

SENATE FINANCE COMMITTEE

May 3, 2018

3:06 p.m.

3:06:24 PM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 3:06 p.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  
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Juli Lucky, Staff, Senator Anna MacKinnon; Lizzie Kubitz, Staff, Representative Matt Claman; Liz Harpold, Staff, Representative Dan Ortiz; Britteny Cioni-Haywood, Director, Division of Economic Development, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Nicole Nelson, Alaska Legal Services, Anchorage; Art Delaune, Governor's Council on Disabilities and Special Education.

SUMMARY

CSHB 76 (FSH)

MARICULTURE REVOLVING LOAN FUND

SCS CSHB 76 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Commerce, Community

and Economic Development, and one new zero fiscal note from Department of Fish and Game.

HB 106 CIVIL LEGAL SERVICES FUND

SCS HB 106(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Commerce, Community and Economic Development, and a new fiscal impact note from the Office of the Governor for Fund Transfers.

CSHB 304(FIN)

MICROLOAN REVOLVING FUND & LOANS; REPORT

SCS CSHB 304(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN 1(CED).

#hb106

HOUSE BILL NO. 106

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

[3:07:38 PM](#)

Co-Chair MacKinnon relayed that the committee had heard HB 106 on April 3, 2018; at which time the public hearing was opened and closed.

Vice-Chair Bishop MOVED to ADOPT proposed committee substitute for HB 106(FIN), Work Draft 30-LS0397\J (Radford, 4/30/18).

Co-Chair MacKinnon OBJECTED for discussion.

JULI LUCKY, STAFF, SENATOR ANNA MACKINNON, discussed the changes to the bill. She noted that the previous time the bill was heard, there had been discussion regarding the percentage of the filing fees that should be sent to the Alaska Legal Services Corporation (ALSC). She noted that the Committee Substitute (CS) increased the percent to 10 percent of court filing fees and had also made a technical change that referenced the previously closed fiscal year. The technical change had been at the recommendation of the Legislative Finance Division, in order to make clear which fiscal year filing fees were coming from.

Ms. Lucky informed that the changes to the bill necessitated two new fiscal notes.

Ms. Lucky addressed a new fiscal note (FN 5) from the Office of the Governor for Fund Transfers, with a transfer to the Civil Legal Services Fund. The FY 19 appropriation was for \$300,300; with the same amount estimated for the out years.

Ms. Lucky addressed a new fiscal note (FN 4) from Department of Commerce, Community and Economic Development; which showed a one-time appropriation of \$300,300 for FY 19. The amount would go into the base budget for the out years.

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

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LIZZIE KUBITZ, STAFF, REPRESENTATIVE MATT CLAMAN, stated that the sponsor was supportive of the changes to the bill. She reiterated that the CS would allow the legislature to appropriate up to 10 percent of filing fees received by the Court System (for the previously closed fiscal year) to the Civil Legal Services Fund. The sponsor viewed the legislation as a possible mechanism for providing more funds to ALSC.

Co-Chair MacKinnon recalled that the original bill had a 25 percent fee associated with it. The committee had doubled the fee in order to increase access in designating a larger share of the Court System receipts. She understood that 25 percent was closer to a number that was previously allocated in General Fund (GF) dollars to the Civil Legal Services Fund.

Ms. Kubitz deferred the question to staff from Alaska Legal Services. She relayed that the sponsor was supportive of the 10 percent compromise as proposed in the CS.

NICOLE NELSON, ALASKA LEGAL SERVICES, ANCHORAGE (via teleconference), relayed that ALSC received a general appropriation of \$450,000 per year that came through DCCED. Originally ALSC had thought the 25 percent of filing fees would replace the appropriation and allow ALSC to expand

its services to more Alaskans. She appreciated the compromise of 10 percent of the Court System filing fees; but emphasized the original intent was not to lower the amount of funding from \$450,000.

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Co-Chair MacKinnon referenced an additional appropriation of \$300,000 listed in the fiscal note.

Co-Chair MacKinnon explained that the fiscal note reflected an effort to stabilize funding. She thought it was unusual to allocate state revenue to an individual non-profit. She thought the extenuating factor was the need for Alaskan's access to legal services considering the abrupt rise of crime in the state. She recalled that similar legislation had not been successful in the past due to opposition to designating funds for an individual non-profit.

Vice-Chair Bishop thought the committee's action was recognizing the needs of Alaskans. He supported the bill.

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ART DELAUNE, GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION (via teleconference), spoke in support of the bill, which he felt would positively impact the state's most vulnerable constituencies. He thought the without vital legal services, low-income Alaskans with disabilities would be at risk for unfair treatment. He discussed his work as an independent living advocate and emphasized that often individuals with disabilities were at risk of unscrupulous parties. He commented on the increased number of individuals below the poverty line.

Senator Micciche commented on the volunteer service that went into ALSC. He believed the underprivileged should have access to medical care. He supported the bill.

Co-Chair MacKinnon stated that the bill was a compromise between the two bodies. It was her hope that the bill would pass the Senate.

Vice-Chair Bishop MOVED to report SCS HB 106(FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS HB 106(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Commerce, Community and Economic Development; and a new fiscal impact note from the Office of the Governor for Fund Transfers.

[3:20:22 PM](#)

AT EASE

[3:21:57 PM](#)

RECONVENED

#hb76

CS FOR HOUSE BILL NO. 76 (FSH)

"An Act relating to the mariculture revolving loan fund and loans and grants from the fund; and providing for an effective date."

[3:21:57 PM](#)

Co-Chair MacKinnon discussed the history of the bill in committee. The committee had considered a Sectional Analysis and had reviewed the fiscal notes.

Vice-Chair Bishop MOVED to ADOPT proposed committee substitute for CSHB 76, Work Draft 30-LS0343\M (Bullard, 4/25/18).

Co-Chair MacKinnon OBJECTED for discussion.

Ms. Lucky discussed the changes to the bill. She explained that the first time the committee heard the bill there had been confusion regarding loan terms, which was previously in Section 13 of the bill. She had worked with the bill drafter and Sponsor, to clarify the intent, which was now in Section 12 of the bill.

Ms. Lucky discussed an Explanation of Changes document (copy on file):

The Senate Finance CS clarifies when payments and interest accrual is required - see section 12 on page 5, lines 15-28.

- For the existing farm loans, the statute

is unchanged: the department cannot require payments for the first six years of the loan. The department has the option of providing that interest not accrue during that period.

- For the new hatchery loans: there are (1) no payments and (2) no interest accrual for the first six years of the loan. The department can extend both for the first 11 years.

The Senate Finance CS also removes the authority to make grants from the revolving loan fund. Language pertaining to grants was located on page 3, lines 8-13, of the previous bill.

Ms. Lucky understood that the CS would have no effect on the fiscal notes previously reviewed.

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

LIZ HARPOLD, STAFF, REPRESENTATIVE DAN ORTIZ, relayed that the sponsor was supportive of the changes to the bill.

Co-Chair MacKinnon asked for discussion of the fiscal note.

BRITTENY CIONI-HAYWOOD, DIRECTOR, DIVISION OF ECONOMIC DEVELOPMENT, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, stated that the fiscal note from her department was unchanged from the previous version of the bill.

Co-Chair MacKinnon asked if the bill as proposed in the CS would work for those looking for economic opportunities.

Ms. Cioni-Haywood answered in the affirmative. She explained that the CS would allow for hatchery loans to take place, which was the request of the industry.

Senator Stevens observed that the fund was small. He wondered how long the fund could continue without grants. He was concerned about continuation of the grants would reduce the years to make use of loan funds.

Ms. Cioni-Haywood agreed that the loan fund was relatively small and would need time for repayment from hatchery loans for the fund to replenish and revolve. If the money was taken out in the form of grants, the funds did not get returned and the fund would be reduced by \$4.5 million to \$5 million.

Senator Stevens assumed that the sponsor was in accord with removing the grant portion of the bill.

Ms. Harpold answered in the affirmative.

[3:29:50 PM](#)

Vice-Chair Bishop MOVED to report SCS CSHB 76(FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS CSHB 76(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Commerce, Community and Economic Development, and one new zero fiscal note from Department of Fish and Game.

[3:30:23 PM](#)

AT EASE

[3:31:51 PM](#)

RECONVENED

#hb304

CS FOR HOUSE BILL NO. 304(FIN)

"An Act relating to the Alaska microloan revolving loan fund and loans from the fund."

[3:31:51 PM](#)

Co-Chair MacKinnon conveyed that the committee had heard the Senate version of the bill on April 10, 2018. The committee had heard a presentation on the bill and had opened and closed the public hearing and had reviewed the fiscal notes.

Co-Chair MacKinnon relayed that her office heard a concern regarding the time-frame of whether the loans were

revolving or not based on the length of the loan being proposed on page 2 of the bill. She asked for committee discussion before amendments were considered. There were members who wanted a time frame of 10 years, and others that proposed 12 years.

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Senator von Imhof recalled previous discussions on the bill. She understood the state's perspective of wanting to increase the term from six years to 15 years in order to allow for cash flow to develop in the industry; as well as provide time for the borrower to afford to make payments on the loan. She referenced a lack of loan applicants and the idea that increasing the amortization schedule would increase the affordability of the loan. She considered that the longer the term, the higher the risk was for the state. She thought there could be a compromise between 10 and 15 years.

Senator Micciche stated that he was in accord with a term of twelve years. He observed that other state loan funds had significantly longer terms. He hoped to see more use of the loan fund and more economic development from the fund.

Senator von Imhof MOVED to ADOPT Amendment 1:

Page 2, line 2, following "term of"  
DELETE "15"  
INSERT "12"

There being NO OBJECTION, it was so ordered. Amendment 1 was ADOPTED.

Ms. Cioni-Haywood expressed that the department was supportive of the amendment, which still allowed flexibility within the program. There would be no associated changes to the fiscal note.

[3:36:40 PM](#)

AT EASE

[3:37:02 PM](#)

RECONVENED

Vice-Chair Bishop discussed FN 1, which was a zero fiscal note from Department of Commerce, Community and Economic

Development. He read from the Analysis on page 2 of the fiscal note:

If this legislation were to pass a regulations project would be required; the minimal costs associated can be absorbed by current budgetary authorization. There is no anticipated fiscal impact to the Division of Economic Development from this bill.

Vice-Chair Bishop MOVED to ADOPT MOVED to report SCS CSHB 304(FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SCS CSHB 304(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN 1(CED).

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AT EASE

[3:40:55 PM](#)

RECONVENED

Co-Chair MacKinnon discussed the agenda for the following day.

#

ADJOURNMENT

[3:41:39 PM](#)

The meeting was adjourned at 3:41 p.m.