

SENATE FINANCE COMMITTEE

April 23, 2018

9:04 a.m.

9:04:53 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Anna MacKinnon, Co-Chair  
Senator Click Bishop, Vice-Chair  
Senator Peter Micciche  
Senator Donny Olson  
Senator Gary Stevens

MEMBERS ABSENT

Senator Natasha von Imhof

ALSO PRESENT

Representative Steve Thompson, Sponsor; Rob Earl, Staff, Representative Wool; Juli Lucky, Staff, Senator Anna MacKinnon; Alexei Painter, Legislative Finance, In Room; Mike Barnhill, Deputy Commissioner, Department of Revenue; Representative Justin Parish, Sponsor; Kelly Cunningham, Analyst, Legislative Finance Division; Doug Wooliver, Deputy Administrative Director, Alaska Court System; Representative Chuck Kopp, Sponsor; Tim Clark, Staff, Representative Edgmon; Representative Jonathan Kreiss-Tomkins, Sponsor; Representative Neal Foster, Sponsor; Jane Pierson, Staff, Representative Foster; Tim Mearig, Facilities Manager, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

Margaret Brodie, Director, Division of Healthcare Services, Department of Health and Social Services; Taylor Winston, Office of Victims' Rights, Alaska Legislature; April

Wilkerson, Director, Administrative Services, Department of Corrections.

SUMMARY

SSHB 147 PUBLIC ACCOUNTING

SSHB 147 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1(CED).

CSHB 176(FIN)

EMER. MEDICAL TRANSPORT SERVICE PAYMENTS

CSHB 176(FIN) was REPORTED out of committee with a "do pass" recommendation and with two previously published fiscal impact notes: FN 3(DHS) and FN 4(DHS).

CSHB 212(RLS)

REAA & SMALL MUNI SCHOOL DISTRICT FUND

CSHB 212(RLS) was HEARD and HELD in committee for further consideration.

CSHB 213(FIN)(efd fld)

PUBLIC SCHOOL TRUST FUND

SCS CSHB 213(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Education and Early Development, one new fiscal impact note for the Department of Education and Early Development from the Senate Finance Committee, and one previously published fiscal impact note from the Department of Education and Early Development.

CSSSHB 216(FIN) am

CRIMES;RESTITUTION;DIVIDEND FUND

CSSSHB 216(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Corrections; and a new fiscal impact note from the Legislature; and with seven previously published fiscal notes, three zero notes:

FN2(DHS), FN3(DHS), FN8(LAW); three with fiscal impact: FN7(REV), FN9(ADM), FN10(ADM/FUND CAP); and one indeterminate note: FN 13(AJS).

CSHB 267(RES)

RELEASE HUNTING/FISHING RECORDS TO MUNI

CSHB 267(RES) was HEARD and HELD in committee for further consideration.

HB 400 FEES FOR FIRE PREVENTION MEASURES

HB 400 was REPORTED out of committee with a "no recommendation" recommendation and with one new fiscal impact note from the Department of Public Safety.

#hb147

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 147

"An Act relating to the Board of Public Accountancy; relating to the licensure of public accountants; and relating to the practice of public accounting."

[9:05:57 AM](#)

Co-Chair MacKinnon relayed that the bill was presented on April 18, 2018; and the public hearing was opened and closed.

REPRESENTATIVE STEVE THOMPSON, SPONSOR, offered a Sponsor Statement:

SSHB 147 is a bill that updates the statutes in Title 8 (Business and Professions), Chapter 4 (Accountants).

The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) provided the Alaska Board of Public Accountancy under the Department of Commerce, Community, and Economic Development with a summary of areas where the Alaska statutes and regulations for public accountancy differ from the Uniform Accountancy Act or AICPA's Code of Professional Conduct.

The proposed statute changes will align the Alaska statutes and regulations for public accountancy with these national organizations.

Many of the changes in the bill are housekeeping items. Some changes expand existing language to provide more information or clarity, while other changes remove unnecessary language or condense it.

Senator Olson asked whether older accountants had displayed resistance to the regulation changes.

[9:08:37 AM](#)

Representative Thompson stated that he had not encountered opposition to the bill.

[9:09:21 AM](#)

Vice-Chair Bishop MOVED to report SSHB 147 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SSHB 147 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1(CED).

[9:09:49 AM](#)

AT EASE

[9:11:13 AM](#)

RECONVENED

#hb176

CS FOR HOUSE BILL NO. 176(FIN)

"An Act relating to medical assistance reimbursement for emergency medical transportation services; and providing for an effective date."

[9:11:13 AM](#)

Co-Chair MacKinnon offered a brief history of the bill. The public hearing had been opened and closed.

ROB EARL, STAFF, REPRESENTATIVE WOOL, stated that the bill directed the department to develop a program that would

provide supplemental reimbursement to eligible air, ground, or water emergency medical transportation services for the cost of transporting Medicaid assistance recipients.

Co-Chair MacKinnon asked about the frequency with which municipalities would be reimbursed.

MARGARET BRODIE, DIRECTOR, DIVISION OF HEALTHCARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), responded that municipalities would be reimbursed quarterly, at the minimum.

Vice-Chair Bishop MOVED to report CSHB 176(FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSHB 176(FIN) was REPORTED out of committee with a "do pass" recommendation and with two previously published fiscal impact notes: FN3(DHS) and FN4(DHS).

[9:13:55 AM](#)

AT EASE

[9:15:20 AM](#)

RECONVENED

#hb213

CS FOR HOUSE BILL NO. 213(FIN) (efd fld)

"An Act relating to the investment, appropriation, and administration of the public school trust fund."

[9:15:20 AM](#)

Co-Chair MacKinnon discussed a brief history of the bill. The public hearing had been opened and closed.

Vice-Chair Bishop MOVED to ADOPT proposed committee substitute for CSHB 213(FIN), Work Draft 30-LS0765\T (Wallace, 4/18/18).

Co-Chair MacKinnon OBJECTED for discussion.

JULI LUCKY, STAFF, SENATOR ANNA MACKINNON, explained that the CS reflected one change to the bill that could be found

on Page 2, line 23, where the percentage had been update to 5 percent.

ALEXEI PAINTER, LEGISLATIVE FINANCE, stated that the impact of the bill would be to increase the draw by approximately \$1.4 million in FY 19, which was in the general range of POMV draws.

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

MIKE BARNHILL, DEPUTY COMMISSIONER, DEPARTMENT OF REVENUE, concurred with the change to the bill as described by the previous testifiers.

Co-Chair MacKinnon asked whether

Mr. Barnhill answered in the affirmative.

[9:18:34 AM](#)

Senator Olson queried the lifespan of the corpus of the Public School Trust Fund.

Mr. Barnhill replied that the trust was intended to be of indefinite duration. The trust would last forever if it was managed appropriately, which meant maintaining the inflation adjusted value of deposits. He assured the committee that the trust had a substantial financial cushion at \$650 million and a 5 percent draw over the next 10 years should not reduce the cushion below the inflation adjusted value of the fund.

[9:20:20 AM](#)

Senator Olson asked whether the same would be true when considering the legislature's penchant for spending.

Mr. Barnhill thought that the legislature had multiple sets of stakeholders to which it was responsible. He believed that in the end the legislative process resulted in prudent expenditures, particularly in the case of trust funds. He relayed that there were fiduciary duties that applied to the fund and he felt that it would be unlikely that the legislature would intentionally overspend from a fund for which fiduciary duties applied.

[9:21:10 AM](#)

Senator Stevens asked whether the department would always have a better turnover on investments than the APFC.

Mr. Barnhill answered in the negative. He spoke highly of the investment management staff at APFC and at the Department of Revenue. He stated that you could beat the market some of the time, but it was unlikely that you could beat it all the time. He said that the challenge of all investment professionals was to stay ahead of the game as much as possible but sometimes the challenges could be insurmountable.

Co-Chair MacKinnon asked Mr. Barnhill to explain the revenue stream that went to the Public School Trust Fund.

Mr. Barnhill elaborated that there was a 1 percent revenue stream that was dedicated to the fund by statute. He elaborated that the revenue stream had come in annually since 1978, which had contributed to the sizeable balance.

Co-Chair MacKinnon added that it had been difficult to calculate income from the fund and to anticipate what could be used in any given budget. She said that the method in the bill would provide a clear path for the legislature to understand the funds available and the "up to" amount.

[9:23:30 AM](#)

REPRESENTATIVE JUSTIN PARISH, SPONSOR, stated that the bill would modernize the Public School Trust Fund by bringing it up to the current standard to allow a larger sustainable draw and a high rate of earnings.

Co-Chair MacKinnon asked whether the sponsor wanted to speak to the changes in the cs.

Representative Parish commented that the change fell within the industry standard.

[9:24:54 AM](#)

Vice-Chair Bishop MOVED to report SCS CSHB 213(FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS CSHB 213(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Education and Early Development, one new fiscal impact note for the Department of Education and Early Development from the Senate Finance Committee, and one previously published fiscal impact note from the Department of Education and Early Development.

9:25:18 AM

AT EASE

9:27:06 AM

RECONVENED

#hb216

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 216(FIN) am

"An Act relating to restitution; relating to the office of victims' rights; relating to transfers from the dividend fund; creating the restorative justice account; relating to appropriations from the restorative justice account for services for and payments to crime victims, operating costs of the Violent Crimes Compensation Board, operation of domestic violence and sexual assault programs, mental health services and substance abuse treatment for offenders, and incarceration costs; relating to contributions from dividends; relating to delinquent minors; and providing for an effective date."

9:27:06 AM

Co-Chair MacKinnon gave a brief history of the bill. She noted public testimony had been opened and closed.

9:28:01 AM

AT EASE

9:30:59 AM

RECONVENED

KELLY CUNNINGHAM, ANALYST, LEGISLATIVE FINANCE DIVISION, discussed the fiscal notes. She discussed FN2, OMB Component Number 3099, DHSS, Behavioral Health, Behavioral Health Treatment and Recovery; the note had zero fiscal impact. She continued to FN13, OMB Component Number 769, ACS, Alaska Court System, Administration and Support; the

note was indeterminate and little fiscal impact was expected.

[9:33:21 AM](#)

DOUG WOOLIVER, DEPUTY ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM, stated that FN13 was indeterminate, as the department did not know whether the legislature would appropriate money to pay restitution. He said that should the legislature appropriate a substantial amount of money to the Office of Victims Rights for purposes of paying restitution, it would have a fiscal impact on the system. He said that if a person would be hired to do the work there would currently be no work to do.

Co-Chair MacKinnon asked for the cost of the position.

Mr. Wooliver stated that originally a half-time position was considered at \$35 thousand annually. A full-time position would be closer to \$75 or \$80 thousand annually.

[9:35:04 AM](#)

Ms. Cunningham addressed FN11, OMB Component Number 2952, Department of Corrections (DOC), Health and Rehabilitation Services. The note contained that largest fund change of the set of notes. The bill would change the PFD Criminal fund to the Restorative Justice fund, the bulk of the PFD criminal funds were in DOC, which meant that the \$11 million fund change and the \$430 thousand UGF would keep DOC whole. Another fiscal note in the packet would reflect the reflect a decrease in UGF for DOC. She said that the net UGF total of all the fiscal notes was \$262.5 thousand.

Co-Chair MacKinnon asked whether the bill would result in a change in regulation.

Ms. Cunningham responded that she could not speak to the question.

Senator Micciche observed that the bill would change the order of distribution. He wondered whether DOC programs would suffer decreased funding because of the fund change.

Ms. Cunningham replied that the bill listed the percentages of distribution by priority, DOC was the fifth on the list. She stated that the allocation would appropriate much of

the fund to DOC healthcare. She said that the bill set up guidance for future appropriations and DOC would not experience a significant fund change.

Co-Chair MacKinnon stated that the answer to Senator Micciche's questions was yes. She said that DOC would become less of a priority for payment out of the fund, that the bill prioritized victims over felons. She explained the priority list on the fiscal note:

This bill establishes a new priority order for allocation of these funds as follows:

1. Crime Victim Compensation Fund (AS 18.67.162)
2. Office of Victim's Rights for payments to victims
3. Nonprofit organizations to provide grants for mental health and substance abuse services
4. Nonprofit organizations to provide grants for services for crime victims and domestic violence and sexual assault programs
5. Programs in the Department of Corrections

[9:39:18 AM](#)

Senator Micciche stated he prioritized victim's over the corresponding perpetrators. He thought it was difficult to understand the full impact of the fiscal notes.

Ms. Cunningham addressed FN 10, OMB Component Number 2936, Fund Capitalization, Crime Victim Compensation Fund. She stated that FN9, OMB Component 2694, Department of Administration (DOA), Violent Crimes Compensation Board, was to be considered in conjunction with FN10. She pointed out that FN 10 showed \$1.2 million from the new fund replacing \$1 million of the PFD criminal fund, leaving a net of \$178.7 thousand. Those net funds would be appropriated to the Violent Crimes Compensation Board who would then distribute those funds to victims of violent crimes.

Senator Micciche understood the total fund shift was \$178.7 thousand.

Ms. Cunningham answered in the affirmative.

[9:41:52 AM](#)  
AT EASE

[9:48:40 AM](#)

RECONVENED

Co-Chair MacKinnon solicited further questions on FN9 and FN10.

Ms. Cunningham addressed FN12, OMB Component 2769, Legislature, Office of Victims Rights. She detailed that the note reflected a \$251.4 thousand of the new fund, with an offsetting \$167.6 in UGF, that would give the office \$83.8 thousand to fund a one-time position. The position was needed to transfer the data base from the judiciary and to update all restitution records so that restitution payments could be coordinated.

Co-Chair MacKinnon observed that there was no note pertaining to associated regulation change. She thought that the changes were in funding source alone and would not require regulation changes. He hoped someone could speak to the question of regulation changes.

Ms. Cunningham understood that the temporary position would be entering records from the judiciary so that they could coordinate payments.

Co-Chair MacKinnon read from the fiscal note:

FY19 One-Time Increment: A full-time, nonpermanent employee at a Range 13 would be needed for one year (12 months) to perform data entry and establish electronic files for all restitution judgements with unpaid balances; the Court System statistics indicate that there are 20,000 restitution judgments with unpaid balances.

[9:51:11 AM](#)

Ms. Cunningham addressed FN7, OMB Component 981, Department of Revenue (DOR), Permanent Fund Dividend Division. She relayed that the note reflected \$20 thousand in UGF for FY19 for the division to take care of programming needs. The costs went down \$5 thousand in the out years and maintained a \$15 thousand base.

Co-Chair MacKinnon noted that PFD had testified that their costs were unknown until they knew the volume of the payments.

Vice-Chair Bishop interjected that the bill would require a change in regulation.

[9:52:15 AM](#)

Ms. Cunningham addressed FN8, OMB Component Number 2717, Department of Law (LAW), Commercial and Fair Business. The note had zero fiscal impact.

Ms. Cunningham addressed FN3, OMB Component Number 2134, Department of Health and Social Services, Juvenile Justice, Probation Services. The note had zero fiscal impact.

Co-Chair MacKinnon commented that there were remaining administrative questions that pertained to the fiscal notes.

[9:53:03 AM](#)

Co-Chair MacKinnon stated that the committee had further questions concerning the fiscal notes.

REPRESENTATIVE CHUCK KOPP, SPONSOR, hoped to answer the questions.

Co-Chair MacKinnon noted that the questions needed to be answered by the administration.

HB 216 was HEARD and HELD in committee for further consideration.

#hb267

CS FOR HOUSE BILL NO. 267(RES)

"An Act requiring the release of certain records relating to big game hunters, guided hunts, and guided sport fishing activities to municipalities for verification of taxes payable; and providing for an effective date."

[9:54:16 AM](#)

Co-Chair MacKinnon gave a brief history of the bill. She noted that public testimony had been opened and closed.

TIM CLARK, STAFF, REPRESENTATIVE EDGMON, offered a sponsor statement:

For boroughs and other municipalities that bring in revenues through levies on fish and game guiding, CSHB267(RES) will provide a tool to help confirm that activities within their jurisdictions subject to taxation are being accurately reported to them. The bill would allow municipalities access to certain records collected by the state that relate to big game hunters, guided hunts, and guided sport fishing for the purpose of verifying taxes payable. All such information would remain confidential.

The access that CSHB267(RES) permits municipalities is modeled after long-existing provisions in AS 16.05.815(a)(4) and AS 43.75.133, both of which allow local governments to review certain records, reports, and returns to verify payment of local commercial fishing taxes.

With state-government cutbacks resulting in greater responsibilities and costs being borne by local governments, all necessary resources should be made available to our municipalities to ensure they are receiving the revenues due to them according to their local ordinances.

Co-Chair MacKinnon summarized that the bill was for municipalities trying to collect sales tax from individuals.

Mr. Clark stated that the tax would take the form of a per-person, per-day fee. He used the example of the Lake and Peninsula Borough where a charge of \$3, per-person, per day was charged to clientele. He likened it to a hotel bed tax.

Vice-Chair Bishop discussed FN1, OMB Component 473, Department of Fish and Game, Wildlife Conservation. The note reflected zero fiscal impact. He read from the analysis:

Hunting log and registration records that would be released to municipalities under this legislation are

handled entirely by the Department of Commerce, Community, and Economic Development (DCCED), Division of Corporations, Business, and Professional Licensing, Big Game Commercial Services Board.

Vice-Chair Bishop addressed FN2, OMB Component 2360, Department of Commerce, Community, and Economic Development, Corporations, Business and Professional Licensing. The projected cost for FY19 was \$7,700. He read from the analysis:

If the bill passes the following expenses will be incurred:

Services:

\$2.7 (regulations project)

\$5.0 (information technology costs to create reports from the licensing database)

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.

Vice-Chair Bishop addressed FN4, OMB Component 464, Department of Fish and Game, Sport Fisheries. The note reflected a fiscal impact in FY19 of \$9,100. He recommended that each member read the attached analysis.

[10:00:11 AM](#)

AT EASE

[10:02:12 AM](#)

RECONVENED

Co-Chair MacKinnon referenced FN4. She explained that under the "Changes in Revenue" line the code 1251, Non-UGF (Other) would be stricken and amended to reflect 1005, GF/Program DGF.

There being NO OBJECTION, it was so ordered. FN 4 was amended

Senator Micciche wondered whether the change would alter the fiscal impact of the note.

Co-Chair MacKinnon replied in the negative. She explained that the fund source would be changed, but not the actual numbers.

Senator Micciche pointed to a letter from the Big Game Commercial Services Board that had expressed confidentiality concerns.

Mr. Clark stated that every concern that was brought forward by the board had been amended in the other body.

[10:06:05 AM](#)

Senator Micciche asked whether the sponsor had received an updated letter from the board.

Mr. Clark responded in the negative. He said that he had received assurances from guided hunting associations, associated with the board, that the board was not concerned about the impacts of the legislation.

Co-Chair MacKinnon announced that confirmation on the matter should be made with the board.

CSHB 267(RES) was HEARD and HELD in committee for further consideration.

#hb400

HOUSE BILL NO. 400

"An Act relating to the collection of fees by the Department of Public Safety for fire and explosion prevention and safety services."

[10:06:52 AM](#)

Co-Chair MacKinnon gave a brief history of the bill. The public hearing on the bill had been opened and closed.

Vice-Chair Bishop addressed a new fiscal note from the Department of Public Safety. He read from the analysis:

Should this bill pass, DPS would immediately begin the regulation process to establish the fee amounts for these services. Though the fee amounts will not be finalized until completion of the regulation process,

the following amounts are suggested as a potential starting point:

Fire Inspections - \$50 per hour with a one-hour minimum. DFLS anticipates the average inspection to take two hours. The goal is to accomplish 1,500 inspections per year; but currently 500 is more likely. Considering 500 two-hour inspections per year at \$50 per hour, the estimated annual revenue would be \$50,000.

Fire Systems Technician Permits - \$150 for a 3-year permit. There are currently 535 active permit holders. Permit renewals are staggered resulting in an average of 178 permit renewals per year. The estimated annual revenue from issuance of these permits would be \$26,700.

Fire Extinguisher Technician Permits - \$100 for a 3-year permit. There are currently 231 active permit holders. Permit renewals are staggered resulting in an average of 77 permit renewals per year. The estimated annual revenue from issuance of these permits would be \$7,700.

Based on the analysis above, the total estimated annual revenue would be \$84,400. The actual fee amounts will not be known until the regulations process is completed. FY2019 revenue is estimated at \$42,200 based on the anticipated effective date of the regulations.

[10:09:37 AM](#)

AT EASE

[10:10:00 AM](#)

RECONVENED

Co-Chair MacKinnon introduced the bill sponsor.

REPRESENTATIVE JONATHAN KREISS-TOMKINS, SPONSOR, stated that the bill came out of the House Finance Subcommittee process in which the Department of Public Safety made a recommendation during the subcommittee process. He shared that the bill broadens the services that Fire and Life Safety could offer and their ability to collect fees for those services.

Vice-Chair Bishop MOVED to report HB 400 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 400 was REPORTED out of committee with a "no recommendation" recommendation and with one new fiscal impact note from the Department of Public Safety.

[10:12:17 AM](#)

AT EASE

[10:14:47 AM](#)

RECONVENED

#hb212

CS FOR HOUSE BILL NO. 212(RLS)

"An Act relating to funding for school construction and major maintenance; relating to the regional educational attendance area and small municipal school district fund; and providing for an effective date.

[10:14:47 AM](#)

Co-Chair MacKinnon read the title of the bill.

[10:15:22 AM](#)

AT EASE

[10:15:44 AM](#)

RECONVENED

REPRESENTATIVE NEAL FOSTER, SPONSOR, offered a brief Sponsor Statement:

House Bill 212 expands the Regional education attendance area and small municipal school district fund to include major maintenance in addition to new school construction.

The Regional education attendance (REAA) fund was established during the 2010 legislative session. This fund was created to provide equity in school construction funding for rural Alaska pursuant to the Kasayulie decision. This new fund created a funding stream to pay for prioritized REAA projects on the department's annual Capital Improvement Project (CIP) school construction list. In 2013 small municipal

school districts were included in the REAA fund, as qualified under AS 14.11.025.

HB 212 would allow for REAAs and small municipal school districts to fund major maintenance as well as school construction under AS 14.11.030, the regional educational attendance area and small municipal school district fund.

JANE PIERSON, STAFF, REPRESENTATIVE FOSTER, discussed the Sectional Analysis (copy on file):

Section 1. Amends AS 14.11.030 - The regional education attendance area and small municipal school district fund (a) to include major maintenance as well as new school construction.

Sec. 2. Amends AS 14.11.030(b) To clarify that the maximum statutory fund balance should be calculated to include only the unexpended and unobligated balance of the REAA fund.

Sec. 3. Adds a new sub-section (e) to AS 14.11.030 that states that up to 20% of the available fund balance in a fiscal year can go to school maintenance.

Sec. 4. Amends AS 14.11.035 The Report on School Construction and Major Maintenance Funding to include reporting on state aid for major maintenance.

Sec. 5 Adds an effective date of July 1, 2021

[10:18:04 AM](#)

Co-Chair MacKinnon asked about the July 1, 2021 effective date.

Ms. Pierson referenced Attachment 3 in the bill packet (copy on file). She noted that there were three schools on the list that carried large monetary amounts. The intent of the effective date was to make sure that the true nature of the fund, to fund new school construction, was preserved.

Representative Foster thanked the committee.

Co-Chair MacKinnon OPENED public testimony.

Co-Chair MacKinnon CLOSED public testimony.

[10:19:43 AM](#)

Vice-Chair Bishop discussed FN1, OMB Component 2737, Department of Education and Early Development, School Finance and Facilities. He read from the analysis:

The bill will require changes to regulations to identify the priority lists, which currently is just the School Construction Grant Fund list and the Major Maintenance Grant Fund list. It is anticipated that necessary regulation changes could occur with current staffing.

There is no fiscal impact to the department under this bill.

Co-Chair MacKinnon returned to her query into the effective date, and maintenance funds. She wondered why the bill would hold off on implementation until 2021.

TIM MEARIG, FACILITIES MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, understood that sponsor wanted to preserve the priority of large projects on the school construction list.

[10:23:31 AM](#)

Senator Olson voiced the same concern that there was three additional years of facility deterioration to consider with an effective date of 2021. He mentioned climate change and geographic weather concerns.

[10:24:15 AM](#)

AT EASE

[10:28:07 AM](#)

RECONVENED

Co-Chair MacKinnon reminded that the committee was discussing HB 212.

Vice-Chair Bishop commented that the committee had a recurring conversation regarding standardization of school construction. He considered the importance of crafting a standardization policy for school construction.

Co-Chair MacKinnon commented that the committee had asked inserted intent language that requested that the department investigate standardization of school construction and the

department had responded, through the Legislative Budget and Audit process, that it was not cost effective. She believed that standardization would save the state money. She noted that there were 4 new schools in rural Alaska that would benefit from standardization in the way of cost savings to the state.

Mr. Mearig stated that the department did encourage standardization, and districts were making efforts to optimize the operation and maintenance on facilities.

Co-Chair MacKinnon relayed that she served on a committee and appreciated public participation. She had offered a bill that stopped architects from being able to bid on construction of state buildings put forth in contests. She felt that standardization of the building design would lead to more cost-effective construction and maintenance.

CSHB 212(RLS) was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon announced a recess and discussed housekeeping.

[10:33:23 AM](#)

RECESSED

[11:06:07 AM](#)

RECONVENED

#hb216

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 216(FIN) am

"An Act relating to restitution; relating to the office of victims' rights; relating to transfers from the dividend fund; creating the restorative justice account; relating to appropriations from the restorative justice account for services for and payments to crime victims, operating costs of the Violent Crimes Compensation Board, operation of domestic violence and sexual assault programs, mental health services and substance abuse treatment for offenders, and incarceration costs; relating to contributions from dividends; relating to delinquent minors; and providing for an effective date."

[11:06:24 AM](#)

Co-Chair MacKinnon brought the bill before the committee. She stated that the committee had two questions pertaining to the fiscal notes.

Co-Chair MacKinnon drew attention to FN12.

TAYLOR WINSTON, OFFICE OF VICTIMS' RIGHTS (OVR), ALASKA LEGISLATURE (via teleconference), discussed FN12. She explained that in order to provide restitution assistance through the Restorative Justice account to victims the administrative code and statute would need to be updated. She said that the fiscal note focused primarily on a one-time cost for a one-year, non-permanent position to complete the work on the restitution case management system. She added that additional costs for electronic case management.

Co-Chair MacKinnon asked whether the fiscal note needed amending to reflect additional capital cost to support the software system.

Ms. Winston understood that the fiscal note reflected the cost of \$83,000 for staffing, approximately \$5,000 for computer related costs, and \$1000 for the printing of information to be distributed to various entities for informational purposes.

[11:09:54 AM](#)

Co-Chair MacKinnon summarized the fiscal note and asked whether the note would need to be updated to reflect the statute change.

Ms. Winston affirmed that statutory change would be needed to reflect language that authorized the office to help victims with the restorative justice account.

Representative Kopp had not heard of a need for additional statutory change. He disagreed with Ms. Winston and announced that OVR had broad authority in statute to assist victims with representation in court and in the return of property hearings. He stated that the Department of Administration, and not OVR, would not be writing the checks. He asserted that OVR would set priority order of victims presenting who were due restitution. He did not believe that it was necessary to amend the bill.

11:12:24 AM

Ms. Winston agreed that OVR had broad jurisdiction with assisting victims with regard to restitution, generally. She believed that the office could accomplish the work without changing statute but adding the jurisdictional duties of the office to statute would be cleaner.

11:13:33 AM

AT EASE

11:14:24 AM

RECONVENED

Co-Chair MacKinnon explained that the committee had

Representative Kopp referenced page 3, Section 4 of the bill:

(c) The office of victims' rights shall adopt regulations under AS 44.62 (Administrative Procedure Act) to establish a process for payments of restitution balances from the restorative justice account established in AS 43.23.048.

Representative Kopp understood that the language in the section was enough to enable the office to carry out the duties prescribed in the bill.

Co-Chair MacKinnon requested clarification that the office would not be issuing payments.

Representative Kopp stated that the language on Line 14 dealt with OVR making eligibility decision on a priority order.

Co-Chair MacKinnon referenced FN11.

11:17:09 AM

APRIL WILKERSON, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS (via teleconference), stated that there would be no regulation changes needed for the department. She said that the fiscal note adequately represented the anticipated fiscal impact of the

legislation. She thought the fiscal note was adequately representative.

Co-Chair MacKinnon MOVED to AMEND FN 11. There being NO OBJECTION, it was so ordered.

Co-Chair MacKinnon MOVED TO AMEND FN 12. There being NO OBJECTION, it was so ordered.

Representative Kopp said that the bill would reprioritize the vehicle established by the legislature in 1988 as the Crime Victims Compensation Fund. He lamented that it had become largely the Inmate Healthcare Fund, and that a large portion would still be given to inmate healthcare, but by setting a priority order, victims were sent the message that they are considered first and foremost. He relayed that reestablishing priority order gave clear direction to the administration what the legislature considered to be the highest purpose of the fund.

[11:19:43 AM](#)

Senator Micciche understood that the maximum amount a crime victim could receive for restorative justice was \$10,000.

Representative Kopp agreed.

[11:19:58 AM](#)

Senator Olson asked how to ensure that the fund would not be spent on something other than victim's rights in the future.

Representative Kopp responded that the legislature should be vigilant and monitor the fund to be sure it was working as intended.

Vice-Chair Bishop MOVED to report CSSSHB 216(FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSSHB 216(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Corrections; and a new fiscal impact note from the Legislature; and with seven previously published fiscal notes, three zero notes: FN2(DHS), FN3(DHS),

FN8(LAW); three with fiscal impact: FN7(REV), FN9(ADM), FN10(ADM/FUND CAP); and one indeterminate note: FN 13(AJS).

11:21:15 AM

AT EASE

11:23:09 AM

RECONVENED

Co-Chair MacKinnon discussed the agenda for the following day. She informed that the committee would consider HB 267 in addition to the published agenda.

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ADJOURNMENT

11:23:47 AM

The meeting was adjourned at 11:23 a.m.