

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 3, 2015

1:30 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Vice Chair
Senator Kevin Meyer
Senator Gary Stevens

MEMBERS ABSENT

Senator Mia Costello, Chair
Senator Johnny Ellis

COMMITTEE CALENDAR

SENATE BILL NO. 39

"An Act repealing the film production tax credit; providing for an effective date by repealing the effective dates of secs. 31 - 33, ch. 51, SLA 2012; and providing for an effective date."

- HEARD & HELD

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 15

"An Act relating to the tax on policy year premiums for life insurance policies."

- MOVED SSSB 15 OUT OF COMMITTEE

SENATE BILL NO. 47

"An Act relating to exemptions for cash surrender values, accrued dividends, and loan values of life insurance and annuity contracts."

- MOVED SB 47 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 39

SHORT TITLE: REPEAL FILM PRODUCTION TAX CREDIT

SPONSOR(S): SENATOR(S) STOLTZE

02/04/15 (S) READ THE FIRST TIME - REFERRALS

02/04/15 (S) L&C, FIN
 02/19/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/19/15 (S) Heard & Held
 02/19/15 (S) MINUTE(L&C)
 02/24/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/24/15 (S) Heard & Held
 02/24/15 (S) MINUTE(L&C)
 02/26/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/26/15 (S) Heard & Held
 02/26/15 (S) MINUTE(L&C)
 03/03/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 15

SHORT TITLE: LIFE INSURANCE POLICY PREMIUM TAX
 SPONSOR(s): SENATOR(s) COGHILL

01/21/15 (S) PREFILE RELEASED 1/16/15
 01/21/15 (S) READ THE FIRST TIME - REFERRALS
 01/21/15 (S) L&C, FIN
 02/04/15 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
 02/04/15 (S) L&C, FIN
 02/26/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/26/15 (S) Heard & Held
 02/26/15 (S) MINUTE(L&C)
 03/03/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 47

SHORT TITLE: LIFE INSURANCE/ANNUITY EXEMPTIONS
 SPONSOR(s): SENATOR(s) COGHILL

02/11/15 (S) READ THE FIRST TIME - REFERRALS
 02/11/15 (S) L&C, JUD
 02/26/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/26/15 (S) Heard & Held
 02/26/15 (S) MINUTE(L&C)
 03/03/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

ROBERT FORGIT, representing himself
 Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 39.

RONAN NAGLE, representing himself
 Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to SB 39.

MICHAEL BURNS, representing himself
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to SB 39.

LISA KRISTY, representing herself
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to SB 39.

CODY LAWHORN, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 39.

BRAD SWENSON, Co-owner
Gold Ring Group
Wasilla Alaska

POSITION STATEMENT: Testified in opposition to SB 39.

GERMAN BAQUERO, Intern
Senator John Coghill
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented information on SSSB 15 and SB 47 on behalf of the sponsor.

RYNNIEVA MOSS, Staff
Senator John Coghill,

POSITION STATEMENT: Presented information on SSSB 15 on behalf of the sponsor.

ACTION NARRATIVE

[1:30:47 PM](#)

VICE CHAIR GIESSEL called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Stevens, Meyer, and Vice Chair Giessel.

SB 39-REPEAL FILM PRODUCTION TAX CREDIT

[1:31:16 PM](#)

VICE CHAIR GIESSEL announced the consideration of SB 39. "An Act repealing the film production tax credit; providing for an effective date by repealing the effective dates of secs. 31 - 33, ch. 51, SLA 2012; and providing for an effective date." She stated that this is the fourth hearing and public testimony will be taken.

[1:32:17 PM](#)

ROBERT FORGIT, representing himself, Anchorage, Alaska, testified in opposition to SB 39. He said he has been a professional actor since 1987. He mentioned the state's grim financial situation and the indefinite suspension of the film tax program and questioned eliminating it altogether. He said the state relies on one economic factor for financial stability and it seems logical to look at ways to diversify. He warned that the film industry is moving elsewhere not because the incentive program has been suspended, but because the state puts the fledgling program on the chopping block every year. This translates to dwindling investments and partnerships. If the suspension is truly a financial decision, he suggested exploring other ways to enhance revenue for the state. He pointed out that a suspended program costs nothing and buys time, but an ended program costs jobs. It stops a revenue stream into the state and sends a message that Alaska is not open for business.

MR. FORGIT called on his Coast Guard background to draw an analogy. You don't jettison the lifeboats on a sinking ship in the belief that getting rid of the excess weight will keep you afloat. Rather, you focus on those lifeboats to save the people you represent. Alaska's film industry is a lifeboat, he said. Don't jettison it.

VICE CHAIR GIESSEL invited the testifiers to submit written testimony to Senator Costello's office.

[1:35:24 PM](#)

RONAN NAGLE, representing himself, Fairbanks, Alaska, testified in opposition to SB 39. He related that he is a producer who works on television productions that benefit from the tax incentive program. The largest is called Ultimate Survivor Alaska that in the last three years has spent millions of dollars to hire Alaskans and vendors. He said that when he gets paid he spends his money locally and he steers production money to local businesses whenever possible.

[1:37:32 PM](#)

MICHAEL BURNS, representing himself, Wasilla, Alaska, testified in opposition to SB 39. He shared an experience from 2012 when he and another independent filmmaker were working on a feature film to show how it benefited everyone involved. The tax incentive program made this possible. He said his goal is to make films in Alaska using local talent.

[1:40:09 PM](#)

LISA KRISTY, representing herself, Wasilla, Alaska, testified in opposition to SB 39. She said she's a teamster who believes the economy in Alaska should be diversified. The tax incentive program provides this opportunity. To eliminated the program altogether destroys what has been built in Alaska already.

[1:42:04 PM](#)

At ease

[1:43:38 PM](#)

VICE CHAIR GIESSEL reconvened the meeting.

[1:44:06 PM](#)

CODY LAWHORN, representing himself, Anchorage, Alaska, testified in opposition to SB 39. He is a lifelong Alaskan who attended school out of state and returned home to begin his career in Alaska's burgeoning film industry. During the past year he has been writing a scripted drama for a television series that he plans to write, direct, and produce in Alaska. He's been working hard to cultivate relationships with local companies and plans to pitch his show to Net Flicks very soon. He believes the current fiscal crisis increases the need to create the show as soon as possible.

[1:46:01 PM](#)

BRAD SWENSON, Co-owner, Gold Ring Group, Wasilla Alaska, testified in opposition to SB 39. He is currently in Minneapolis, Minnesota pursuing financing for a project, part of which will be shot in Alaska. When the story broke about the Alaska Film Office closing, his partner in L.A. called and told him to revise the budget to remove Alaska. He said the film industry is about business and the films will go to the best environment which will be based on the tax incentives. The film that is based in Australia and Alaska will probably be shot in New Mexico because of tax credits, he said.

MR. SWENSON suggested all Alaskans consider that the oil industry has dominated the economy of Alaska for far too long. It's important to stand on other industries and the film industry is a large part of that picture. He concluded that he does not support SB 39.

[1:47:47 PM](#)

VICE CHAIR GIESSEL closed public testimony and held SB 39 in committee for further consideration.

[1:48:21 PM](#)

At ease

SB 15-LIFE INSURANCE POLICY PREMIUM TAX

[1:50:18 PM](#)

VICE CHAIR GIESSEL reconvened the hearing and announced the consideration of SSSB 15. "An Act relating to the tax on policy year premiums for life insurance policies."

[1:50:52 PM](#)

GERMAN BAQUERO, Intern, Senator John Coghill, sponsor of SB 15, summarized that this legislation would reduce the tax applied to life insurance premiums that exceed \$100,000 from 0.10 percent to 0.08 percent. This change applies to premiums that begin after December 31, 2015. Responding to a question from the Chair, he confirmed that the fiscal note is zero.

SENATOR STEVENS asked if the committee could expect to see him again if South Dakota lowers its rate.

MR. BAQUERO replied he wasn't sure.

RYNNIEVA MOSS, Staff, Senator John Coghill, advised that it is a policy call the sponsor would consider. She noted that his office is working on several bills that will make Alaska more attractive to the insurance industry.

SENATOR STEVENS asked if this change makes the tax rates equal in Alaska and South Dakota.

MS. MOSS said yes; the hope is to regain lost life insurance business and perhaps add some.

[1:54:02 PM](#)

VICE CHAIR GIESSEL found no public testimony and closed it.

[1:54:25 PM](#)

SENATOR MEYER moved to report SB 15 from committee with individual recommendations and attached fiscal note(s).

VICE CHAIR GIESSEL announced that without objection SSSB 15, labeled 29-LS0034\W, is reported from the Senate Labor and Commerce Standing Committee.

[1:54:58 PM](#)

At ease

SB 47-LIFE INSURANCE/ANNUITY EXEMPTIONS

1:56:00 PM

VICE CHAIR GIESSEL reconvened the meeting and announced the consideration of SB 47. "An Act relating to exemptions for cash surrender values, accrued dividends, and loan values of life insurance and annuity contracts."

1:56:25 PM

GERMAN BAQUERO, Intern, Senator John Coghill, sponsor of SB 47, reminded the committee that this legislation removes the \$500,000 limit on the exemption from attachment or garnishment for life insurance and annuity contracts under AS 09.38.025(a).

SENATOR MEYER asked what implication this has for someone trying to avoid repaying their debt.

MR. BAQUERO replied this legislation does nothing to prevent creditors from obtaining restitution. It simply removes life insurance from the list of things that are can be garnished. He noted that AS 09.30.065 lists property that can be garnished by a creditor.

1:59:23 PM

VICE CHAIR GIESSEL found no public testimony and closed it.

1:59:45 PM

SENATOR MEYER motioned to report SB 47 from committee with individual recommendations and attached zero fiscal note.

VICE CHAIR GIESSEL announced that without objection SB 47, labeled LS-290336\A, is reported from the Senate Labor and Commerce Standing Committee.

2:00:26 PM

There being no further business to come before the committee, Vice Chair Giessel adjourned the Senate Labor and Commerce Standing Committee meeting at 2:00 p.m.