

SENATE FINANCE COMMITTEE

April 26, 2017

9:06 a.m.

9:06:38 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:06 a.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

Representative Tammie Wilson; Representative Chris Birch; Representative Geran Tarr, Sponsor; Representative Cathy Tilton; Senator Cathy Giessel.

SUMMARY

HB 111 OIL & GAS PRODUCTION TAX;PAYMENTS;CREDITS

HB 111 was HEARD and HELD in committee for further consideration.

#hb111

CS FOR HOUSE BILL NO. 111(FIN)(efd fld)

"An Act relating to the oil and gas production tax, tax payments, and credits; relating to interest applicable to delinquent oil and gas production tax; relating to carried-forward lease expenditures based on losses and limiting those lease expenditures to an amount equal to the gross value at the point of

production of oil and gas produced from the lease or property where the lease expenditure was incurred; relating to information concerning tax credits, lease expenditures, and oil and gas taxes; relating to the disclosure of that information to the public; relating to an adjustment in the gross value at the point of production; and relating to a legislative working group."

[9:07:13 AM](#)

REPRESENTATIVE GERAN TARR, SPONSOR, addressed CSHB 111(FIN) version L.A. She commented that the House Resources Committee had observed that the state's oil and gas tax system was not working well in the low-price environment over the preceding two years. She recalled that the committee had looked to minimize the downside risk for the state. Popular opinion suggested oil would hover at \$50 per barrel (bbl). She discussed the importance of the oil and gas industry in the state, and the need to remain a competitive place for investment. She emphasized the fact that all potential developments and opportunities were not alike. She pondered how the state could pursue the opportunities that would help it meet the constitutional mandate of maximizing the benefit for the people of the Alaska.

Representative Tarr relayed that the House Resources Committee wanted to address cash credits, which had become an untenable situation after the state had accumulated \$1.1 billion in obligations. The committee had considered it was a priority to establish a plan and stabilize the system. She discussed companies that borrowed from banks and relied on credits issued by the state. The committee wanted a plan that was durable along all oil prices and time horizons. She referred to previous oil and gas tax policies such as Alaska's Clear and Equitable Share (ACES).

Representative Tarr described that one goal of the legislation was to have a plan that worked well and could be set aside for some number of years, rather than taking more time from the legislature and garnering additional criticism from the industry. She thought the cash credit was incentive that was important for new entrants and companies in exploration. The ability to take the cash credits to banks for financing was a valuable opportunity. She referred to the state's tax credit obligation, and

recognized the challenge in meeting the obligation after greatly reduced production tax.

Representative Tarr detailed that the House Resources Committee had followed the advice of oil and gas tax consultant Rich Ruggiero in order to offer something that would be an incentive for a company, keep the state competitive, and encourage investment. Mr. Ruggiero had recommended using operating loss carry-forwards [or net operating losses (NOLs)]. The bill as it passed the House allowed for 100 percent of NOLs for 7 years, after which time there was a 10 percent reduction in the value of the losses. The 10 percent would be specific to the year.

[9:12:12 AM](#)

Co-Chair MacKinnon referred to the 100 percent carry-forward for seven years, and asked if the provision was a result of the advice of the consultant.

Representative Tarr stated that the consultant had recommended a number of things, including an uplift provision, which was an interest incentive (or an interest earning loss). She relayed that the version L.A of the bill contained 50 percent of NOLs with an uplift. The consultant had recommended against the committee's idea to have the value to be 100 percent at year 7. He had considered that not allowing 100 percent carry-forward would be atypical of what other regimes offered. Subsequently the House Finance version of the bill was changed, and allowed for 100 percent carry-forward. The consultant did not recommend for the reduction of 10 percent after 7 years.

Co-Chair MacKinnon relayed that Mr. Ruggiero had presented to the Senate Finance Committee in a joint meeting with the Senate Resources Committee the previous weekend. He had suggested that all around the world, costs for production were allowable expenses and 100 percent recovery was available.

Representative Tarr clarified that the House Resources Committee version of the bill had contained 50 percent loss carry-forward with uplift; while in the House Finance Committee it was changed to 100 percent loss carry-forward for 7 years, with a 10 percent reduction. She considered that the matter was a policy call for the legislature, which wanted to encourage getting into production as

quickly as possible. She thought the average time to production was 7 years. She relayed that there had been conversation about incidental occurrences such as delays from federal regulation or permitting. She thought there was a question of what the state could afford when considering the accumulation of losses. When a company transitioned into production, the losses would be applied to tax revenue and be lost revenue to the state. She emphasized that the committee had wanted to be careful that the state wasn't so generous that once a company went into production, the carry-forward losses could last for extended years.

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Co-Chair MacKinnon commented that Senate Finance was familiar with the credit mechanism.

Representative Tarr stated that the bill also had the feature of ring-fencing, through which a loss would apply to the lease where the loss was incurred. The committee had considered the per-barrel credit and the base tax rate, which were features that worked together in SB 21 [oil and gas tax legislation passed in 2013]. The 35 percent base rate would be unusually high if it were not offset by the per-barrel reduction. She thought there were different ways to approach the matter. The House version repealed the per-barrel credit altogether, and reduced the base rate from 35 percent to 25 percent. She stated that the rate of 25 percent was chosen because it was the base rate in the original version of SB 21 as introduced by former Governor Sean Parnell.

Representative Tarr discussed the per-barrel credit, which also worked to have reversed progressivity. She specified that version L.A of the bill contained a 15 percent bracketed supplemental tax. The consultant had recommended working from the production tax value (PTV), which was the gross value less the transportation and lease expenditures; and was how to truly work with a net-profits-based system. After the PTV value was \$60, it would transition to a higher bracket with an additional 15 percent added on as a supplemental tax.

Representative Tarr stated that the bill hardened the minimum floor at 4 percent, and did not allow any of the credits to go through the floor. The bill addressed one of

the gross value reduction (GVR) provisions, and would repeal the extra 10 percent GVR for higher royalty fields. The bill would repeal the ability to use credits for financing.

Representative Tarr stated that the bill had a couple of transparency provisions, one of which was built on a provision in HB 247, regarding public disclosure for credits earned and lease expenditures. The bill previously had several provisions relating to access to information to legislators, which had been scaled back significantly in the final version of the bill that left the other body. The bill also addressed the interest rate, and scaled the rate to match the number of years needed to complete the state audit.

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Co-Chair MacKinnon thanked Representative Tarr for her testimony. She thought Representative Tarr had suggested that the state needed to find a way to pay off tax credit obligations to the smaller companies. She inquired how the other body proposed to do so, and asked if Representative Tarr could cite specific provisions in the bill.

Representative Tarr explicated that the House Resources Committee version of the bill had intent language that, contingent upon the passage of a fiscal plan, paid a significant portion of the state's credit obligation. She recounted conversations with the Co-Chair, including a 3-year or 5-year plan. She mentioned seeking feedback from industry representatives. She had a strong concern about the state not meeting its obligations, and the ripple effect to any Alaska businesses that might be impacted. She stated that the fiscal note attached to the bill only addressed the revenue and the elimination of credit size, and did not have additional funding for paying the tax credit obligations.

Co-Chair MacKinnon asked if it was fair to say that there was not consensus in the House about the method to pay off the businesses, but there was consensus to pay off the obligations over a period of time.

Representative Tarr did not want to characterize the intentions of others. She restated the idea of paying credits contingent upon the passage of a fiscal plan. She

stated that based on the House Majority and the four pillars it had put forward, meeting the obligations would be considered. She knew that members were concerned about impacts on Alaska companies, and did not want to see companies default on any lease payment and then leave the bank as a lease holder.

Co-Chair Hoffman stated that part of the House fiscal plan included an income tax. He asked if it could be assumed that income tax revenues would be used to pay off the tax credits.

Representative Tarr stated that all the funds would go to the General Fund (GF), and to the extent that the obligations would be paid from the GF, the statement was true. She thought that there were those who were not willing to pay an income tax or part of a Permanent Fund Dividend (PFD) if it was going toward a subsidy or credit to an oil company. She discussed the idea of balancing competing ideas, and shared that the House was taking a multi-faceted approach to a fiscal plan. She thought there were others that thought changes to the oil tax system must come first. She stated that the House was trying to address the situation and make some modest changes, which might make people more comfortable about other proposals in the fiscal plan.

Co-Chair MacKinnon asked about the cuts that were part of the House's plan, and asked if there had been a reduction in payment of the tax credits.

Representative Tarr answered in the affirmative, and qualified that the cut was to reduce the tax credit payments to the statutory minimum.

Co-Chair MacKinnon asked about the amount of the cut.

Representative Tarr recalled that the amount was \$37 million. She wanted to double check the figures.

[9:24:35 AM](#)

Senator von Imhof referred to Representative Tarr's comment about a precarious economy and business environment for producers. She noted that Representative Tarr had acknowledged that paying some of the tax credits was important, and referenced her complete fiscal plan that

included an income tax. She asked if Representative Tarr felt that taking money from a precarious economy was in the best interest of paying for tax credits. She wondered how an income tax, in the context of the House's treatment of tax credits, would not put the state's economy into a tailspin.

Representative Tarr stated that the House had tried to work closely with the Legislative Finance Division (LFD) and the Department of Revenue (DOR) to consider different proposals. She stated that relative to the bill proposal, nothing would change the obligations that would be due because of the taxes being on a calendar year. The effective date of the bill was January 1, 2018; and everything that continued through the 2017 would be under the current tax credit system. She thought if some of the tax credits were not paid, it might be more challenging for smaller companies.

Representative Tarr continued discussing a potential income tax; and stated that she had been told that for every \$100 million in budget cuts that were made, there would be about \$1000 to \$1,200 jobs lost from the public sector. Additionally, there would thousands more lost in the private sector. She discussed the numbers of residents leaving the state, and recalled that 9,000 people had left Alaska the previous year. She pondered that an income tax would be the least impactful to the public, whereas deeper cuts could drive the state into a deeper recession.

Representative Tarr observed that many people's retirement accounts were still recovering from the recession in the Lower 48, while home values had not dropped significantly. She thought there was real concern that if people left the state in large numbers, it would cause house prices to drop. She argued that a 30 percent to 40 percent drop in real estate value would far exceed the \$1,500 to \$2,000 that might be paid in income tax. She noted that an income tax would also get out-of-state workers to help contribute to the state, so the burden would not be felt entirely by Alaskans. She discussed the concept of a sales tax, which she considered overly burdensome for small communities when stacked upon other local sales taxes.

[9:28:47 AM](#)

Senator Micciche thought the conversation was moving off topic. He asked if a reduction of the cashable credits was one of the four pillars of the House fiscal plan. He asked if the bill was related to one of the four pillars.

Representative Tarr answered in the affirmative.

Senator Micciche asked if one of the four pillars was a change to the oil tax structure, or specifically reductions in the exposure to cashable credits.

Representative Tarr thought the answer depended upon whom one was speaking to. She stated that reduction to exposure from cashable credits was a priority, and she hoped that all parties were in agreement. She wanted to move forward with changes to give companies time to make plans.

Co-Chair MacKinnon relayed that statute required the legislature contribute \$77 million towards paying down the tax credits. The House version of the bill had reduced the amount to \$37 million, so there had been a \$40 million cut to the small explorers that received cashable credits.

Co-Chair MacKinnon asked if there were questions regarding the structure of the bill. She knew that the interest had changed, and mentioned ring-fencing and repeal of the per-barrel credit.

[9:31:30 AM](#)

Senator Micciche thought the effective tax rate and state take under the House Resources Committee version of the bill was somewhat more balanced in relation to the consultant's advice. He thought the House Finance Committee version seemed as if there had not been a consultant involved; and that instead of going with industry and sovereign/global balance evaluation, the bill version went for more money. He asked Representative Tarr to comment on the changes that happened in the House Finance Committee.

Representative Tarr stated that working on the bill in the House Resources Committee, she had felt like more progress would be made by working within the infrastructure of SB 21. She relayed that Mr. Ruggiero had recommended using brackets off the PTV, which the committee would have worked on had time allowed. She thought that there was room to raise the overall effective tax rate. She specified that at

at an oil price of \$55/bbl, the tax rate was approximately 10 percent, while the bill would bump it up to the 13 percent range. When the House Finance Committee had considered the bill, it had built on the original conversation and put in a 15 percent tax bracket, which had changed the overall proposal.

Representative Tarr continued, explaining that the consultant had asserted there were ways to remove the per-barrel credit and GVR provisions, in aid of simplifying the system. She mentioned a provision for a dry-hole credit (as an incentive for explorers), which was eliminated in the House Finance Committee version of the bill after questions as to how it would be implemented. She summarized that there had been different approaches in what had been done in the House Resources Committee versus the House Finance Committee. She discussed the differences in revenue to the state based on the two approaches of the oil tax system at different oil price points.

Vice-Chair Bishop commented that Mr. Ruggiero had suggested that the state should have a tax regime that did not chase the price of oil.

Co-Chair MacKinnon asked if Representative Tarr had any closing thoughts for consideration of the committee.

Representative Tarr appreciated Vice-Chair Bishop's comments; and qualified that the version of the bill that passed the House used the PTV and tax brackets for the same reason. She considered that basing things off the PTV would function more independent of the price of oil. She thought the feature was worth considering. She acknowledged that the Senate Finance Committee was knowledgeable in the area of oil tax credits, and looked forward to collaborating with the members to complete the work of the session.

Co-Chair MacKinnon clarified that PTV was in reference to production tax value.

[9:36:39 AM](#)

AT EASE

[9:39:04 AM](#)

RECONVENED

SENATOR CATHY GIESSEL, addressed the Senate Committee Substitute (SCS) for HB 111(RES). She stated that the bill focused on the important issues around which the Senate had consensus. She recalled that the Senate had started work on the issue three years previously when it had observed that cash credits were a significant risk to the state. She detailed that in January of 2015, the legislature's consultant analytica had put out a white paper entitled, "The Impact of Alaska's Oil and Gas Production Tax Credits at Low Oil Prices" (copy on file under committee meeting on January 27, 2015). She stated that at the time, the Senate had recognized the risk. In the conclusion of the report the Cook Inlet capital well lease expenditure and carry-forward annual loss credits were distinguished as "the most significant" of the tax credit issue, and were worth examining in further detail.

Senator Giessel recounted that the Senate had convened the Senate Oil and Gas Tax Credit Working Group, on which four members of the committee had served. The group had also included industry, labor unions, and Native corporations. The group had addressed the significant liability faced by the state, focusing primarily on the Cook Inlet. The group had made six recommendations.

Senator Giessel relayed that the previous session, in HB 247 [oil and gas tax legislation passed in 2016], the Senate had accomplished several of the working group's recommendations to reform the state's cash tax credits. She believed that HB 111 completed the list of recommendations.

[9:41:19 AM](#)

Senator Giessel asserted that there was a continuing countdown on tax credits in Cook Inlet. She spoke to an overview of SCS CSHB 111(RES) (copy on file):

Summary of Senate CS for CS for HB 111 \C
Eliminates the state's cash exposure by ending the program of refundable oil and gas tax credits to small or new companies. Transitions to a system of carrying forward operating losses for use against future tax liability, while protecting the basic tax components in statute today.

Eliminating refundable tax credits

- Ends refundable credits statewide and repeals the tax credit fund; credits issued for work done through 2017 are refundable by appropriation instead. (Sec. 15-17, 25, 32)
- Concludes the multi-year effort to eliminate tax credits used against liability, except for the local energy source work developing in Middle Earth. (Sec. 25)
- Preserves Middle Earth credits as non-refundable, and allows the company earning the credits to apply them against the corporate income tax as well as against production tax; also, applies timelines to encourage prompt issuance of Middle Earth credits. (Sec. 2, 11, 12, 14, 26, 27)
- Ensures the expiring in-state refinery and LNG storage facility credits remain refundable through appropriation. (Sec. 3-6)
- Expands opportunities for companies holding credits to realize value of those credits by enabling credits - a company's own or purchased from another - to be used against prior liabilities once those liabilities come due. (Sec. 7, 9, 13, 28)

Senator Giessel detailed that the SCS hardened the tax floor at 4 percent against net operating losses (NOLs). Additionally, the sliding scale credit was retained, because it helped to offset the high royalty. She emphasized the importance of local energy production in areas such as the Interior. She emphasized that expanding the opportunity for credits to be used against prior liabilities would help to reduce the state's liability.

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Senator Giessel addressed the topic of transparency. She thought that transparency was created when making the credits refundable only by appropriation. She discussed an example of tax credit for seismic work, and noted that the bill placed a time limit of 120 days for the Tax Division to respond and issue a certificate for the company.

Senator Giessel continued discussing the bill summary:

Transition to carry-forward loss system while protecting SB 21 tax

- Repeals the net operating loss credit statewide. On the North Slope, shifts to a system of carrying forward lease expenditures unable to be deducted in the current year as a mechanism to recover costs, and provides non-cash support for new developments through an uplift. (Sections 10, 21, 23, 25, 29)
- Protects the tax structure in place, including a flexible floor for new oil and small producers, and affirming a hard floor against losses. (Sections 10, 23)

Miscellaneous

- Reduces the interest rate on delinquent taxes and extends the time during which interest accrues. (Section 1)

Senator Giessel relayed that consultants had been emphatic about the loss carry-forward. She emphasized that all other jurisdictions around the world allowed companies to get back their losses. She discussed uplift, which supported new developments. She detailed that DOR had communicated that it was difficult to have a separate oil and gas tax interest rate on delinquent taxes. The bill would set the interest rate for delinquent taxes at 3 percent (compounding quarterly), with no time limit for accruing interest. The language was put into the area of tax law that was for all other delinquent taxes. She thought the key elements of the bill addressed the three issues that the Senate had focused on.

[9:49:38 AM](#)

Senator Giessel reiterated that the bill opened the door for various uses of the tax credits in order to reduce the backlog, which occurred at no cost to the GF. She thought the biggest piece of the work protected the state from future cash calls by repealing the cash credit fund entirely. The NOLs moved from a credit to a deduction, which put an expiration date on the state's cash exposure. She emphasized that both consultants utilized by the Senate had recommended the change; and had suggested that to do otherwise would put Alaska at the bottom of the competitiveness ladder.

Senator Giessel continued, stating that the bill incorporated a non-cash uplift for operating losses that

were carried forward. She thought the provision gave respect to the time-value of money, and pointed out that it was only for new companies. The bill allowed for natural expiration in 5 years for the refinery and gas storage credits, which would be made only by appropriation. She emphasized that the changes in the SCS were profound, and that industry would be impacted. She believed that the legislature had heard from the industry, and it had recognized the cash risk that the state was in.

Senator Giessel addressed the third issue of concern to the Senate, and thought that a complete re-write of the state's tax policy would require significantly more time than what was available in the current legislative session. She recalled that in the past, when the legislature had written tax policy, the administration had come forward with its own consultant; and the legislature had robust, experienced consultants rather than just the two that were presently retained. She stated that policies in SB 21 were retained in the SCS with minor changes; such as hardening the floor.

Senator Giessel stated that the consensus in the Senate stood on four pillars of tax policy: the tax must be fair to Alaskans and to business, the tax must encourage new production, the tax must be balanced, and the tax must be durable for the long-term. She thought the bill was balanced in protecting the state while allowing companies to carry forward their losses.

[9:53:15 AM](#)

Senator Giessel asserted that the bill was neutral, in that it levelled the playing ground for all the companies. She thought the bill was a way to end cashable credits, with a clear policy rather than vetoes. She relayed that the Senate had been very concerned that the policies were in the best interested of Alaska's families, businesses, and jobs.

Senator Giessel relayed an anecdotal story about an elderly woman concerned about a proposed income tax. She thought rewriting tax policy in the last days of an extended session was not appropriate, and informed that the Senate had focused only on the cashable credits. She asserted that if the administration had moved the goalpost, and was now asking for a complete tax policy rewrite and an increase in

taxes, she thought it would require significantly more discussion.

Co-Chair MacKinnon referred to her earlier question to Representative Tarr relating to paying of cashable tax credit liability. She thought the Senate Resources Committee version of the bill proposed to start paying down the liability.

Senator Giessel answered in the affirmative. She explained that the bill began the process of reducing the outstanding cashable credit liability by allowing companies to either use the credits on assessed tax liability or (in the case Middle Earth) to allow for deduction of outstanding cash credits from corporate income tax.

Co-Chair MacKinnon discussed NOLs and shared that the consultant hired by the Legislative Budget and Audit committee had suggested that around the world, 100 percent of loss carry-forwards were allowable in keeping the state competitive in the global market. She thought the bill coming from the other body had a condition of seven years, and a ten percent reduction; she believed it was in aid of encouraging earlier production. She asked Senator Giessel to address carry-forward losses.

Senator Giessel recalled slides shown by Mr. Ruggiero, which had addressed lost NOLs, and had emphasized that it was critical that 100 percent of the loss carry-forwards should be recoverable by companies. He had demonstrated multiple ways that the value was lost, and the Senate had taken the advice and incorporated it into the bill. She stated that 100 percent of the losses would be recoverable in the bill version she was presenting.

[9:58:01 AM](#)

Senator Micciche did not know that all Alaskans understood how federal tax code worked. He discussed a hypothetical situation under which he started a business (with expenses) and federal tax code allowed for carrying the losses forward. He emphasized that loss carry-forwards were not unusual.

Senator Giessel concurred, and thought that the practice merely sounded unusual because it had not been done in SB 21, and the state had been offering cash for the NOLs. She

stated that the consultant had been clear in that he did not know of any other jurisdiction in the world that gave cash for the credits.

Senator Micciche clarified that the NOLs being discussed were for the smaller producers, but were also part of the large taxpayers. Mr. Ruggiero had discussed the importance of the losses being 100 percent used and useful. He emphasized that carry-forward losses were commonly used in a net tax system.

Co-Chair MacKinnon asked if SB 21 had created cashable credits.

Senator Giessel believed that cashable credits were first established in Alaska's Clear and Equitable Share Act (ACES). She recounted that SB 21 had begun to reduce the credits, but left some in place; while HB 247 had removed the majority of the credits for Cook Inlet. The removal had not been fully implemented, and the proposed bill would complete the process.

[10:01:17 AM](#)

AT EASE

[10:05:56 AM](#)

RECONVENED

Senator von Imhof thanked Senator Giessel for her work on the bill. She thought the bill accomplished a balance. She appreciated a summary of the work done by the task force. She agreed that it was important to find a way to pay down the tax credit liability over time, and she thought the bill would accomplish the goal in a thoughtful and systematic manner. She thought the bill protected and promoted oil production on the North Slope. She agreed with the Senator's comment that addressed changing the overall tax structure.

Senator von Imhof referred to Mr. Ruggiero's comment about the complexity of the oil and gas tax system, and that it was worth examining. She thought the topic was worth a discussion in a larger context. She was happy to be part of the legislation, and thought it addressed the issue of tax credits.

Senator Giessel pointed out that the Legislative Budget and Audit Committee was in the process of offering a request for proposal for legislative consultants on the topic of oil and gas taxes. She clarified that the legislature was preparing to address the entire oil and gas tax system, but was not prepared at present.

Senator Giessel pointed out that the previous year the legislature had requested a report from DOR on which credits were being paid off under HB 247 (copy on file). She informed that the report had been delivered the previous day. She drew members attention to the report, and noted that it would specify which payments had been made under the AS 463.55.028 Tax Credit Fund the previous year.

Co-Chair MacKinnon asked if Senator Giessel could provide a copy of the report.

Co-Chair MacKinnon thanked Senator Giessel for introducing the SCS.

Co-Chair MacKinnon thanked the House and Senate Resources Committees for their perspective on addressing challenges and looking at cashable credits. She asked Senator Micciche to speak to a timeline of different taxes.

10:09:56 AM

Senator Micciche spoke to the frequency of change in tax policy as the legislature and the administration tried to pursue various goals. He recalled that in 2006, the Petroleum Production Tax (PPT) had a \$25 million per-company cap. In 2007, ACES created the Tax Credit Fund, which had the same goal as the Cook Inlet Recovery Act passed in 2010; and was to entice smaller companies into the marketplace. He was not sure of the degree of success of the act. He stated that all the credits were heavily supported by both sides of the aisle. He recalled that the previous year HB 247 had limited credits to \$70 million per company, and there was a discount for early payment that dropped the liability somewhat.

Senator Micciche thought that as the legislature moved forward in tax policy, it was important to consider that some efforts had unintended consequences. He thought the state had learned a lesson and was trying to correct the situation.

#

ADJOURNMENT

10:12:09 AM

The meeting was adjourned at 10:12 a.m.