

SENATE FINANCE COMMITTEE

May 8, 2018

2:03 p.m.

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CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 2:03 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Ed King, Principal Economist, King Economics, Juneau;
Barbara Huff-Tuckness, Director of Legislative and
Governmental Affairs, Teamsters Local 959, Juneau;
Representative Dan Saddler, Sponsor; Morgan Foss,
Legislative Liaison, Department of Fish and Game.

PRESENT VIA TELECONFERENCE

Ben Mulligan, Vice-President, The Alaska Chamber,
Anchorage; Marleanna Hall, Executive Director, Resource
Development Council, Anchorage; Al Barrette, Taxidermist,
Fairbanks; Tom Brookover, Director, Sport Fish Division,
Department of Fish and Game; Bruce Dale, Director, Division
of Wildlife Conservation, Department of Fish and Game;
Major Bernard Chastain, Director of Enforcement, Alaska
Wildlife Troopers.

SUMMARY

CSHB 260 (FIN) am

FISH & GAME LICENSES;ELECTRONIC FORM

CSHB 260(FIN)am was HEARD and HELD in committee for further consideration.

CSHB 331(FIN)

TAX CREDIT CERT. BOND CORP; ROYALTIES

CSHB 331(FIN) was HEARD and HELD in committee for further consideration.

#hb331

CS FOR HOUSE BILL NO. 331(FIN)

"An Act establishing the Alaska Tax Credit Certificate Bond Corporation; relating to the issuance of bonds by the Alaska Tax Credit Certificate Bond Corporation; relating to purchases of tax credit certificates and refunds and payments of tax credits; relating to the oil and gas tax credit fund; relating to overriding royalty interest agreements; providing for an effective date by repealing the effective date of secs. 2, 5, 8, 10, 31, 37, and 40, ch. 3, SSSLA 2017; and providing for an effective date."

Co-Chair MacKinnon relayed that HB 331 was heard during the morning Senate Finance Committee meeting (May 8, 2018 - 9:40 a.m.) and the bill hearing would continue with public testimony.

Co-Chair MacKinnon OPENED public testimony.

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BEN MULLIGAN, VICE-PRESIDENT, THE ALASKA CHAMBER, ANCHORAGE (via teleconference), spoke in support of the bill. He related that the Alaska Chamber supported efforts by the state to pay the credit obligations. He felt that the state had taken too long in paying off the credit obligations and opined that the action created a "negative business climate, which damaged its reputation" and threatened future investment. The chamber encouraged the committee to support the measure as a way to restore credibility among the business community.

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ED KING, PRINCIPAL ECONOMIST, KING ECONOMICS, JUNEAU, voiced support for the bill. He discussed that currently four projects were stalled by the financial constraints of the companies involved. He believed that the projects were "constrained" due in part by the expectation of receiving their earned tax credit. The companies invested in marginal oil fields due to the credit program and the investment capital was not available from the market. He indicated that the projects would remain idle until the credits were paid. He thought that evidence supported the idea that the obligations "must" be paid. He believed that the state never had a statutory obligation to pay the credits but thought that legal grounds existed to demand payment and litigation would stall the projects longer. He supported paying the credits from the perspective of resource management; getting the fields into production quickly. He felt that paying all the credits out of the state coffers would put the Permanent Fund Dividend (PFD) at risk.

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MARLEANNA HALL, EXECUTIVE DIRECTOR, RESOURCE DEVELOPMENT COUNCIL, ANCHORAGE (via teleconference), spoke in support of the bill. She explained that the Resource Development Council (RDC) was a trade association comprised of individuals and companies from the oil and gas, mining, fishing, forest products industries, and native corporations. The council believed that the bill was suitable and would help stimulate the state's economy by encouraging investment on the North Slope, deliver state revenue over the long-term, and provide more jobs. She believed in sustaining the health of the private sector. She opined that the bill would help restore Alaska's reputation as "a stable and reliable oil and gas jurisdiction." She remarked that the uncertainty regarding the payment of the tax credits has led to stalled projects. The credit payments would help the projects move forward.

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BARBARA HUFF-TUCKNESS, DIRECTOR OF LEGISLATIVE and GOVERNMENTAL AFFAIRS, TEAMSTERS LOCAL 959, JUNEAU, spoke in favor of HB 331. She related that although the bill was complicated it provided "much needed capital." She favored the changes made in the House Finance Committee that supported the Alaska workers through encouraging Alaska hires. She reported that recently many of the small

companies were hiring Alaskans and were encouraging their contractors to do the same.

Co-Chair MacKinnon CLOSED public testimony.

Co-Chair MacKinnon announced that amendments were due the following day by 9am.

CSHB 331(FIN) was HEARD and HELD in committee for further consideration.

#hb260

CS FOR HOUSE BILL NO. 260(FIN) am

"An Act relating to possession of certain licenses, tags, and permits issued by the Department of Fish and Game; and providing for an effective date."

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REPRESENTATIVE DAN SADDLER, SPONSOR, introduced the bill. He indicated that HB 260 allowed state licenses for hunting, fishing, and trapping to be displayed on digital devices, as well as in paper form. He offered that anyone who's ever tumbled into a stream while landing a king salmon or sat in the rain in a duck blind knows that paper licenses can be damaged and become worthless. He noted that the state currently allowed digital versions of car insurance as proof and digital versions of minor offence citations for court purposes. He listed the benefits of extending the capability to outdoors recreational licenses as follows:

Make it easier and more convenient for hunters, fishers and trappers to obtain and carry required licenses.

Help entice new participants in these activities, by lowering one barrier to entry.

Make Alaska a more attractive tourist destination by making it easier for visitors to get licenses.

Save money for the state and private license vendors, by reducing or eliminating printing costs.

Representative Saddler thought that the current committee substitute (CS) improved the bill by offering a peace officer examining an electronic device displaying a license with immunity from liability for damage to the device resulting from the inspection. He added that HB 260 turns the citation issued by a peace officer into a correctible or "fix-it ticket," whereby a person can nullify any violation for failure to have a license in actual possession, by presenting a valid license within 30 days. A provision was added that required fur dealers to possess a license. The bill did not cover commercial fishing or paper harvest tags. However, he believed that software developers were currently inventing smartphone-based "apps" for the items he listed. He concluded that the "bill was a small bill that provided big benefits at no costs to the state."

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Co-Chair MacKinnon requested that Representative Saddler present a Sectional Analysis.

Representative Saddler relayed the Sectional Analysis. He read the following from a Summary of Changes (copy on file) document:

- Sec. 1 - Deletes proposed new section AS 16.05.348
 - o Inserts and amends AS 16.05.330(a)
 - Includes a permit as an item a person must possess to engage legally in activities allowed in this section.
 - Deletes fur dealing from AS 16.05.330(a)(2) and inserts it in AS 16.5.330(a)(4).
 - Sec 2. - Deletes effective date clause, and inserts new subsection AS 16.05.330(f)
 - Makes failure to possess a license into a "fix-it ticket;" that is, lets a person nullify any violation for failure to have a license in actual possession while sportfishing, taking razor clams, hunting or trapping, by presenting a valid license to the office of the arresting or citing agency within 30 days of the citation.
 - Adds new subsection AS 16.05.330(g)
- o Provides that a license in possession may be in paper or electronic form.
 - Adds new subsection AS 16.05.330(h)

o Provides a peace officer examining an electronic device displaying a license with immunity from liability for damage to the device resulting from that inspection

- Sec. 3 - Inserts and amends AS 16.05.430(a) to add AS 16.05.330(f) and AS 16.05.407(b) to the list of violations exempt from general provisions establishing violations of state outdoor recreational license laws as misdemeanors

- Sec. 4 - Inserts effective date clause, making the bill take effect July 1, 2018.

Representative Saddler elaborated that Section 1 was related to fur dealing and added a fur dealing requirement to taxidermy. He specified the two exemptions in Section 3. The first exemption was on page 2, line 12 that added AS 16.05.330(f) as the fix-it provision created in Section 2 and the other, AS 16.05.407(b) was the provision related to a nonresident hunters' guide requirement, under the penalty of perjury that remained a Class B felony.

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Co-Chair MacKinnon requested clarity on use of the word "permit" on line 6 [Section 1] of the bill.

MORGAN FOSS, LEGISLATIVE LIAISON, DEPARTMENT OF FISH AND GAME, explained that the terms "tag license" or "permit" covered all types of sport or recreation fishing, hunting, or harvesting activities covered under the legislation.

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AL BARRETTE, TAXIDERMIST, FAIRBANKS (via teleconference), requested an amendment, which would remove the taxidermy license portion. He related that approximately 56 taxidermists were licensed in the state and he spoke for most of them. He felt that the annual \$100 fee did not benefit the taxidermy industry. The license fee that the Department of Fish and Game (DFG) collected did not benefit the licensee and was very "insignificant" to ADF&G's budget. He reported that taxidermists were also required by law to have a state business license and some cities also required a municipal business license. He believed that the multiple licensures were redundant and unreasonable. He furthered that currently state regulation required that a

taxidermist was licensed to sell an unclaimed finished product. The proposed amendment would not affect the regulation, as per state law, a taxidermist must possess a state business license and that satisfied the requirement. He asked the committee to consider the amendment.

Co-Chair MacKinnon CLOSED public testimony.

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Vice-Chair Bishop addressed the fiscal note. He reported that the zero fiscal note for DFG, FN1 (DFG), was allocated to the Commissioner's Office. He read from the analysis on page 2 of the fiscal note:

This bill describes how a person holding a Fish and Game sport fishing, hunting, trapping license, or Permanent Identification Card may display a valid copy (a sport fishing, hunting, or trapping license must be signed in order to be considered valid) in paper or electronic format to an enforcement agent as proof of possession. The department does not foresee that any statute or regulation currently restricts a user from displaying the actual license in either paper or electronic format, so long as the license is valid and signed.

Fish and Game regulation 5 AAC 75.006(a) requires that, (1) a nontransferable harvest record must be in possession of each person taking and retaining a finfish for which an annual limit has been established; for a licensed angler, a harvest record appears on the back of the angler's sport fishing license, a harvest record may be obtained, without charge, from department offices and fishing license vendors; (2) immediately upon landing a finfish for which an annual limit has been established, the angler shall enter the date, location (body of water fished), and species of the catch, in ink, on the harvest record.

Fish and Game regulation 5 AAC 92.010 requires that, (a) the number of each harvest ticket issued to a hunter must be entered on the hunter's license. A harvest ticket issued the previous calendar year and still valid must also be entered on the hunting license.

The department does not currently have the technological ability to offer digital recording of harvest on an electronic copy of the license. An electronic copy of a valid license would need to include the Harvest Ticket Number(s) on the original license prior to the creation of that electronic image if the user were to legally engage in those activities. If the user intends to exclusively use the electronic copy of the valid, signed license for sport fishing for a species with an established annual limit, the user would need to maintain a separate paper copy of a harvest record for the purpose of immediately recording harvest of those species.

Senator Micciche cautioned that paper copies were necessary for harvest tickets. In addition, he stated that a phone did not work properly in cold weather and advised carrying paper licenses unless an individual was engaged in daily and not multi-day hunting or fishing activities or when hunting or fishing animals that didn't require a tag. He asked DFG to confirm his conclusions.

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TOM BROOKOVER, DIRECTOR, SPORT FISH DIVISION, DEPARTMENT OF FISH AND GAME (via teleconference), agreed with Senator Micciche's conclusions. He exemplified that in areas that included recording requirements like Cook Inlet and Southeast Alaska where King Salmon had an annual limit the harvest recording was required on the back of the paper license. A sport fisher in those areas that obtained an electronic license would also need a paper copy. The department wanted to implement electronic harvest recording but was unlikely for at least another year. He added that King Salmon and other harvest tags were printed as a number at the time the license was purchased electronically so it was unnecessary to retain a paper copy of a king salmon tag as long as the individual purchased the license electronically.

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BRUCE DALE, DIRECTOR, DIVISION OF WILDLIFE CONSERVATION, DEPARTMENT OF FISH AND GAME (via teleconference), introduced himself and agreed with Senator Micciche's comments. He voiced that in the near term paper copies of

licenses were necessary for animals that required tags at the time it was hunted, which also applied to federal water fowl stamps. He noted that provisions existed allowing use of harvest recording APPS, which were currently being developed but were not currently available.

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MAJOR BERNARD CHASTAIN, DEPUTY DIRECTOR OF ENFORCEMENT, ALASKA WILDLIFE TROOPERS, DEPARTMENT OF PUBLIC SAFETY, (via teleconference), relayed that he had discussions with DFG regarding electronic licensing. Both agencies shared the same concerns that were expressed during the meeting. He was confident that working together an enforceable process to determine the validity of licenses electronically or in paper would be found.

Vice-Chair Bishop inquired whether a saved photo of the electronic license was sufficient in areas without cell phone coverage. Major Chastain replied that currently the licensee was required to have a signed copy of the license and at times individuals produced photos of licenses as evidence of licensure. He hoped that the bill would allow electronic licenses and DFG would allow a variety of presentations including an electronic photograph. However, the photograph did not include harvest reporting and he recommended taking photos of the harvest tag or reporting each time an animal was harvested.

Senator Micciche asked how Major Chastain would deal with the "dead battery scenario" for individuals using a smartphone. Major Chastain answered that Section 2 of the bill addressed the repercussions if an individual did not have a license in their possession and the provisions regarding a correctible citation. He specified that the trooper would issue a ticket and if a valid license was presented within 30 days the ticket would be voided and would not show up on the person's record.

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Senator Olson wondered whether the committee should consider the taxidermists testimony and eliminate the license requirement. Representative Saddler understood that DFG wanted to utilize the information received from the licenses to assist in enforcement against poaching. A poached big game animal would likely end up at a

taxidermist's establishment. The permit would be one more tool available to law enforcement for use against poaching.

Co-Chair MacKinnon asked for DFG's comments regarding the taxidermists licensing. Ms. Foss indicated that DFG preferred to maintain the licensing provision in statute. Currently, the statute was the only regulation the department had over the industry and granted DFG the authority to revoke licenses if illegal activities such as poaching or transferring animal parts were carried out by a taxidermist.

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Major Chastain agreed with DFG's comments. However, the wildlife troopers would comply with the enforcement measures chosen by the legislature. He pointed out that taxidermy was a commercial endeavor and wildlife troopers had cited taxidermists for illegal activity. He viewed licensing as important because it allowed the courts to evoke the privilege of performing taxidermy as a punitive measure against an individual who broke the law.

Co-Chair MacKinnon referred to Major Chastain's testimony regarding some barriers in the code, such as the requirement for an ink signature on a license. She asked whether the issue was adequately addressed in the bill or if the issue was regulatory. Major Chastain replied that the provision existed in regulation, not statute. Co-Chair MacKinnon remarked that the administration needed to address the issue.

Senator Olson deduced that since the taxidermists were licensed, the board had investigators that could revoke a member's license engaged in illegal activity. Ms. Foss deferred the answer to Mr. Dale.

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Senator Olson repeated his question concerning Major Chastain's view that the licensing provision in the bill was a significant enforcement tool. He wondered whether the licensing board carried the enforcement weight through its investigatory arm. Mr. Dale responded that the business license was not adequate and lacked the classification of taxidermy. Senator Olson felt that it unusual that the

professional licensure was not able to revoke a license for illegal activity.

Co-Chair MacKinnon announced that amendments were due by 12 noon the following day.

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Representative Saddler deduced that the taxidermy business license merely regulated the practice.

CSHB 260(FIN)am was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

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The meeting was adjourned at 2:43 p.m.