 2(CED).

[10:11:40 AM](#)

AT EASE

[10:13:44 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."

[10:13:44 AM](#)

Co-Chair MacKinnon noted that the public hearing for HB 314 was closed on April 13, 2016.

Vice-Chair Micciche MOVED to ADOPT proposed committee substitute for HB 314(FIN), Work Draft 29-LS1381\G (Shutts, 4/16/16).

Co-Chair MacKinnon OBJECTED for discussion.

ERIN SHINE, STAFF, SENATOR ANNA MACKINNON, pointed out that the only change between the previous version "I" and the committee substitute (CS) was on page 4, line 10. The CS had a sunset date of 2021, where the previous version had removed the sunset date altogether.

Co-Chair MacKinnon explained that the change had been at her request. She mentioned an audit of the Alaska Regional Economic Assistance (ARDOR) program that she had found troubling, and noted that the sponsor had worked diligently with the program to ensure it was operating well. She wanted to include an element oversight before removing the sunset date.

Co-Chair MacKinnon REMOVED her OBJECTION. There being NO OBJECTION, it was so ordered.

10:15:56 AM

REPRESENTATIVE SHELLEY HUGHES, SPONSOR, stated that her original bill had contained a five-year sunset that had been removed during the committee process.

Representative Hughes gave a high-level overview of the bill. She articulated that due state fiscal constraints, it was no longer possible to provide the same level of funding to ARDOR. She noted that there were 10 ARDORs (regional development programs) who had each received approximately \$70,000 per year. She noted that 89 percent of ARDOR funding the previous year had not come from state funds. She stated that the bill would provide a designation and would ensure that the ARDORs could continue their important work at no cost to the state. She specified that the ARDORs would continue to do some basic reporting, which would provide the state with statistics and increase understanding of economic development in the state. She mentioned a project in Bethel that was building trusses for cold climate housing, a manufacturing focus in Southwest Alaska, and increased focus on start-ups.

10:18:16 AM

AT EASE

10:19:33 AM

RECONVENED

Vice-Chair Micciche discussed FN 1 (CED), from DCCED (OMB component 2743). He stated that it was essentially a zero fiscal note, but for the governor's request of \$774,000.

Co-Chair MacKinnon understood that even though the numbers were listed as the governor's request, the House and Senate had both zeroed out the appropriation.

Senator Olson asked what the governor's request was intended for.

Co-Chair MacKinnon stated that the governor's request was to help support the program, and had been denied by the legislature.

Representative Hughes understood that the column "Included in Governor's FY2017 Request" was there for informational purposes. She qualified that the department had worked with the sponsor and agreed to zero it out.

Vice-Chair Micciche MOVED to report SCS HB 314(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

SCS HB 314(FIN) was REPORTED out of committee with "no recommendation" and with one previously published fiscal impact note: FN 1(CED).

[10:21:31 AM](#)

AT EASE

[10:26:20 AM](#)

RECONVENED

#hb259

HOUSE BILL NO. 259

"An Act relating to relocation assistance for federally assisted projects and programs; and providing for an effective date."

[10:26:20 AM](#)

Co-Chair MacKinnon noted that there was a public hearing on HB 259 on April 16, 2016.

MARK LUIKEN, COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained that the bill proposed to bring the Department of Transportation and Public Facilities (DOT) relocation policy and payments in line with a change in federal law. The bill would allow DOT to increase the payments to people who would need to be relocated as a result of property being acquired through a DOT transportation project.

Senator Olson asked if there was any opposition to the legislation.

Commissioner Luiken answered in the negative.

Vice-Chair Micciche discussed FN 1 (DOT), (OMB component 2357), and stated that it was a zero fiscal note with no capital and no added personnel. He relayed there was a brief note on the back of the fiscal note that indicated there was no impact on the operating budget, and the increased relocation costs would be absorbed within existing capital program funding.

Vice-Chair Micciche MOVED to report HB 259 out of Committee with individual recommendations and the accompanying fiscal note.

HB 259 was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN 1(DOT).

[10:29:01 AM](#)

AT EASE

[10:30:48 AM](#)

RECONVENED

#hb289

HOUSE BILL NO. 289

"An Act relating to the membership of the Board of Barbers and Hairdressers."

[10:30:50 AM](#)

Co-Chair MacKinnon detailed that there had been a public hearing for HB 289 on April 12, 2016.

Vice-Chair Micciche MOVED to ADOPT proposed committee substitute for HB 289 (FIN), Work Draft 29-LS1367\E (Bruce, 4/16/16).

Co-Chair MacKinnon OBJECTED for discussion.

ERIN SHINE, STAFF, SENATOR ANNA MACKINNON; reviewed the sectional analysis to explain changes to the bill reflected in the committee substitute (CS) (copy on file):

Section One

Amends AS 08.13.010 by changing the membership of the Board of Barbers and Hairdressers from six members to seven members. One barber seat is replaced with an at-large licensed member. One licensed nail technician or manicurist is added to the board.

Section Two

Amends AS 08.72.050 by adding the power for the board to adopt regulations allowing the prescription and pharmaceutical agents for the treatment of eye disease, it will describe the scope of practice for a licensee to perform ophthalmic surgery and noninvasive procedures.

Section Three

Amends AS 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.

Section Four

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 six of the bill.

Section Five

Amends AS 08.72.272 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.

Section Six

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

Section Seven

08.72.300(3) revises the definition of optometry.

Section Eight

Provides uncodified transition language for the Board of Barbers and Hairdressers to implement the changes in AS 08.13.010 as board members rotate off the board.

Co-Chair MacKinnon commented that it was an awkward time of year in the legislature, when bills became attached to other bills; which she observed was happening with HB 289.

REPRESENTATIVE GABRIELLE LEDOUX, SPONSOR, thought that the addition would probably kill the bill.

Co-Chair MacKinnon wanted to ensure that Representative Ledoux's objection to the additions to the bill went on the record.

Co-Chair MacKinnon REMOVED her OBJECTION. There being NO OBJECTION, it was so ordered.

Vice-Chair Micciche discussed the new zero fiscal note from DCCED (OMB component 2380). He noted that it was a zero fiscal note from FY 17 through FY 22, with no capital and no added personnel. He stated that the fiscal note would be forthcoming.

10:35:46 AM

AT EASE

10:36:00 AM

RECONVENED

Co-Chair MacKinnon discussed entering another bill into a bill with a title that would accept the entry under a single subject rule, and noted that SB 55 had been incorporated into HB 289. She informed that the committee had moved SB 55 out of committee the previous day, and asked Vice-Chair Micciche to discuss the accompanying fiscal note.

Vice-Chair Micciche discussed the fiscal note from DCCED for SB 55 (OMB component 2360), and assumed the fiscal note would add \$2,500 to the fiscal note for HB 289. The funds would be for FY 17 for services to cover legal costs for

amend regulations, printing, and postage. There was no additional cost from FY 17 through FY 22.

Vice-Chair Micciche MOVED to report SCS HB 289(FIN) out of Committee with individual recommendations and the forthcoming fiscal note.

SCS HB 289(FIN) was REPORTED out of committee with "no recommendation" and with one fiscal impact note by the Senate Finance Committee for the Department of Commerce, Community and Economic Development.

10:38:04 AM

AT EASE

10:41:32 AM

RECONVENED

Co-Chair MacKinnon remarked that she would call the committee into recess and expressed appreciation for the committee members.

10:42:42 AM

RECESSED

9:08:30 PM

RECONVENED

#

ADJOURNMENT

9:08:57 PM

The meeting was adjourned at 9:08 p.m.