

HOUSE FINANCE COMMITTEE
February 22, 2017
1:34 p.m.

1:34:02 PM

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Dan Ortiz
Representative Lance Pruitt
Representative Steve Thompson
Representative Cathy Tilton
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Representative Sam Kito III, Sponsor; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Janey Hovenden, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Representative Charisse Millett, Sponsor; Grace Abbott, Staff, Representative Charisse Millett; David Teal, Director, Legislative Finance Division. Michele Elfers, Landscape Architect, Engineering and Public Works Department, City of Juneau.

PRESENT VIA TELECONFERENCE

Colin Maynard, Board of Architects, Engineers, and Land Surveyors, Anchorage; Rob Henderson, Controlled Substances

Advisory Committee, Department of Law; Captain Michael Duxbury, Alaska State Troopers, Department of Public Safety.

SUMMARY

HB 24 LIST U-47700 AS A CONTROLLED SUBSTANCE

CSHB 24(FIN) was REPORTED out of committee as amended with a "do pass" recommendation and with five previously published zero fiscal notes: FN1 (COR), FN2 (DHS), FN3 (LAW), FN4 (DPS), FN5 (DPS).

HB 48 ARCHITECTS,ENGINEERS,SURVEYORS: EXTEND BD

HB 48 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1 (CED).

HB 57 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 57 was HEARD and HELD in committee for further consideration.

HB 59 APPROP: MENTAL HEALTH BUDGET

HB 59 was HEARD and HELD in committee for further consideration.

Co-Chair Seaton discussed the meeting agenda.

#hb48

HOUSE BILL NO. 48

"An Act relating to the composition of the State Board of Registration for Architects, Engineers, and Land Surveyors; extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

[1:35:34 PM](#)

REPRESENTATIVE SAM KITO III, SPONSOR, introduced himself and offered a potential conflict of interest. He noted that he was currently a licensed civil engineer and his practice of engineering was governed by the board HB 48 would

extend. The bill would extend the sunset on the Architects, Engineers and Land Surveyors (AELS) Board. He detailed that since 1998 there had been a landscape architect position on the board as a non-voting member. The bill recommended extending the board in accordance with the recommendations by the Division of Legislative Audit and to make the temporary non-voting position a permanent voting position. The change would mean the number of board members would increase from 10 to 11, but it merely recognized that the temporary non-voting member would become a permanent board member. The bill did not remove any other representation from the board and it added a landscape architect as a full voting member. The bill would enable the individual representing landscape architects to fully engage in their position and participate as a voting member on the board. Currently the individual reviewed applications for landscape architecture in the state and was performing duties as a full board member with the exception of being able to vote. He relayed that the Division of Legislative Audit and individuals from the Department of Commerce, Community and Economic Development (DCCED) were available to address the committee.

[1:38:30 PM](#)

Representative Thompson asked if there was a statutory requirement for the board to meet in person.

Representative Kito replied as far as he knew there was no statutory requirement, but he deferred to the department for verification. There were opportunities for telephonic meetings; however, applications were typically presented in paper form and reviewed in person. He detailed that board members broke up by licensing division and reviewed the applications for the director. He concluded there were reasons for having the meetings in person.

Representative Kawasaki looked at the fiscal note and remarked that adding the 11th member did not change any travel and per diem. He asked for verification that the individual had already been allowed to claim travel and per diem as a non-voting member.

Representative Kito answered there would be no additional costs related to the 11th member who was already receiving financial support for travel and per diem. There was a

recognition as a sunset that there would be costs to the board, but they were existing costs.

Representative Kawasaki looked at the information in the fiscal note from Legislative Audit that mentioned the number of new registrations of landscape architects existed over FY 13 to FY 15 - he observed it looked like only two or three. He asked how many licensed landscape architects there were in Alaska.

Representative Kito replied there were about 50.

1:40:50 PM

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, relayed the division had conducted a sunset audit with the purpose of determining whether the board was serving the public's interest and whether it should be extended. Overall, the division had determined that the board was serving the public's interest by effectively registering and regulating architects, engineers, land surveyors, and landscape architects. The division recommended the maximum eight-year board extension allowable in statute. The division did not have an additional recommendation. She noted that the audit included some information that may be helpful as the committee considered the bill. She referred to page 7 of the audit and pointed out that the board had a deficit in the end of FY 13 of approximately \$260,000 and fees had been increased. At the end of FY 15 the board had a surplus of over \$740,000 at which point the fees had been decreased. A schedule of the fees was on page 8 of the audit.

Ms. Curtis continued that the audit also addressed board composition. A temporary, non-voting member position had been created in 1998 and authorized in uncodified law as temporary. The position did act like a voting member in all regards except it did not vote. The original intent of the position was to assist the board in drafting regulations in representing the landscape architect profession. The division had interviewed seven board members as part of the audit and all had been in support of making the position permanent.

Co-Chair Seaton asked DCCED to address its fiscal note.

[1:43:17 PM](#)

JANEY HOVENDEN, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, she explained the bill did not ask for any additional funding for the board. The note included funding to allow the board to continue functioning. There was \$27,800 for one staff and eleven members to travel to four board meetings per year, \$200 for advertising and public notice, \$1,000 for board member training and conference fees, \$500 for honorariums and stipends for board meetings, and \$100 for commission sales for the booking of board meetings. The items were paid for with receipt supported services provided by licensees.

Co-Chair Seaton OPENED public testimony.

MICHELE ELFERS, LANDSCAPE ARCHITECT, ENGINEERING AND PUBLIC WORKS DEPARTMENT, CITY OF JUNEAU, spoke in support of the legislation. She shared that she was also a member of the Alaska Professional Design Council - the group represented architects, engineers, landscape surveyors, and landscape architects through member organization throughout the state. The board supported the bill including the extension of the sunset and the creation of a permanent voting board seat for landscape architects.

[1:45:54 PM](#)

COLIN MAYNARD, BOARD OF ARCHITECTS, ENGINEERS, AND LAND SURVEYORS, ANCHORAGE (via teleconference), testified in support of the bill. The board unanimously approved with the bill in its entirety. He detailed that the landscape architect board member represented the board at the National Organization of Landscape Architect Registration Boards and provided an essential part of the AELS's mission. He did not believe the board was required to meet face-to-face; however, in the past there had been efforts to teleconference, but there had been situations when some members could not hear very well. Additionally, it was very hard to do an application review when two board members had to review and discuss an application. The board had found it was much easier to meet in person.

Co-Chair Seaton noted Vice-Chair Gara had joined the meeting.

Co-Chair Seaton CLOSED public testimony.

Vice-Chair Gara addressed the fiscal note from DCCED. There was a \$29,600 cost in FY 18 extending through FY 23. The costs would be paid with designated general funds.

[1:49:05 PM](#)

Representative Wilson MOVED to REPORT HB 48 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 48 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1 (CED).

[1:49:44 PM](#)

AT EASE

[1:52:17 PM](#)

RECONVENED

#hb24

HOUSE BILL NO. 24

"An Act classifying U-47700 as a schedule IA controlled substance; and providing for an effective date."

[1:52:29 PM](#)

REPRESENTATIVE CHARISSE MILLETT, SPONSOR, explained the bill that had come to her office via the governor's office in the fall. One of the things identified in the ongoing opioid crisis facing the state was that the combination of opioids and synthetic additives were making the problem even more deadly. She detailed that U47700, also called Pink, was an additive being cut into heroin. She specified the drug was incredibly potent and could be seven times the potency of morphine. The synthetic drug was leading to a new realm of danger in the ongoing drug problem facing communities. There was no medical use for the drug - it had no medical value. The drug was easily made and was easily obtained on the internet. It was not illegal to order the drug in Alaska. Law enforcement was seeing a rise in

overdoses with Pink added to the substance individuals were overdosing on.

Representative Millett explained that the bill would classify Pink as a IA drug; it was already there in the federal registry. In the future there were numerous drugs that were already being produced that would at some point need to be put on the schedule. One of the ideas generated from the bill was looking at what the federal government did when it had drugs that had no medical reason or purpose - the federal government had a regulatory authority to put the drugs on the federal registry. She suggested it may be something the Alaska Legislature should consider. Every time she spoke to public safety [officials] she was amazed at the ease and drug process of changing one ingredient in a synthetic drug that made it legal. She believed the state would be seeing much more to come. She noted it had been witnessed during the Spice [synthetic drug] crisis. She noted that the suggestion would be difficult to include in the current bill. She believed Governor Walker was looking for a way of including drugs on the schedule by way of a regulatory process. She cited tramadol as another drug that had been addressed by the Controlled Substance Advisory Committee. She noted there were individuals available to testify about the immediate danger of Pink and about how it was impacting the state's communities and residents.

[1:56:33 PM](#)

Representative Guttenberg referred to Representative Millett's statement about the ability to use the regulatory process [to put synthetic drugs on a register]. He thought the legislature had passed something similar several years earlier. He asked if it had been a different schedule.

Representative Millett answered that the legislature had passed legislation with a controlled substance advisory committee that reviewed drugs that had no medical purpose or were identified by public safety. The advisory committee made recommendations about drugs to put on the schedule, which was how Pink and tramadol had been brought to the legislature. She did not know of any other current way of putting a drug on the schedule than via legislation.

Representative Guttenberg remarked the drug was number 82 on the list and every time a molecule was manipulated in a formula the legislature had to go through the legislative

process. He looked forward to a time when the process could be done administratively.

Representative Millett agreed. She believed there would be more drugs of the same nature - with no medical purpose - introduced into the state's communities.

[1:58:31 PM](#)

Co-Chair Foster joined the meeting.

Vice-Chair Gara asked for the ramifications of making something a schedule IA substance. He asked if it meant a drug could be made legal if a doctor made it legal. Alternatively, he wondered if the action simply put the drug on the criminal drug list.

Representative Millett deferred to the Department of Law (DOL).

Vice-Chair Gara reiterated his question.

Representative Millett answered that possession would be a misdemeanor, distribution of less than one gram would be a class C felony, and distribution exceeding one gram would be a class B felony.

Co-Chair Seaton listed testifiers available online.

Vice-Chair Gara asked for ramifications of adding the substance to the controlled substances list.

[2:01:50 PM](#)

ROB HENDERSON, CONTROLLED SUBSTANCES ADVISORY COMMITTEE, DEPARTMENT OF LAW (via teleconference), replied that a schedule IA under Alaska law was different than a schedule I on the federal schedule. In Alaska there were drugs on the schedule IA with a medical purpose, but drugs included in the schedule in Alaska were considered so dangerous or susceptible to abuse that the committee ranked them as high as possible on the schedule. Generally speaking they were talking about the criminal schedule - in Title 11 under possession and distribution and also in Title 28, which included driving under the influence of a controlled substance.

Vice-Chair Gara asked for verification Mr. Henderson's response included all ramifications of putting a drug on the [controlled substances] list. He surmised that it may be possible with some of the other drugs on the list to obtain a prescription if there was another use. He understood no one would be receiving a prescription for Pink.

Mr. Henderson answered there were some other controlled substances classified as IA that could be prescribed. The other implication would be things like the Prescription Drug Monitoring Program and other regulatory aspects of prescription drugs. However, the purpose of including Pink on the schedule would be to attach criminal liability to its possession or distribution.

Vice-Chair Gara stated that Pink was illegal under federal law. He asked if local and state law enforcement was not currently able to arrest a person for the substance and hand them over to the federal authorities. He wondered what was currently allowed for state law enforcement.

Mr. Henderson answered that local law enforcement would have the ability to investigate and refer charges over to the federal government, but local law enforcement was really just charged with enforcing state law. The state law enforcement did work collaboratively with federal partners, but the primary charge was to enforce federal [state] law.

[2:04:35 PM](#)

Vice-Chair Gara asked if local law enforcement was currently allowed to arrest someone for the substance and to refer the individual over to federal authorities.

Mr. Henderson replied they legally could if they had authorization from or permission from the U.S. Attorney's Office.

Representative Kawasaki stated that the DOL attorney general had sent a memorandum dated February 1 [2017]. He was unclear about whether a state trooper could stop a person who was distributing the drug. He stated that the memo specified that if the legislature passed the legislation and designated the substance as a schedule IA in statute that Alaska would allow state law enforcement to stop distributors. Without the passage of the bill, he

asked whether as state trooper could arrest a person for distribution or possession.

Mr. Henderson responded there were state troopers working collaboratively with federal law enforcement and were able to make arrests for violation of federal drug laws. However, the typical Alaska State Trooper was charged with enforcing state law. Unless something represented a violation of state law, the item would not be a priority in an investigation.

Representative Kawasaki asked for verification that a downtown patrol officer in the City of Juneau or a Village Public Safety Officer (VPSO) in a rural area could take action without the passage of HB 24.

Mr. Henderson answered that the officer would not have the ability to take action without prior discussion with the U.S. Attorney's Office. He explained that without the discussion there would be no mechanism in which to enter the arrest into the federal criminal justice system. He detailed that if a local law enforcement officer came into contact with U47700 during normal duties, an arrest would not be made and it would most likely be referred to federal law enforcement.

[2:07:45 PM](#)

Representative Kawasaki believed substances 72 through 81 had been passed since he had been in the legislature. He remarked that statute had been passed for Spice and Bath Salts [synthetic drugs]. He believed there had to be an easier way to handle the situation than always adding a new substance to a list. He supported a regulatory mechanism.

Co-Chair Foster OPENED and CLOSED public testimony.

[2:09:27 PM](#)

AT EASE

[2:11:01 PM](#)

RECONVENED

Co-Chair Foster MOVED to ADOPT Amendment 1, 30-LS0260\A.1 (Martin, 2/10/17) (copy on file):

Page 4, lines 28 - 29:

Delete all material and insert:

"(82) 3,4-dichloro-N-[2-(dimethylamino)cyclohexyl]-N-methylbenzamide, also known as U-47700.'

Representative Kawasaki OBJECTED for discussion.

Co-Chair Foster explained the amendment corrected a spelling error to include a missing "z."

Representative Kawasaki WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

2:12:05 PM

Co-Chair Foster MOVED to ADOPT Amendment 2, 30-LS0260\A.2 (Martin, 2/17/17) (copy on file):

Page 1, line 1, following "substance;":
Insert "classifying tramadol and related substances as schedule IVA controlled substances;"

Page 4, following line 29:
Insert a new bill section to read:
1* Sec. 2. AS 11.71.170 is amended by adding a new subsection to read:
(g) Schedule IVA includes, unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substance or its salts calculated as the free anhydrous base or alkaloid: 2-[(dimethylamino)methyl]-1-(3-methoxyphenyl)cyclohexanol, its salts, optical and geometric isomers, and salts of these isomers, including tramadol."

Renumber the following bill section accordingly.

Representative Wilson OBJECTED for discussion.

Co-Chair Foster explained that Amendment 2 would classify tramadol and related substances as schedule IVA substances.

GRACE ABBOTT, STAFF, REPRESENTATIVE CHARISSE MILLETT, explained that the amendment followed along the same recommendation from the Controlled Substances Advisory Committee along with scheduling Pink as a schedule IA

controlled substance. The advisory committee had recommended that tramadol be classified as a IVA controlled substance. The amendment would follow the advisory committee's recommendation. The amendment was also aligned with the way the federal schedule had read since 2014. She relayed that Mr. Henderson could elaborate on the advisory committee's recommendation.

Representative Kawasaki asked whether tramadol had a medical function. Additionally, he queried the difference between the schedule IA and IVA.

Ms. Abbott answered that as the schedule went from VI to I it became more severe. Tramadol had a medical purpose as a pain killer; the specific drug could be used properly under a doctor's prescription. Under the IVA schedule there would be consequences for individuals selling the drug illicitly or providing the drug to people under the age of 19.

Representative Wilson asked if the only way to get the drug was through prescription. Ms. Abbott believed so.

Representative Wilson thought it was already illegal to sell a prescribed medication.

Ms. Abbott answered that the question was beyond her scope of understanding, but putting the drug on the schedule allowed for certain consequences for criminal purposes as well as providing it to people under the age of 19. She deferred to Mr. Henderson for further explanation.

[2:15:08 PM](#)

Mr. Henderson explained that it was already against federal law, but it was not a violation of Alaska law because tramadol was not classified as a controlled substance by the state. The amendment would align federal and state law.

Representative Wilson asked if she could sell any prescriptions for profit as long as they were not classified as schedule I to VI.

Mr. Henderson answered it depended on the prescription and it depended on if it was a controlled substance under federal or state law. There were some prescription drugs that would not fall under Title 11. However, the department tried to make federal and state law consistent.

Representative Wilson believed the amendment changed the bill. She had always thought it was illegal to sell a prescription. She asked for verification that currently if she sold tramadol received in a prescription that the Juneau Police could not arrest her.

Mr. Henderson replied that if Representative Wilson was selling tramadol at present, it would not currently be a violation of state law.

Representative Wilson wondered why all of a sudden tramadol needed to be added to the schedule. She asked what it took to get on the schedule. She asked what particular issues had taken place that warranted putting tramadol on the list.

Mr. Henderson answered that tramadol had been around for some time and it had first come to the attention of the advisory committee approximately 18 months earlier when a representative from western Alaska had testified about abuse occurring with tramadol. The advisory committee had heard about it again the past fall when it had received a letter from the Alaska Pharmacists Association requesting the committee recommend the scheduling of tramadol. In part the request was due to the inconsistency existing between federal and state law. He elaborated that individuals were able to obtain tramadol legally or illegally, but state law enforcement was unable to address the issue.

Representative Wilson thought any drug manufactured would automatically fall under schedule I through VI under the philosophy that it could be misused or sold for other purposes.

[2:19:22 PM](#)

Mr. Henderson answered it was a policy question for the legislature. When the advisory committee had discussed the issue it had recognized the current scheduling process was not as nimble or flexible as in some other states or federal government that could regulate drugs, which were ratified or adopted by Congress.

Vice-Chair Gara asked if the amendment would only classify tramadol as a IVA drug. He asked for verification that it was not currently classified as a IVA drug.

Mr. Henderson replied that he did not have a copy of the amendment. The testimony and information received by the advisory committee was tramadol. He noted it would make sense to include other related substances.

Vice-Chair Gara shared that he had broken his ribs the past year and had wanted the lowest level pain killer the doctor could prescribe, but the doctor had prescribed tramadol. He asked if he would have committed a crime if he gave a person a tramadol.

Mr. Henderson replied it was a difficult question that implicated several different criminal statutes. The distribution of a controlled substance, depending on the type, was a crime. There were various justification defenses that would relieve the person of criminal liability (e.g. for necessity).

[2:22:01 PM](#)

Representative Ortiz spoke to Representative Kawasaki's earlier question related to the difference between schedule I and IV drugs. He referred to Ms. Abbott's response that there was more severity [increasing from schedule VI to I]. He asked if Ms. Abbott was speaking about severity of complications with the drug itself causing more danger.

Ms. Abbott answered in the affirmative. The danger and the severity of punishment increased along with the schedule of the drug. She deferred to the department for more detail.

Representative Ortiz asked if in layman's terms the U47700 was less dangerous than tramadol. Ms. Abbott clarified that U47700 was more dangerous. She explained that schedule I was the most severe and schedule VI was the least severe.

Representative Kawasaki asked if adding a drug to the schedule would change any prescription authority for prescribers.

Mr. Henderson deferred the question. He did not believe it changed the prescription authority.

Representative Kawasaki had some concern about the amendment coming in so late. He knew tramadol was a useful medication that he believed was often prescribed. He

recognized the substance was ripe for abuse, but he believed adding it to the list of schedule IV drugs may complicate things in the future. He requested an answer to the question.

[2:25:17 PM](#)

Representative Guttenberg heard DOL say that at the federal level some organization put a drug on its list and at some point Congress approved or disapproved to make it official. He asked if it was the process Mr. Henderson had been referring to.

Mr. Henderson answered in the affirmative. Under federal law the Drug Enforcement Agency (DEA) had regulatory authority; it could pass emergency regulations and Congress had to act within a specific amount of time - he believed it was between 18 and 24 months. He thought that under federal law the drug would fall off the controlled substance schedule if Congress chose not to act.

Representative Guttenberg asked whether, during the period where Congress had yet to take action one way or another, there was any difference in the ability to enforce. He was trying to come up with a way to mimic what the federal government did to make the process faster.

Mr. Henderson answered that the advisory committee had discussed the concept. He detailed that the discussion had occurred during the same meeting the committee had recommended the scheduling of U47700 and tramadol. The advisory committee had also affirmatively adopted the recommendation from the opioid taskforce, which was to create a regulatory body to address the issue under discussion. He believed that with a clear delegation of authority from the legislature to a regulatory body would be feasible. At that point the emergency regulation would have the full effect of the statute.

[2:27:46 PM](#)

Representative Guttenberg asked if there had been an actual recommendation or whether the dialogue had taken place without any action. He asked if anything in writing had been advanced [by the advisory committee] to help facilitate the action.

Mr. Henderson answered it had only been a committee dialogue; it had been the first opportunity for the advisory committee to review the opioid taskforce recommendation. The concept was being actively considered by the committee and he anticipated the conversation to continue during a meeting the following week.

Co-Chair Foster WITHDREW Amendment 2. He wanted the original bill to move forward. He noted they could work on the tramadol component at a separate time.

Representative Millett agreed that if the committee was uncomfortable it was fine to take the amendment off the table. She remarked there was a companion bill in the Senate, which would have a bit longer to look at the tramadol component. She believed U47700 needed immediate action.

Vice-Chair Gara asked about the public danger of tramadol.

Representative Millett answered that the Controlled Substance Abuse Advisory Committee was seeing a higher propensity for individuals to abuse tramadol. She referred to designer drugs that came about occasionally and abuse that occurred with the quantity of tramadol. She noted it was possible to overdose on tramadol. The advisory committee had seen a higher usage in street terms rather than as a prescription. When someone was buying 50 tramadol and taking, smoking, or adding the drug to something else, the substance became dangerous. There were substances already on the schedule such as codeine and morphine that they were trying to combat. Individuals were finding ingenious ways to combine drugs and illicit a higher high. She did not believe the advisory committee took putting a drug on the schedule very lightly.

[2:32:08 PM](#)

Vice-Chair Gara stated the underlying bill made sense as it addressed a drug with no beneficial use; however, the doctor who had treated him when he had broken ribs had told him tramadol was the least of the serious prescriptions he could prescribe. He asked Representative Millett to keep the committee apprised of the tramadol situation.

Representative Millett replied that she would provide all of the information she received related to tramadol. She

believed it was important to look at the other drugs on the schedule in order to see what had been included over the years. She reiterated that people were creative in concocting things for a high. She imagined they could be discussing mouthwash in the future.

Vice-Chair Gara addressed the five fiscal previously published zero fiscal notes from the Department of Corrections; the Department of Health and Social Services; the Department of Law; the Department of Public Safety, Division of Alaska State Troopers; and the Department of Public Safety, Division of Statewide Support.

Representative Kawasaki remarked on the zero fiscal notes. He surmised that if a drug was added to the schedule and the intent was to see prosecutions and arrests of people distributing the drug, he did not believe it was possible for the notes to have zero impact. He stated at best the cost was indeterminate.

Representative Wilson concurred, especially pertaining to fiscal note 1 from the Department of Corrections. She stated her understanding that the bill would make the crime a felony, which would mean someone would end up in prison. She referenced the daily prison cost of \$149.62. She asked how many potential people had to be locked up to result in a fiscal note. She asked how many potential arrests it would take for the Department of Public Safety to submit a fiscal impact note.

[2:36:52 PM](#)

CAPTAIN MICHAEL DUXBURY, ALASKA STATE TROOPERS, DEPARTMENT OF PUBLIC SAFETY (via teleconference), answered that the current issue termed by many as the opioid problem was actually a multi-drug use problem. He explained that the reason the department had asked for the drug to be scheduled was it is very similar to other scheduled drugs often prescribed including oxycontin and oxycodone. The goal was to reduce the ability of people to abuse the drugs or send them through the mail. Currently the drug could be purchased online even though it was a prescription drug. He explained that submitting the zero fiscal note was not with an intention of deceiving anyone, it reflected that the department saw the drug in conjunction with other drugs being shipped throughout the state. The department was

looking for the scheduling to take place in order to have a deterrence and to reduce the amount of bad choices.

2:39:05 PM

Representative Wilson thanked Mr. Duxbury for making her point. She referred to one of two things taking place - people were selling a variety of drugs, which meant adding the drug would not change the number of arrests the department was making; however, she had a hard time believing the troopers would not be making more arrests - she was not saying it was a bad thing. She spoke to the prosecution work done by the Department of Law and the Department of Corrections. She asked if the co-chair reviewed the fiscal notes and could send them back to the departments to say they did not make sense. She believe a zero fiscal note sent the wrong message. She would prefer to see an indeterminate note versus a zero note.

2:40:50 PM

AT EASE

2:43:13 PM

RECONVENED

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, addressed the confusion over the zero fiscal notes. He believed members were looking at the fiscal notes as information, which they were, but they were primarily a request for funding. The department in its explanation was saying there would be costs, but because it was a part of the department's current duties it was not requesting additional funds to enforce the particular drug. He clarified it did not mean there was no cost, it meant the department did not want money added to its budget to do work it was already doing, which was enforcing drug abuse in general.

Representative Wilson asked for verification the committee could take the fiscal note to heart and that the following year when the department came back needing more money because they arrested people and put them in jail, the committee could remind the department it had lost the opportunity to put the money in the fiscal note.

Mr. Teal confirmed that the committee could remind the department of that. He continued that the department would

have actually lost the opportunity to put the funding in a fiscal note; however, that did not mean the department could not submit an increment following year due to unexpected additional costs. There may be increments for the issue, but the department did not know that at present; therefore, in the first year, it was not making a request through the fiscal note process.

Representative Wilson asked how many arrests had been made under the federal law for the specific drug. [Note: there was no reply.]

[2:46:17 PM](#)

Vice-Chair Gara stated that he was done with receiving zero fiscal notes when things cost money. He expounded that the district attorney's office was declining more and more prosecutions and letting more and more criminals go free due to a lack of prosecutors. He remarked that for years the public and others had stressed cutting the budget. He reasoned that at some point it was not possible to pretend it was prudent to continue cutting the public safety budget. He stated that when the department came forward in the future notifying the legislature it needed an extra \$200,000 for prosecutors, he would not be supportive of continuing to cut the budget. He stated the ramification would be a deficiency in the number of prosecutors. The bill would improve the ability to arrest people for the drug, but it would mean other prosecutions would not go forward. He did not believe it was possible to cut everything and make the problems disappear. He would be receptive if the department asked for more prosecutors the following year.

Representative Pruitt believed it was important to recognize the bill did not create a whole new classification of drugs. He surmised the state would probably have dealt with individuals in some capacity for possession of the drug under discussion or for a similar drug. He did not want to say it would be a wash, but he thought the issue under discussion was probably not really a relevant point. He continued the person may end up costing the state money in the first place in one way or another. When a person had reached the point of doing the drug under the bill they had done other drugs before. The substance was nasty and the state would deal with them in

some capacity. He believed the committee just needed to pass the bill out of committee.

2:49:47 PM

Co-Chair Seaton relayed that he had served as a member on the statewide opioid taskforce over the past year. He shared that the problem was significant. The question was whether not putting a drug on the schedule meant the state was allowing its distribution and increasing the number of individuals who became addicted. He elaborated that the number of individuals addicted to opioids would increase if the state allowed addictive substances to carry no criminal offense. He believed they should consider the bill may save some addictions from taking place in the first place because the drugs would not be legal. It was currently legal to distribute the drug.

Representative Pruitt MOVED to REPORT CSHB 24(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

Representative Wilson OBJECTED. She stated the drug [U47700] was one of the few drugs that fell in its own category. She agreed the drug was bad and should not exist. However, she emphasized the importance of receiving "honest" fiscal notes. She acknowledged that the drug under consideration may not change costs, but she underscored that the committee is the finance committee and it needed to know whether a department would need to come back to request funds in the future. She spoke to the committee discussion about adding additional drugs to the schedule. She explained that codeine had been readily available until people started misusing it. She shared that in the past one of her children had been afflicted with asthma and codeine had been the only thing that worked. She explained that the drug had eventually been unavailable because some people were not using the product for its intended use. She underscored that it was unrealistic to think putting drugs on a list would prevent people from using drugs in a manner they should not. There were certain drugs like U47700 that were "no brainers," but she believed it was necessary to recognize that it was not possible to stop people from misusing every substance. She wanted to send the message that in order to take a close look at the budget the committee wanted to receive realistic fiscal notes. She WITHDREW her OBJECTION.

Co-Chair Seaton made a clarifying remark related to the motion to move the bill.

There being NO further OBJECTION, CSHB 24(FIN) was REPORTED out of committee as amended with a "do pass" recommendation and with five previously published zero fiscal notes: FN1 (COR), FN2 (DHS), FN3 (LAW), FN4 (DPS), FN5 (DPS).

[2:54:04 PM](#)

AT EASE

[2:56:37 PM](#)

RECONVENED

#hb57

#HB59

HOUSE BILL NO. 57

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations and reappropriations, and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 59

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[2:56:43 PM](#)

Co-Chair Seaton indicated that it was an opportune time to discuss the new amendment procedures.

[2:57:20 PM](#)

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION (LFD), expressed his intent to discuss the new budget amendment system. He believed the process for legislators and staff was very similar to the old system. He explained that the

old process had worked but it had been cumbersome, due to technical or structural errors that occurred. For example, errors included the misnaming of the agency, allocation, or appropriation; removing money that did not exist; and a lack in line item detail. He furthered that it forced LFD to do a lot of guessing about what the amendment really meant and what was supposed to be done with the money. Additionally, under the old system the co-chair had to track amendments in a spreadsheet because due to duplicates and other. As amendments were passed LFD had to rekey the amendments into the budget system. He explained that the process had required entering the same data at three different times. He added that often times proposed language had not gone through Legislative Legal Services and did not meet its standards. The division had decided in the past there was something wrong with the inefficiencies and had been beginning to prepare a new amendment system.

Mr. Teal addressed the new amendment system. He detailed that the system offered drop down menus on the LFD website to help avoid technical problems. A new amendment could be easily added by finance committee members only.

[3:01:09 PM](#)

Mr. Teal walked the committee through an explanation and used the Department of Revenue (DOR) as an example. The system would help users avoid technical errors. He relayed that once an amendment was entered correctly the author could edit, delete, and attach any PDF backup including a Legislative Legal Services language amendment. It was also possible to share the material with others. He compared the system to CAPSIS [Capital Project Submission and Information System]. The amendment author could let Legislative Finance Division view the material. The division would help the author with transaction titles, catch errors, edit the explanation if desired, and so forth. Theoretically the process would result in better amendments.

Representative Kawasaki asked if the amendment author would continue to have access to edit the amendment once it was submitted in the system to the finance committee.

Mr. Teal answered that LFD could view the amendment and edit it if requested by a finance member's office. The goal

was to have errors fixed prior to sending the amendments to the committee.

3:06:09 PM

Co-Chair Seaton asked if an amendment could be changed once it had been shared with other committee members.

Mr. Teal answered that the amendment could be changed after it had been sent for viewing by LFD, but once the amendment had been submitted it could not be changed. He explained that it would prevent the potential for an amendment to be edited while LFD was loading it.

Co-Chair Seaton asked for verification that amendments could be shared with other committee members before being submitted.

Mr. Teal replied that the amendments could be shared at any time and cosponsors could be added. That process was between legislators' offices and was not viewed by LFD.

Representative Wilson asked about looking at positions but not PCNs [position control numbers] that were funded with half general funds and half federal funds. With the assumption that federal funds could probably be put into other positions still in the department, she asked if it was possible to pay the salary with all general funds. She remarked that the department would most likely determine a way to utilize the federal funds. Alternatively, she wondered if it had to match the positions.

Mr. Teal answered that an amendment did not have to be matched. For example, there was a governor's amendment asking for new positions. It was possible to reverse the whole thing or choose up to ten different fund codes. He detailed that it was possible to use general funds but not the federal funds. The maker of the amendment could choose whatever option they wanted.

Representative Wilson assumed the best way to do it would be include information in the explanation about the rationale for the change.

Mr. Teal answered in the affirmative. The goal was to have an explanation that headed off questions in the committee. Theoretically it would save time in committee.

3:09:06 PM

Co-Chair Seaton thought it was important for members to understand how the process worked. He described the process the committee would use to develop the operating budget. He read from a prepared statement:

Subcommittees are in the process of closing out and forwarding their recommendations to House Finance. When each department's subcommittee report is scheduled in the House Finance the subcommittee chair will describe the subcommittee's recommendations. Then, if amendments were recommended, House Finance will take up those amendments using the Legislative Finance amendment report instead of the packets of amendments that were used in prior sessions. House Finance will also see the statutory changes proposed by the subcommittee chairs. Those statutory changes are listed and briefly explained in the subcommittee narrative reports and each subcommittee chair will need to submit their statutory recommendations to each affected policy committee. We're not voting on those, those are recommendations that come from the subcommittee.

In certain circumstances there will be language amendments that I will propose in addition to the subcommittee recommended amendments. Those will come with each department. As Mr. Teal mentioned, I will have two additional amendments proposed for the Department of Revenue that we will take up tomorrow and they're included in the Legislative Finance report that you have in the file and you should have three files on your desk. After we go through all of the subcommittee reports I will also bring forward other language amendments for the statewide items. That will be at the end of the process. I just want to reiterate what Mr. Teal has said in how this is going to progress. Then we will have a new committee substitute drafted at that point - this is after we incorporate the subcommittee proposals and the language amendments that will generate the CS. Once the committee substitute is before us, we will take public testimony on those amendments. After public testimony we will then take up round two amendments. Any additional budget amendments from House Finance Committee

members. Those amendments will need to be submitted via the new operating budget amendment system.

[3:12:05 PM](#)

Representative Wilson referred to the DOR and observed there were amendments. She did not see any amendments for the Department of Military and Veterans Affairs (DMVA). She asked for verification that if members did not see any amendments, someone would give the subcommittee report, but there would be no accompanying amendments.

Co-Chair Seaton noted there were two amendments [for DOR] that would be generated in the new system.

Mr. Teal showed the LFD website (on the projector screen) related to subcommittee reports. The items would be posted as subcommittees closed out as they were reported out of committee. He pointed out that the Department of Administration, Department of Commerce, Community and Economic Development, Office of the Governor, DMVA, and DOR had all closed out thus far. Once a department subcommittee closed out LFD would post the transaction detail, narrative, and amendment packets. He used DOR as an example and pointed to the two amendments passed out of subcommittee (one related to mental health and the other related to the Tax Division). Subcommittee amendment packets would also be included on the website. He looked at the transaction report for DOR and explained that there were now four amendments - one of the amendments involved language. He explained that one of the additional amendments would move paternity testing money from the language section of the bill to Section 1. The amendments would be voted on by the full committee. Attached supporting documents would be the actual Legislative Legal Services amendment. Any other backup would be attached and would be in members' packets. The system gave the public and all legislators the ability to look at amendments well in advance before they were taken up during the meeting. He explained that the new system should rectify the past problem where amendments that members had not seen were printed right before a meeting.

[3:15:54 PM](#)

Representative Wilson asked about DMVA.

Co-Chair Seaton noted members should have the DMVA material in their packets.

Representative Wilson surmised that unlike the DOR example, members would not see amendments written for DMVA. She believed the information shown on the website reflected the amendment instead. She explained that the DOR amendment looked more like a format the committee was used to seeing.

Mr. Teal answered in the affirmative. He explained that the website was showing the amendments that were exactly as passed out by the subcommittee because there were no language amendments. The subcommittees had purview over the numbers section of the bill. He elaborated that DOR had two separate amendments because language was involved. The website showed what had been done with the decrement and the transaction type was "wordage," which meant there was intent added by the committee. Members would have an opportunity to see the information early and vote on it.

Representative Wilson thought it would be difficult for the public to understand. She referred to DOR and noted there were two different types of papers [in the packets]. She asked for verification that the amendments the committee was used to seeing pertained only to the language, but amendments related to the numbers section would appear like the ones they had just seen for DMVA.

Mr. Teal answered that the "L" in front of the amendment number was a signal there was backup material. The backup or supporting documentation would be the amendment prepared by Legislative Legal Services. The trouble with the amendment on the screen (shown as a typical amendment with page references from Legislative Legal Services) was that most people including finance committee members, had no idea what the page references meant. Much of the language was conforming and the amendment did not specify what the change did. The action of the amendment was actually described in the new system. The DOR amendment he looked at moved the cost recovery for paternity testing from language to Section 1. Hopefully it would be easier for committee members and the public to understand amendments.

[3:19:38 PM](#)

Co-Chair Seaton believed that in the past the language section changes all appeared in a CS only. He detailed that

amendments had not been seen by other finance members and the public. The new system would bring all of the amendments in front of the committee individually.

Representative Wilson appreciated what the chairs were trying to do. She wanted to ensure they were not looking at two different types of amendments. She did not want to miss anything. She thanked the chair for his latitude.

Co-Chair Seaton explained the labeling contingency for the amendments. The "L" in front of an amendment number indicated the amendment was a language amendment from the subcommittee chair of the operating budget. Amendments with no "L" came from the numbers section, which would be in subcommittee reports. He furthered that instead of having the language changes presented at the end in a CS, any language amendments would be included in members' packets. He added that statewide amendments would be wrapped into the language section at the end and would all come before the committee.

Representative Thompson referred to the subcommittee reports' narrative, which included recommendations that a standing committee change statutes for a particular item. He observed there were quite a few listed. He asked if members were allowed to object to the items in the process.

Co-Chair Seaton explained that the recommendations came forward from the subcommittee chair. If a legislator disagreed they could offer a preferred format in the form of a bill. He clarified that the committee would not be debating the recommendations by the subcommittee. If someone disagreed they could communicate to the standing committee chair or to members and the standing committee may not go forward with the recommendation. Every House member had the opportunity to have the input into all committees and on the House floor. A legislator could always propose a statutory amendment in the form of legislation. The goal was to consolidate and look at budgetary impacts and make recommendations to standing committees to clean up statutes and get rid of indirect expenditures. The recommendations would be made by subcommittee chairs directly to the standing committee. The information would get reported, but the House Finance Committee would not discuss and vote on the items that would come forward as subcommittee recommendations.

HB 57 was HEARD and HELD in committee for further consideration.

HB 59 was HEARD and HELD in committee for further consideration.

[3:24:44 PM](#)

Co-Chair Seaton announced that it was Mr. Teal's birthday. The co-chairs presented Mr. Teal with a present.

Co-Chair Seaton addressed the schedule for the meeting the following day.

#

ADJOURNMENT

[3:26:59 PM](#)

The meeting was adjourned at 3:26 p.m.