

HOUSE FINANCE COMMITTEE
March 16, 2017
4:29 p.m.

4:29:06 PM

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 4:29 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-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

Representative Les Gara, Vice-Chair

ALSO PRESENT

Representative Zach Fansler, Sponsor; Mary Schlosser, Staff, Representative Fansler; Berett Wilber, Staff, Representative Jonathan Kreiss-Tomkins; Representative Dan Ortiz, Sponsor; Elizabeth Bolling, Staff, Representative Ortiz.

PRESENT VIA TELECONFERENCE

Dennis Dishion, Executive Director, Yuut Elitnaurviat, Bethel; Brittney Cioni-Haywood, Director, Division of Economic Development, Juneau.

SUMMARY

HB 56 COMMERCIAL FISHING LOANS

HB 56 was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1(CED).

HB 81 AK ENERGY EFFICIENCY LOANS: ELIGIBILITY

HB 81 was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1(REV).

HB 106 CIVIL LEGAL SERVICES FUND

HB 106 was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1(AJS) and with a new indeterminate fiscal note by the Office of the Governor.

HB 141 AK WORKFORCE INVESTMENT BOARD; FUNDS

HB 141 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the agenda for the day. He intended to discuss and move HB 56, HB 81, and HB 106. There would also be an introduction of HB 141.

#hb106

HOUSE BILL NO. 106

"An Act allowing appropriations to the civil legal services fund from court filing fees."

[4:30:25 PM](#)

REPRESENTATIVE ZACH FANSLER, SPONSOR, relayed that it was his second time presenting HB 106. The legislation was a civil legal services fund bill that provided a mechanism for funding Alaska Legal Services, an entity representing indigent clients around the state.

Co-Chair Foster indicated that his office had not received any amendments for the bill. Representative Gara was not currently present to review the fiscal notes associated with the bill.

Co-Chair Seaton relayed that there was one previously published zero fiscal note by the Judiciary Department; Appropriation: Alaska Court System; Allocation: Trial Courts; Office of Management and Budget (OMB) Component Number: 768.

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AT EASE

[4:32:24 PM](#)

RECONVENED

Co-Chair Seaton reported that there was also a new indeterminate fiscal note by OMB; Appropriation: Funds Transfer; Allocation: Civil Legal Services Fund; OMB Component Number: 3015.

Representative Wilson wanted to clarify that the reason the fiscal note was indeterminate was because the legislature could place zero to 25 percent each year. She highlighted that Page 2 contained the full estimated amount at 25 percent.

Representative Fansler responded that Representative Wilson was correct.

Co-Chair Foster acknowledged Representative Pruitt, Representative Grenn, and Representative Tilton at the table.

Co-Chair Seaton asked if the fund would serve people with less than 125 percent of poverty.

Representative Fansler thought he had materials that he could provide showing the information.

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Representative Wilson asked the chairman if he intended to move the bill out of committee.

Co-Chair Foster responded, "If it is the will of the body, yes."

Representative Wilson MOVED to report HB 106 out of Committee with individual recommendations and the accompanying fiscal notes.

Co-Chair Seaton OBJECTED. He believed there were three fiscal notes.

Co-Chair Foster confirmed there were two fiscal notes.

Representative Wilson restated her motion clarifying that there were two accompanying fiscal notes.

Co-Chair Foster asked Representative Fansler if he had an answer to Representative Seaton's last question.

Representative Fansler answered that the information he had been looking for was in the bill on Page 1, Lines 11-14. It defined a low-income individual. He read directly from the bill:

In this section, "low-income individual" means an individual with an income equal to or less than 125 percent of the most recent federal poverty guidelines for Alaska set by the United States Department of Health and Human Services.

Co-Chair Seaton WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

HB 106 was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1(AJS) and with one new indeterminate fiscal note by the Office of the Governor.

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AT EASE

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RECONVENED

#hb141

HOUSE BILL NO. 141

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

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REPRESENTATIVE ZACH FANSLER, SPONSOR, introduced the legislation which was an act relating to allocations of funding for the Alaska Workforce Investment Board. The bill was a renewal of an already existing bill. He reviewed the sponsor statement:

AS 23.15.820 authorizes the Alaska Workforce Investment Board to administer the Alaska Technical and Vocational Education Program (TVEP). This legislation reauthorizes the allocation of the TVEP funding for five years.

TVEP was established by Legislature in 2000 with the purpose of enhancing the quality and accessibility of job training across the state, and aligning training with regional workforce demands. TVEP funds are obtained from a portion of employee contributions to the unemployment insurance trust fund.

The TVEP funds are allocated to technical and vocational education entities across Alaska designated by AS 23.15.835. Each entity receives a set percentage of the TVEP funds available each fiscal year. The current allocation sunsets June 30, 2017. Unless the allocation is reauthorized this funding will sit unused in the TVEP account instead of being used by these entities to train Alaskans.

TVEP recipients are required by statute to track and report program outcomes to the Alaska Workforce Investment Board. Each year the Board compiles and provides to the legislature a TVEP performance report containing this information. In Fiscal Year 2016, the ten TVEP recipients were allocated \$12,510,900 and served 10,295 youth and adults. A statewide network of training providers is critical to developing an Alaskan workforce.

This legislation is necessary to help educate and train Alaskans for Alaska's jobs.

Representative Fansler emphasized the importance of making sure the state's highest paying technical and vocational jobs were being performed by Alaskans. The system was set up so that the legislation helped every region. He relayed that 10 different programs were affected by the legislation:

1. University of Alaska (statewide)
45 percent TVEP funds
2. Galena Interior Learning Academy
4 percent TVEP funds
3. Alaska Technical Center (Kotzebue)
9 percent TVEP funds
4. Alaska Vocational Technical Center (Seward)
17 percent TVEP funds
5. Northwestern Alaska Career and Technical Center
(Nome) 3 percent TVEP funds
6. Southwest Alaska Vocational and Education Center
(King Salmon) 3 percent TVEP funds
7. Yuut Elitnaurviat, The People's Learning Center
(Bethel) 9 percent TVEP funds
8. Partners for Progress (Delta Junction)
3 percent TVEP funds
9. Amundsen Educational Center (Soldotna)
2 percent TVEP funds
10. Iñisaġvik College (Bethel)
5 percent TVEP funds

Co-Chair Foster reviewed the list of testifiers available for questions.

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Representative Tilton asked if the distribution in the bill had changed from what it was prior to the sunset date.

Representative Fansler responded that the distribution was the same.

Representative Tilton asked if any other entities were interested in being part of the distribution.

Representative Fansler reported no other entities approaching his office wanting to be on the distribution

list. He understood that previously there had been a significant amount of discussion on the subject and anticipated hearing from other entities. However, he had not heard from anyone.

Representative Wilson asked about how the funding was used and about the certification having to do with the university.

Representative Fansler responded that he could provide a PowerPoint detailing the information Representative Wilson requested. He was happy to provide the materials for members to review.

MARY SCHLOSSER, STAFF, REPRESENTATIVE FANSLER, added that the information provided in the Labor PowerPoint was 5 pages, which was the standard submission for committees. The full technical report from the Department of Labor and Workforce Development was available online. She was happy to provide the information to the representative.

Representative Wilson wondered if the state had an obligation, because funds were being provided for by the federal government, to use the funds to help people to return to work.

Representative Fansler responded that he was not inclined to answer her question and would likely differ her question to someone else. He relayed that the funds were state unemployment insurance funds being used on a state a state level. He did not believe there were any federal guidelines that applied to it. He was happy to differ to someone else if he was incorrect.

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Representative Wilson commented that unemployment dollars were being used to pay the amounts. She wanted to make sure there was enough money to be able to train those people who were not working so they could get back to work. She hoped for additional information regarding retraining expectations.

Representative Fansler would provide additional information in a memo.

Co-Chair Foster reminded members that Paloma Harbour with the Department of Labor and Workforce Development was in the room and available for questions as well as others.

Representative Wilson understood the committee was short on time presently and suggested that Representative Fansler get an answer back to committee members.

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Co-Chair Foster OPENED Public Testimony.

[4:50:45 PM](#)

DENNIS DISHION, EXECUTIVE DIRECTOR, YUUT ELITNAURVIAT, BETHEL (via teleconference), informed committee members that the funds were paramount in order for the center to continue its operations in preparing local people for local jobs in the Yukon Delta Region. He noted jobs associated with many large construction projects becoming available in the region. The funds helped the center to deliver training and workforce development skills for those people living in the area. The training facilitated locals being able to obtain family wage jobs rather than out-of-state skilled tradesmen filling them. The ultimate mission of the organization was to train local people for local, family wage jobs.

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Representative Guttenberg remembered having a conversation about the cost of broadband services at the center. He asked if Mr. Dishion had that dollar figure.

Mr. Dishion responded that it was likely Representative Guttenberg had spoken with his predecessor. He did not have the figure off the top of his head but was happy to get the number to him.

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Co-Chair Foster CLOSED Public Testimony.

Co-Chair Foster indicated he would be setting the bill aside. Amendments were due to Jane Pierson by Thursday, March 23, 2017 at 5:00 p.m.

HB 141 was HEARD and HELD in committee for further consideration.

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AT EASE

[4:53:48 PM](#)

RECONVENED

#hb81

HOUSE BILL NO. 81

"An Act making an entity that is exempt from federal taxation under 26 U.S.C. 501(c)(3), (4), (6), (12), or (19) (Internal Revenue Code) and a federally recognized tribe eligible for a loan from the Alaska energy efficiency revolving loan fund; relating to loans from the Alaska energy efficiency revolving loan fund; and relating to the annual report published by the Alaska Housing Finance Corporation."

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BERETT WILBER, STAFF, REPRESENTATIVE KREISS-TOMKINS, thanked the committee for hearing the bill. She wanted to provide answers to two outstanding questions from the previous committee hearing on March 6, 2017. Representative Kawasaki had asked if political parties would qualify to apply for loans under the new expanded eligibility criteria. She responded that they would not. Political parties were classified as 527 non-profits rather than 501C, 3, 4, 6, 12, or 19 non-profits. Representative Wilson had asked if the state would be competing with private lenders with opening the eligibility criteria. She had asked Katie Conway, the government relations manager at the Alaska Energy Authority about the energy efficiency loan landscape in Alaska. She and Ms. Conway concluded that there were no private lenders set up to do energy efficiency loans. A person could apply for a regular construction loan and apply it to energy efficiency projects. However, energy efficiency loans through the program were based on the guaranteed savings that would come from doing energy efficiency retrofits. Traditional loans were based on the cost of a project and the available collateral.

Co-Chair Foster indicated that no amendments had been submitted for the bill. He reported only one zero fiscal note from the Department of Revenue; Appropriation: Alaska Housing Finance Corporation; Allocation: Alaska Housing Finance Corporation Operations; OMB Component Number: 110.

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Co-Chair Seaton MOVED to report HB 81 out of Committee with individual recommendations and the accompanying fiscal note.

HB 81 was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1(REV).

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AT EASE

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RECONVENED

#hb56

HOUSE BILL NO. 56

"An Act relating to limitations on certain commercial fishing loans made by the Department of Commerce, Community, and Economic Development."

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REPRESENTATIVE DAN ORTIZ, SPONSOR, reported having previously presented the bill to the committee. He reminded members that the bill raised the potential loan amount from \$300 thousand to \$400 thousand in the Fishermen's Revolving Loan Fund. It would allow fishermen to borrow money to purchase permits, boats, and equipment. The bill would make it easier for fishermen, particularly young fishermen, to get involved in the industry. The fund was originally set up in the early 80s. The amount available to loan at the time was \$300 thousand and had not been raised. The value of \$300 thousand in the 80s would currently equal about \$700 thousand accounting for inflation. The bill was raising the amount to \$400 thousand. He added that the fund was extremely solvent with a default rate of 2.2 percent, which was well below the industry standard. He did not

believe the fund's solvency would be impacted by raising the loan amount. He was available for questions.

Co-Chair Foster reviewed the list of testifiers available to answer questions.

5:01:01 PM

Co-Chair Seaton read from the second paragraph [Page 2] of the fiscal note:

However, the overall program limit remaining at \$400,000, any revenue generated from this change or expense is expected to be within the normal operational variance of the fund.

Co-Chair Seaton asked if the bill was raising the cap from \$300 thousand to \$400 thousand or whether the cap was \$400 thousand and the bill was raising limits on permits.

5:01:40 PM

ELIZABETH BOLLING, STAFF, REPRESENTATIVE ORTIZ, responded that the bill was not raising the aggregate amount for the loan fund or the aggregate amount a borrower could hold unpaid. The bill was only raising the sectional amount by \$100 thousand, which was why the department stated that the loan fund would remain solvent.

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Co-Chair Seaton relayed that some of the materials were somewhat confusing including the sponsor statement. He requested that the supporting documents be clarified going forward. He was not opposed to the limit.

Ms. Bolling clarified that the limit she was referring to was simply for costs involving purchasing, refurbishing, or upgrading a vessel specific to one section in statute. The amount that could be loaned for those services would be raised. However, the total aggregate amount a person could borrow and hold an unpaid balance from the loan fund was \$400 thousand.

Representative Ortiz added that the amount was currently \$400 thousand. The bill was just expanding the section.

Representative Pruitt thought the Co-Chair had raised a good question. He was confused as well. He was under the impression that the bill would change the overall aggregate amount. He was trying to understand the focus of the bill.

Representative Ortiz believed the same question came up in a previous hearing. He hoped Ms. Haywood was online and could provide further clarification.

Co-Chair Foster relayed that Ms. Haywood was not online.

Ms. Bolling explained that the section being amended spoke about two loan types; A and B. Under type A up to \$200 thousand could be borrowed. Under type B up to \$100 thousand could be borrowed. The total was referred to as \$300 thousand in the section. However, in the subsection for purchasing a vessel and refurbishing it was \$100 thousand. The intent of the bill was to raise the amount to \$200 thousand so the full section would equal \$400 thousand - the equivalent that a person could take out of the loan fund.

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AT EASE

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RECONVENED

Co-Chair Foster explained that the committee recommended a revision of the sponsor statement but agreed the bill was correct.

Representative Wilson referred to Section D in the statute book, Page 131. It appeared that it was talking about two specific loans rather than the total loans. She thought that bill was changing from \$300 thousand to \$400 thousand in section D. She wondered where the change was in the bill.

Co-Chair Foster noted that Ms. Haywood was available for questions.

Ms. Bolling read from the statute in section d [AS 16.10.320(d)]:

The total of balances outstanding on loans made to a borrower under AS 16.10.310 (a)(1)(B) may not exceed

\$200 thousand for the purpose of an entry permit, and may not exceed \$100 thousand for all other loans under that subparagraph.

Ms. Bolling elaborated that the amount of \$100 thousand was appropriately used for the purchase and refurbishment of a vessel. She explained that the \$100 thousand amount was what would change to \$200 thousand in the bill. The total would equal \$400 thousand rather than \$300 thousand under B.

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Co-Chair Foster asked Ms. Haywood to respond to the issue.

BRITTNEY CIONI-HAYWOOD, DIRECTOR, DIVISION OF ECONOMIC DEVELOPMENT, JUNEAU (via teleconference), asked that the question be restated.

Co-Chair Seaton stated there was some confusion in the interpretation of whether the bill would raise the outstanding aggregate limit a person could borrow or whether the bill raised the permit loan from \$100 thousand to \$200 thousand with the aggregate remaining the same at \$400 thousand.

Ms. Cioni-Haywood responded that the aggregate limit was currently \$400 thousand and would remain at \$400 thousand in the bill. The changes within the bill only had to do with the different sections. She furthered that that the loan program had a number of different sections. In section A, there would be a \$300 thousand to \$400 thousand increase. In section B, there would be a \$100 thousand to \$200 thousand increase. In section C, it was \$300 thousand to \$400 thousand, and in section F, it was \$300 to \$400 thousand. She continued that under the Commercial Fishing Revolving Loan fund a fisherman could mix and match between the different sections up to \$400 thousand. There was an overall \$400 thousand cap, which was not being changed within the bill.

Co-Chair Seaton MOVED to report HB 56 out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

HB 56 was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1(CED).

Co-Chair Foster reviewed the agenda for the following day.

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ADJOURNMENT

[5:10:55 PM](#)

The meeting was adjourned at 5:11 p.m.