

SENATE FINANCE COMMITTEE
April 15, 2017
1:01 p.m.

[1:01:25 PM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 1:01 p.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Shelley Hughes
Senator Peter Micciche
Senator Donny Olson
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Juli Lucky, Staff, Senator Anna MacKinnon; Senator John Coghill, Sponsor; Lisa Weissler, Staff, Representative Andy Josephson; Sylvan Robb, Office of Management and Budget, Office of the Governor; Kelly Howell Director, Administrative Services, Department of Public Safety; Michele Michaud, Chief Health Official, Division of Retirement and Benefits, Department of Administration; Greg Cashen Deputy Commissioner, Department of Labor & Workforce Development; Paloma Harbour, Director, Division of Administrative Services, Department of Labor and Workforce Development; Mary Aparezuk Schlosser, Staff, Representative Zach Fansler; Senator Mia Costello, Sponsor; Sorcha Hazelton, Staff, Senator Mia Costello.

PRESENT VIA TELECONFERENCE

Norman Rokeberg, Commissioner, Regulatory Commission of Alaska.

SUMMARY

SB 80 TELECOMMUNICATIONS: DISABLED SUBSCRIBERS

CSSB 80(L&C) was REPORTED out of committee with "no recommendation" and with previously published zero fiscal note: FN 1(CED).

CSHB 23(FIN)

INS. FOR DEPENDS. OF DECEASED FIRE/POLICE

SCS CSHB 23(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new zero fiscal note from the Department of Administration, a new fiscal note from the Governor's Office, and a previously published zero fiscal note: FN 2(DPS).

HB 141 AK WORKFORCE INVESTMENT BOARD;FUNDS

SCS CSHB 141(FIN) was REPORTED out of committee with a "do pass" recommendation and with three new fiscal notes from the Department of Labor and Workforce Development, one new fiscal note from the Department of Education and Early Development, and one new fiscal note from the University of Alaska.

#hb23

CS FOR HOUSE BILL NO. 23(FIN) am

"An Act creating a fund in the Department of Public Safety; providing for payment of certain medical insurance premiums for surviving dependents of certain peace officers or firefighters who die in the line of duty; relating to contributions from permanent fund dividends to the peace officer and firefighter survivors' fund; and providing for an effective date."

[1:02:45 PM](#)

Vice-Chair Bishop MOVED to ADOPT the proposed committee substitute for CSHB 23(FIN)am, Work Draft 30-LS0258\N (Wayne, 4/14/17).

Co-Chair MacKinnon OBJECTED for DISCUSSION.

1:03:01 PM

JULI LUCKY, STAFF, SENATOR ANNA MACKINNON, looked at the "Overview" (copy on file):

Overview: SCS HB 23 (FIN) creates the peace officer and firefighter survivors' fund to pay medical insurance premiums to continue health insurance coverage for an eligible surviving spouse or dependent child of a peace officer or firefighter killed in the line of duty. The benefit is only available to a surviving dependent of a permanent, full-time employee who was covered by employer-sponsored medical insurance at the time of death. The premium payments will allow surviving dependents to remain in their current health plan and are paid to the applicable employer medical insurance provider.

The state is required to pay the benefit for state employees; a municipality may elect to participate by entering into an agreement with the state to pay the cost of the program for its recipients. By December 1, the commissioner of public safety will determine the amount needed to pay the premiums and associated administrative costs. Once appropriated, funds do not lapse and can be spent without further appropriation.

A surviving dependent is "presumed eligible" for 60 days after the death of the peace officer or firefighter, to allow time for the dependent to get documents together and apply for the benefit. Within 30 days of the application, the commissioner shall determine eligibility; which is reconfirmed annually.

Surviving spouses are eligible to receive the benefit for 10 years, until eligible to receive other major medical coverage, or until eligible for Medicare. If a surviving spouse is the parent of an eligible child, the spouse can continue to receive the benefit until the child is no longer eligible.

Except for a child who is totally and permanently disabled, a surviving child is eligible to receive the benefit until eligible to receive other major medical coverage or age 26.

Surviving dependents who become ineligible due to receiving other major medical coverage can reapply for benefits if that coverage is lost.

The definition of "peace officer" is identical to the definition in CS SB 48 (STA).

The fund is eligible for donations through "Pick, Click, Give."

Ms. Lucky also looked at the "Major Policy Differences" (copy on file), which talked about the differences between the versions of the bills.

Co-Chair MacKinnon stressed that she hoped that the bill was a collaboration of efforts between the entire legislature and public.

[1:09:46 PM](#)

SENATOR JOHN COGHILL, SPONSOR, remarked that the ten-year limit was an important addition. He also stated that the medical coverage death benefit was appropriate. He felt that the "sticking point" would be the municipal opt-in. He encouraged the committee to include that opt-in.

Co-Chair MacKinnon wondered whether Senator Coghill was in opposition to the committee substitute.

Senator Coghill replied that he would approve the committee substitute.

Co-Chair MacKinnon queried comments from Representative Josephson's staff.

[1:11:17 PM](#)

LISA WEISSLER, STAFF, REPRESENTATIVE ANDY JOSEPHSON, expressed appreciation on the work on the bill. She stated that Representative Josephson supported requiring municipalities to provide coverage to their employees. He supported all the other provisions.

Senator Olson queried the seriousness of the opt-in issue. Ms. Weisser replied that Representative Josephson would discuss the issue with the members of the House.

Co-Chair MacKinnon WITHDREW her OBJECTION. There being NO further OBJECTION, the proposed committee substitute was adopted.

Vice-Chair Bishop MOVED to ADOPT Amendment 1 (copy on file):

Page 3, line 6:
Delete "spouse"
Insert "dependent"
Page 3, line 7, following "(c)(2)":
Insert "or (d)(1)"

Co-Chair MacKinnon OBJECTED for DISCUSSION.

Ms. Lucky explained the amendment.

Co-Chair MacKinnon WITHDREW the OBJECTION. There being NO further OBJECTION, Amendment 1 was adopted.

[1:14:57 PM](#)

SYLVAN ROBB, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, explained the fiscal note.

Co-Chair MacKinnon wondered whether the \$70,100 would continue through FY 23 with an estimated cost of coverage of \$70,100 per year. Ms. Robb replied in the affirmative.

[1:17:48 PM](#)

KELLY HOWELL DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, explained the fiscal note.

Co-Chair MacKinnon wondered whether there was someone to discuss the Department of Administration (DOA) fiscal note.

Senator Hughes asked whether the medical insurance premiums would remain flat. Ms. Howell replied that the language required that the commissioner determine the amount of funding available. She stated that they would monitor a possible increase, and factor those costs into any future budget requests. She stated that the current amount was the only known amount.

[1:20:22 PM](#)

MICHELE MICHAUD, CHIEF HEALTH OFFICIAL, DIVISION OF RETIREMENT AND BENEFITS, DEPARTMENT OF ADMINISTRATION, explained that it was a zero fiscal note. There was only one change in the narrative as related to the community opt-in.

1:20:50 PM

AT EASE

1:22:58 PM

RECONVENED

1:23:15 PM

Vice-Chair Bishop MOVED to ADOPT Conceptual Amendment 2 (copy on file):

The intent of this amendment is to allow all dependents, not just a spouse, the opportunity to reapply for benefits if they become ineligible due to being eligible for other insurance then subsequently lose that insurance.

Page 3, line 31, following "becomes"
DELETE "permanently"

Co-Chair MacKinnon OBJECTED for DISCUSSION.

Ms. Lucky explained the amendment.

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

Vice-Chair Bishop MOVED to REPORT SCS CSHB 23(FIN) out of committee with individual recommendations and attached fiscal notes.

Senator Micciche OBJECTED. He wondered whether there was a definition of "dependence" that covered unborn dependents. Co-Chair MacKinnon replied in the negative. She stated that the department would include that definition in regulation.

Senator Micciche WITHDREW the OBJECTION.

There being NO further OBJECTION, the bill moved from committee.

SCS CSHB 23(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new zero fiscal note from the Department of Administration, a new fiscal note from the Governor's Office, and a previously published zero fiscal note: FN 2(DPS).

[1:26:04 PM](#)

AT EASE

[1:27:03 PM](#)

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."

[1:27:49 PM](#)

AT EASE

[1:28:41 PM](#)

RECONVENED

Vice-Chair Bishop MOVED to ADOPT Amendment 1 (copy on file):

Page 1 Section 1 Line 6 Delete [2018]

Page 1 Section 1 Line 6 Insert 2020

Co-Chair MacKinnon OBJECTED for DISCUSSION.

Vice-Chair Bishop explained the amendment.

[1:29:43 PM](#)

GREG CASHEN DEPUTY COMMISSIONER, DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT, introduced himself.

PALOMA HARBOUR, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, introduced herself.

Co-Chair MacKinnon referred to a letter from the Department of Labor and Workforce Development (DLWD) addressing issues

at the previous days committee meeting. The issue was of reporting, and what was available for the legislature to evaluate the programs that were receiving benefit from the investment. She wanted assurance that the three-year extension would allow an accurate evaluation of the programs and the value of the investment in the programs. Ms. Harbour replied that the department had engaged with the executive director of the Alaska Workforce Investment Board. She stated that it was felt that the program could be evaluated and determine recommendations of what would be good suggestions on performance measure changes.

Senator Hughes supported the amendment.

Co-Chair MacKinnon wanted the information provided to the Senate Labor and Commerce Committee.

Co-Chair MacKinnon WITHDREW her OBJECTION. There being NO OBJECTION, Amendment 1 was ADOPTED.

[1:32:40 PM](#)

MARY APAREZUK SCHLOSSER, STAFF, REPRESENTATIVE ZACH FANSLER, supported the three-year extension. She thanked the committee.

Vice-Chair Bishop MOVED to REPORT SCS CSHB 141(FIN) out of committee with individual recommendations and attached fiscal notes.

Co-Chair MacKinnon OBJECTED and WITHDREW her OBJECTION.

There being NO OBJECTION, it was so ordered.

SCS CSHB 141(FIN) was REPORTED out of committee with a "do pass" recommendation and with three new fiscal notes from the Department of Labor and Workforce Development, one new fiscal note from the Department of Education and Early Development, and one new fiscal note from the University of Alaska.

[1:33:52 PM](#)

AT EASE

[1:35:06 PM](#)

RECONVENED

#sb80

SENATE BILL NO. 80

"An Act relating to telecommunications services for certain disabled subscribers; and providing for an effective date."

[1:35:39 PM](#)

SENATOR MIA COSTELLO, SPONSOR, explained the legislation. She stated that the bill allowed the Regulatory Commission of Alaska to assess a surcharge to provide technology that met 21st century needs of the deaf, hard of hearing, and speech disabled communities.

[1:36:27 PM](#)

SORCHA HAZELTON, STAFF, SENATOR MIA COSTELLO, explained the Sectional Analysis. She stated that the first section made the changes that allowed the commission to expand its surcharge allowance. She stated that Section 2 was the effective date.

Ms. Hazelton explained the bill:

Senate Bill 80 updates state statute to improve technology service for Alaska's deaf, hard of hearing, and speech impaired community. The Committee Substitute incorporates "person first" language to respectfully acknowledge those individuals with disabilities.

In the early 1990s, the Legislature granted the Regulatory Commission of Alaska (RCA) the authority to require telephone utilities to serve the deaf, hard of hearing, and speech impaired citizens of Alaska. These policies allowed telephonic communication between impacted Alaskans and those without impairment. This is accomplished through a telecommunications relay service (TRS) that provides interpretive service operators to relay tele-typed, voice, or signed messages from one party to another. The provider also runs an equipment distribution and outreach program allowing access to public telephone service for this subscriber group.

Currently, the program's scope and the surcharges which fund it are limited in statute to wired devices like tele-type units (TTY) and CapTel telephones. This limitation is antiquated given the expanded use of cell phones and other technology.

RCA regulations provide for cost recovery through a surcharge which is currently only applied to the dwindling number of landline telephones. With a statewide move toward wireless (mobile/cellular) phones and Voice over Internet Protocol (VoIP) technology, the most efficient and effective service to this subscriber group is lacking resources from the diminished wirelines to which a surcharge applies. SB 80 allows the RCA to provide equipment and services that best serve the communities' needs.

This bill allows the RCA to more equitably assess the TRS surcharge to a growing number of cell phone and VoIP users, expand the type of telecommunication devices and software available to disabled subscribers, and provides for a July 1, 2017, effective date which correlates with the operating agreement cycle with the current TRS provider.

SB 80 modernizes and enhances services provided to Alaskans with disabilities and allows for greater independence and an improved quality of life.

Senator Micciche wondered if there would be an increase in consumer's bills. Ms. Hazelton deferred to the commission. She stated that the surcharge would be lowered, because the base would expand.

Senator Olson queried the effect on the rural and remote sites. Senator Costello deferred to Mr. Rokeberg.

[1:43:28 PM](#)

NORMAN ROKEBERG, COMMISSIONER, REGULATORY COMMISSION OF ALASKA (via teleconference), spoke in support of the bill. He pointed out that the surcharge was not a universal access charge, but rather a telecommunications relay service surcharge. He stated that the bill would enable the commission to lower the surcharge by two-thirds. He announced that there were currently over 900,000 lines in Alaska, and only 258,000 were paying a surcharge. He stated

that the concept was to more equitably spread the charge, and lower the cost overall.

Senator Olson queried the expected average surcharge as compared to the current surcharge, especially for those who were not currently paying. Mr. Rokeberg stated that the current level was nine cents per wire line and eighteen cents per business multi-line. He felt that the rate could be lowered to four to five cents per line for both residential and business. He explained that there was currently a two-tiered system, with residents paying less than business lines. He stated that there was a discussion with the industry, and it appeared that the rates could be lowered by up to 57 percent. He stressed that cellular customers would be charged a fee that they were not currently paying.

[1:47:37 PM](#)

Senator Olson surmised that the 600,000 individuals who were not currently paying the surcharge would see an increase. Mr. Rokeberg replied in the affirmative. He stressed that the mobile and cellular users would see an increase four to five cents per month.

Senator Olson queried the number of users in rural Alaska. Mr. Rokeberg responded that he did not know the number as related to geographic dispersion between cellular and landlines.

Senator Olson assumed that some people in rural Alaska would see an increase on their bills. Mr. Rokeberg agreed.

Senator Micciche surmised that the user currently paid 9 cents per line per month at \$1.08 per line for wired communications. Mr. Rokeberg replied that wired lines were paying 9 cents for residential and 18 cents for multiline businesses. The objective was to lower the overall cost to 4 cents for both residential. He stated that the approximately 600,000 mobile phone users would see a very small increase of 50 cents per year.

Co-Chair MacKinnon CLOSED public testimony.

[1:50:58 PM](#)

AT EASE

1:51:21 PM

RECONVENED

Vice-Chair Bishop addressed the fiscal note.

Vice-Chair Bishop MOVED to REPORT CSSB 80 (L&C) from committee with individual recommendations and attached fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 80(L&C) was REPORTED out of committee with "no recommendation" and with previously published zero fiscal note: FN 1(CED).

1:53:25 PM

AT EASE

1:53:57 PM

RECONVENED

Co-Chair MacKinnon discussed the committee meeting schedule.

#

ADJOURNMENT

1:54:17 PM

The meeting was adjourned at 1:54 p.m.