

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

April 14, 2018

3:41 p.m.

**MEMBERS PRESENT**

Senator Mia Costello, Chair  
Senator Kevin Meyer, Vice Chair  
Senator Berta Gardner  
Senator Gary Stevens  
Senator Peter Micciche

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 301(FIN)

"An Act relating to the renewal of a license involving alcoholic beverages; relating to the renewal and transfer of ownership of a beverage dispensary license or restaurant or eating place license; and relating to issuance of an outdoor recreation lodge license in a local option area."

- MOVED CSHB 301(FIN) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 170(JUD)

"An Act relating to securities, registration, exempt securities, exempt transactions, broker-dealers, agents, investment advice, investment advisers, investment adviser representatives, federal covered securities, federal covered investment advisers, viatical settlement interests, small intrastate security offerings, Canadian broker-dealers, and Canadian agents; relating to protecting older and vulnerable adults from financial exploitation; relating to administrative, civil, and criminal enforcement provisions, including restitution and civil penalties for violations; relating to an investor training fund; establishing increased civil penalties for harming older persons and vulnerable adults; relating to corporations organized under the Alaska Native Claims Settlement Act; amending Rules 4, 5, 54, 65, and 90, Alaska Rules of Civil Procedure, and Rule 602, Alaska Rules of Appellate Procedure; and providing for an effective date."

- MOVED SCS CSHB 170(L&C) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 142(FIN)

"An Act relating to unemployment insurance benefits; increasing the maximum weekly unemployment insurance benefit rate; and providing for an effective date."

- MOVED SCS CSHB 142(L&C) OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 7

Proposing an amendment to the Constitution of the State of Alaska prohibiting the imposition of a tax, the increase of an existing tax, or state retail sales taxation without the approval of the voters of the state.

- MOVED CSSJR 7(L&C) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 301

SHORT TITLE: ALCOHOL LICENSES:BEV DISP/RESTAUR./LODGE

SPONSOR(s): WOOL

01/24/18	(H)	READ THE FIRST TIME - REFERRALS
01/24/18	(H)	L&C, FIN
01/31/18	(H)	L&C AT 3:15 PM BARNES 124
01/31/18	(H)	Heard & Held
01/31/18	(H)	MINUTE(L&C)
02/14/18	(H)	L&C AT 3:15 PM BARNES 124
02/14/18	(H)	Moved CSHB 301(L&C) Out of Committee
02/14/18	(H)	MINUTE(L&C)
02/16/18	(H)	L&C RPT CS(L&C) NT 7DP
02/16/18	(H)	DP: STUTES, SULLIVAN-LEONARD, WOOL, JOSEPHSON, BIRCH, KNOPP, KITO
02/20/18	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
02/20/18	(H)	Heard & Held
02/20/18	(H)	MINUTE(FIN)
03/01/18	(H)	FIN AT 9:00 AM ADAMS ROOM 519
03/01/18	(H)	Moved CSHB 301(FIN) Out of Committee
03/01/18	(H)	MINUTE(FIN)
03/02/18	(H)	FIN RPT CS(FIN) NT 6DP 1NR 3AM
03/02/18	(H)	DP: GARA, THOMPSON, ORTIZ, GRENN, SEATON, FOSTER
03/02/18	(H)	NR: PRUITT
03/02/18	(H)	AM: WILSON, KAWASAKI, TILTON
03/12/18	(H)	TRANSMITTED TO (S)

03/12/18 (H) VERSION: CSHB 301(FIN)  
 03/14/18 (S) READ THE FIRST TIME - REFERRALS  
 03/14/18 (S) L&C  
 04/10/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 04/10/18 (S) Heard & Held  
 04/10/18 (S) MINUTE(L&C)  
 04/14/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 170

SHORT TITLE: AK SECURITIES ACT; PENALTIES; CRT. RULES  
 SPONSOR(S): LABOR & COMMERCE

03/10/17 (H) READ THE FIRST TIME - REFERRALS  
 03/10/17 (H) L&C, JUD  
 03/24/17 (H) L&C AT 3:15 PM BARNES 124  
 03/24/17 (H) Heard & Held  
 03/24/17 (H) MINUTE(L&C)  
 03/27/17 (H) L&C AT 3:15 PM BARNES 124  
 03/27/17 (H) Moved HB 170 Out of Committee  
 03/27/17 (H) MINUTE(L&C)  
 03/29/17 (H) L&C RPT 6DP 1NR  
 03/29/17 (H) DP: SULLIVAN-LEONARD, STUTES, WOOL,  
 JOSEPHSON, BIRCH, KITO  
 03/29/17 (H) NR: KNOPP  
 04/07/17 (H) JUD AT 1:00 PM GRUENBERG 120  
 04/07/17 (H) Heard & Held  
 04/07/17 (H) MINUTE(JUD)  
 04/11/17 (H) JUD AT 5:30 PM GRUENBERG 120  
 04/11/17 (H) Heard & Held  
 04/11/17 (H) MINUTE(JUD)  
 04/12/17 (H) JUD AT 1:00 PM GRUENBERG 120  
 04/12/17 (H) Moved CSHB 170(JUD) Out of Committee  
 04/12/17 (H) MINUTE(JUD)  
 04/13/17 (H) JUD RPT CS(JUD) NT 1DP 4NR  
 04/13/17 (H) DP: CLAMAN  
 04/13/17 (H) NR: EASTMAN, KOPP, KREISS-TOMKINS,  
 FANSLER  
 04/17/17 (H) TRANSMITTED TO (S)  
 04/17/17 (H) VERSION: CSHB 170(JUD)  
 05/01/17 (S) READ THE FIRST TIME - REFERRALS  
 05/01/17 (S) L&C, JUD  
 03/19/18 (S) L&C AT 6:00 PM BELTZ 105 (TSBldg)  
 03/19/18 (S) Heard & Held  
 03/19/18 (S) MINUTE(L&C)  
 04/02/18 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)  
 04/02/18 (S) Scheduled but Not Heard  
 04/14/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 142

SHORT TITLE: UNEMPLOYMENT INSURANCE BENEFITS

SPONSOR(s): TUCK

02/24/17 (H) READ THE FIRST TIME - REFERRALS  
02/24/17 (H) L&C, FIN  
03/29/17 (H) L&C AT 3:15 PM BARNES 124  
03/29/17 (H) Heard & Held  
03/29/17 (H) MINUTE(L&C)  
04/12/17 (H) L&C AT 3:15 PM BARNES 124  
04/12/17 (H) Moved CSHB 142(L&C) Out of Committee  
04/12/17 (H) MINUTE(L&C)  
04/13/17 (H) L&C RPT CS(L&C) 3DP 4NR  
04/13/17 (H) DP: STUTES, JOSEPHSON, KITO  
04/13/17 (H) NR: SULLIVAN-LEONARD, WOOL, BIRCH,  
KNOPP  
05/09/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
05/09/17 (H) Heard & Held  
05/09/17 (H) MINUTE(FIN)  
02/02/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
02/02/18 (H) Heard & Held  
02/02/18 (H) MINUTE(FIN)  
02/08/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
02/08/18 (H) Moved CSHB 142(FIN) Out of Committee  
02/08/18 (H) MINUTE(FIN)  
02/09/18 (H) FIN RPT CS(FIN) 5DP 4NR  
02/09/18 (H) DP: GARA, KAWASAKI, GUTTENBERG, SEATON,  
FOSTER  
02/09/18 (H) NR: WILSON, THOMPSON, GRENN, TILTON  
02/19/18 (H) RETURNED TO RLS COMMITTEE  
03/14/18 (H) TRANSMITTED TO (S)  
03/14/18 (H) VERSION: CSHB 142(FIN)  
03/16/18 (S) READ THE FIRST TIME - REFERRALS  
03/16/18 (S) L&C, FIN  
04/10/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
04/10/18 (S) Heard & Held  
04/10/18 (S) MINUTE(L&C)  
04/14/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SJR 7

SHORT TITLE: CONST. AM: VOTER APPROVAL FOR NEW TAXES

SPONSOR(s): SENATOR(s) MEYER

04/06/17 (S) READ THE FIRST TIME - REFERRALS  
04/06/17 (S) L&C, JUD, FIN  
02/27/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

02/27/18 (S) Heard & Held  
02/27/18 (S) MINUTE (L&C)  
04/14/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

ASHLEY STRAUCH, Staff  
Representative Adam Wool  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions related to HB 301.

CRYSTAL KOENEMAN, Staff  
Representative Sam Kito III  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Reviewed the changes between version O and version R of HB 170.

REPRESENTATIVE KITO III  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 170 as Chair of the House Labor and Commerce Committee, sponsor of the legislation.

NATASHA MCCLANAHAN, Staff  
Senator Mia Costello  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided an explanation of changes for HB 142.

AL TAMAGNI Sr., Chair  
National Federation of Independent Businesses, Alaska Chapter  
Anchorage, Alaska

**POSITION STATEMENT:** Stated support for the proposed changes in HB 142, version T.

HEIDI DRYGAS, Commissioner  
Department of Labor and Workforce Development  
Juneau, Alaska

**POSITION STATEMENT:** Testified that she appreciates that the committee recognizes that the current maximum weekly UI benefit amount is insufficient, but the \$64 increase reflected in the CS is woefully inadequate, particularly when there is no provision for upward adjustment.

LENNON WELLER, Economist and Actuary for the Unemployment Insurance System  
Research and Analysis Section  
Department of Labor and Workforce Development (DOLWD)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions and provided information related to HB 142.

KENDRA KLOSTER, Staff  
Representative Chris Tuck  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of the sponsor, stated agreement with Commissioner Drygas's assessment of the CS for HB 142.

CHRISTINE MARASIGAN, Staff  
Senator Kevin Meyer  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of the sponsor, reviewed the changes between version A and version D of SJR 7.

#### **ACTION NARRATIVE**

[3:41:10 PM](#)

**CHAIR MIA COSTELLO** called the Senate Labor and Commerce Standing Committee meeting to order at 3:41 p.m. Present at the call to order were Senators Meyer, Gardner, and Chair Costello. Senators Stevens and Miccichi arrived thereafter.

#### **HB 301-ALCOHOL LICENSES:BEV DISP/RESTAUR./LODGE**

[3:42:23 PM](#)

**CHAIR COSTELLO** announced the consideration of HB 301. She asked Ms. Strauch if she had any final comments before the committee moved the bill.

[3:42:39 PM](#)

**ASHLEY STRAUCH**, Staff, Representative Adam Wool, Alaska State Legislature, Juneau, Alaska, sponsor of HB 301, said she was available to answer questions.

**CHAIR COSTELLO** reminded the committee that this was "An Act relating to the renewal of a license involving alcoholic beverages; relating to the renewal and transfer of ownership of

a beverage dispensary license or restaurant or eating place license; and relating to issuance of an outdoor recreation lodge license in a local option area."

[3:43:26 PM](#)

SENATOR MEYER asked if the bill would affect the Title 4 rewrite legislation.

MS. STRAUCH said not to her knowledge. HB 301 is a grandfathering bill to allow 34 specific licensees to continue to operate.

[3:44:09 PM](#)

SENATOR MEYER moved to report HB 301, version L, from committee with individual recommendations and attached fiscal note(s).

[3:44:27 PM](#)

CHAIR COSTELLO announced that without objection, CSHB 301(FIN) moved from the Senate Labor and Commerce Standing Committee.

[3:44:35 PM](#)

At ease

**HB 170-AK SECURITIES ACT; PENALTIES; CRT. RULES**

[3:46:03 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 170, related to the Alaska Securities Act. She requested a motion to adopt the proposed committee substitute (CS).

[3:46:22 PM](#)

SENATOR MEYER moved to adopt the work draft Senate CS for CSHB 170, labeled 30-LS0333\R, as the working document.

CHAIR COSTELLO objected for an explanation of changes.

[3:46:43 PM](#)

CRYSTAL KOENEMAN, Staff, Representative Sam Kito III, Alaska State Legislature, Juneau, Alaska, reviewed the following changes from version O to version R of HB 170:

- Page 15, line 6 A definition for "person" (located in AS 45.56.900) was added to AS 45.55.990 for clarity purposes.
- Page 48, lines 17-19 Sec. 45.56.420(c)(3) has been rewritten for clarification that the

provision references rules adopted by the United States Securities and Exchange Commission under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- Page 94 State securities laws are intricately related to federal laws on securities but making provisions of the bill subject to the adoption of future amendments to the federal statutes raised the issue of improper delegation of legislative authority to the federal government. This version removes language "or as later amended" in Sec. 45.56.730.

MS. KOENEMAN advised that the foregoing changes address the issues raised during the last hearing.

CHAIR COSTELLO noted who was available to answer questions. She asked the sponsor if he had any final comments.

[3:48:41 PM](#)

REPRESENTATIVE KITO III, Alaska State Legislature, Juneau, Alaska, sponsor of HB 170, said the department brought this matter to his attention as the Chair of the House Labor and Commerce Committee. He noted that a lot of work was done on the bill last year and that he appreciated the changes proposed in the committee substitute to provide further clarification. He opined that it was important to update Alaska's securities law to reflect the 21<sup>st</sup> century.

CHAIR COSTELLO agreed with his comments.

SENATOR MEYER observed that changes in the Senate CS made a good bill even better.

[3:49:34 PM](#)

SENATOR MEYER moved to report the Senate CS for CSHB 170(L&C), version R, from committee with individual recommendations and attached fiscal note(s).

[3:49:59 PM](#)

CHAIR COSTELLO removed her objection and announced that without objection, SCS CSHB 170(L&C) moved from the Senate Labor and Commerce Standing Committee.

[3:50:18 PM](#)

At ease

**HB 142-UNEMPLOYMENT INSURANCE BENEFITS**

[4:04:11 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 142 relating to unemployment insurance benefits. She requested a motion to adopt the proposed committee substitute (CS).

[4:04:38 PM](#)

SENATOR MEYER moved to adopt the work draft Senate CS for CSHB 142, labeled 30-LS0530\T, as the working document.

[4:04:52 PM](#)

SENATOR GARDNER objected.

CHAIR COSTELLO noted who was available to answer questions, and asked Ms. McClanahan to go through the explanation of changes.

[4:05:39 PM](#)

NATASHA MCCLANAHAN, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska, stated that she would introduce the CS and then walk through the explanation of changes document.

She explained that the CS for HB 142 increases the current maximum weekly benefit from \$370 to \$434. It also raises the total gross income an individual must earn over two calendar quarters of the base period from \$2,500 to \$3,000. These changes strike a balance in providing additional benefits to the unemployed while recognizing the impacts to the economy when businesses face higher taxes.

MS. MCCLANAHAN paraphrased the following explanation of changes document for HB 142, version R to version T:

Page 1, line 5 & Page 2, line 4

Changes the base required for eligibility to \$3,000 from \$2,500 for the base period covered by this chapter. As the benefit is increased, the base for eligibility is also increased to offer balance to employees and employers who are the premium payers.

Page 8, lines 8 & 9

Changes the increase in the maximum qualifying wage scale to \$50,000. This allows for an increase to those unemployed who qualify for benefits while lessening the fiscal impact to employees and employers. Alaska

would move to the top half of states' maximum benefits.

Version T removes Section 2 of version R regarding the automatic calculation and administration of yearly increases to the state's maximum weekly benefit amount. This preserves the Legislature's authority to examine increases.

[4:07:21 PM](#)

SENATOR GARDNER removed her objection.

CHAIR COSTELLO found no further objection and version T was adopted. She opened public testimony on version T of HB 142.

[4:08:06 PM](#)

AL TAMAGNI Sr., Chair, Alaska Chapter of the National Federation of Independent Businesses stated support for the proposed changes appearing in version T of HB 142.

SENATOR MICCICHE asked if he was stating support for the changes or the bill itself.

MR. TAMAGNI clarified that NFIB supports the Senate CS for HB 142, version T.

[4:10:37 PM](#)

HEIDI DRYGAS, Commissioner, Department of Labor and Workforce Development, Juneau, Alaska, said she appreciates that the committee recognizes that the current maximum weekly benefit amount is insufficient, but the \$64 increase reflected in the CS is woefully inadequate, particularly when there is no provision for upward adjustment. It means that Alaska will go from 52nd in the nation on the wage replacement ratio to 49th. This is the first increase in 10 years and it could be another 10-12 years before the legislature addresses this issue again. Further, increasing the minimum amount of the base year wages from \$2,500 to \$3,000 basically means that 100 Alaskans who would have received a maximum weekly benefit of \$56, will now get nothing. She highlighted that the department's economist calculated that the latter change wouldn't result in much savings to the trust fund.

[4:12:34 PM](#)

SENATOR MEYER asked about the current status of the trust fund.

COMMISSIONER DRYGAS deferred the question to Mr. Weller.

SENATOR MEYER asked, based on the CS, how much more an employee who makes \$100,000 a year will have withdrawn from their check each month.

COMMISSIONER DRYGAS deferred the question to Mr. Weller.

SENATOR MEYER said he'd be concerned if employees take a big hit each month.

[4:14:15 PM](#)

LENNON WELLER, Economist and Actuary for the Unemployment Insurance System, Research and Analysis Section, Department of Labor and Workforce Development (DOLWD), Juneau, Alaska, advised that the fund was solvent. At the end of February the trust fund had a balance of \$442.7 million. That equates to a 3.64 percent reserve ratio. He reminded members that the goal was to have between 3 percent and 3.3 percent of wages in reserve. He opined that the current balance was sufficient to cover the array of potential costs that the system may face.

SENATOR MEYER asked how the change proposed in the CS impacts the trust fund.

MR. WELLER explained that changing the maximum weekly benefit from \$370 to \$434 will not change employer and employee costs for the next two years. In 2021, an employer will pay a maximum additional \$52 per employee making at or above the taxable wage base. This is reduced to \$47 in 2022 and increases to a \$128 maximum difference in 2023.

SENATOR MEYER asked if that was per month.

MR. WELLER clarified it would be an annual difference. He continued saying that the maximum difference between their base line projection with this change is about \$116 per employee making at or above the taxable wage base for the average rate tax class, which is classes 10 and 11.

SENATOR MEYER asked the additional amount an employee making \$100,000 in 2021 would pay.

MR. WELLER explained that wages are only taxed up to the taxable wage base so the foregoing is the maximum they would pay for the average tax class.

[4:18:24 PM](#)

COMMISSIONER DRYGAS added that Alaska's Unemployment Insurance (UI) Trust Fund has been healthy since it was created. The way the rates are calculated and solvency is determined has been used as a model by other states. "It is a very well operating trust fund."

SENATOR MEYER asked if in her opening comments she said that the CS may jeopardize the health of the trust fund.

COMMISSIONER DRYGAS replied she did not say that. The trust fund will remain healthy if the maximum weekly benefit is either \$434 or \$510.

[4:19:42 PM](#)

SENATOR MICCICHE calculated that the annual wages in Alaska are somewhere around \$12.159 billion if the \$442.7 million in the UI fund represents 3.641 percent of wages.

MR. WELLER agreed.

SENATOR MICCICHE asked if funding to 3 percent to 3.3 percent was based on a national model.

MR. WELLER said a 3 percent to 3.3 percent reserve ratio was determined to be adequate based on Alaska's history with unemployment insurance.

He explained that the federal Department of Labor uses two official values for trust fund adequacy. One is an average high cost multiple that determines whether the reserves are sufficient to handle three of a state's highest cost years as a percentage of wages. The other value is the high cost multiple which is essentially the year in which a state had the highest costs as a percentage of wages covered throughout its entire history. For Alaska, it was about 4.2 percent in the mid-1970s. But over the last 30 years, the 3 percent to 3.3 percent reserve ratio has been sufficient to handle the claims loads the UI System has experienced. He opined that the targets for fund solvency and financing have stood the test of time.

[4:23:08 PM](#)

SENATOR MICCICHE commented that recessions obviously matter because statewide earnings are down about \$1.5 billion over the last couple of years.

[4:23:36 PM](#)

SENATOR STEVENS said he appreciates the Commissioner's concern that the CS only boosts Alaska from 52nd to 49th in the nation on the wage replacement ratio. He asked what it would take to be 25th in the nation.

MR. WELLER calculated that the average replacement rate would need to be 42 percent to rank 25<sup>th</sup>. He noted that the current average replacement rate was just under 29 percent. With the CS, the replacement rate would be 32 percent to 33 percent.

[4:26:08 PM](#)

At ease

[4:26:13 PM](#)

CHAIR COSTELLO reconvened the meeting and asked Ms. Kloster to comment on the CS.

[4:26:48 PM](#)

KENDRA KLOSTER, Staff, Representative Chris Tuck, Alaska State Legislature, Juneau, Alaska, said she agreed with Commissioner Drygas's assessment of the CS. She expressed appreciation that the committee recognized that UI benefits need to be increased. However, the sponsor was concerned about removing Section 2 (the automatic adjustment for wage replacement) because it had only been updated once in 22 years. He was also concerned about changing the base rate from \$2,500 to \$3,000. It will affect about 100 Alaskans, mostly from rural areas.

CHAIR COSTELLO said your comments are noted.

[4:28:21 PM](#)

SENATOR MEYER moved to report the Senate CS for CSHB 142, version T, from committee with individual recommendations and attached fiscal note(s).

[4:28:46 PM](#)

CHAIR COSTELLO found no objection and SCS CSHB 142(L&C) moved from the Senate Labor and Commerce Standing Committee.

[4:29:00 PM](#)

At ease

**SJR 7-CONST. AM: VOTER APPROVAL FOR NEW TAXES**

[4:30:53 PM](#)

CHAIR COSTELLO reconvened the meeting. She announced the consideration of SJR 7 and noted the proposed committee substitute (CS).

[4:31:19 PM](#)

SENATOR MEYER advised that he became the prime sponsor of SJR 7 after the former sponsor resigned his seat. He said he feels that a broad-based tax impacts constituents and it's reasonable to propose that they vote on any such measure. He noted that Colorado passed similar legislation. Placing the requirement for voter approval of new taxes in the constitution would be more permanent than doing so statutorily. That was his preference.

[4:32:30 PM](#)

SENATOR MEYER moved to adopt the work draft CS for SJR 7, labeled 30-LS0788\D, as the working document.

CHAIR COSTELLO objected for an explanation of the changes.

[4:32:55 PM](#)

CHRISTINE MARASIGAN, Staff, Senator Kevin Meyer, Alaska State Legislature, Juneau, Alaska, sponsor of SJR 7, reviewed the following changes between version A and version D:

Version D of SJR 7 narrows the proposed constitutional amendment that would add the requirement that any tax would not go into effect until approved by the voters of the State by a majority of the votes cast on the proposed law.

This version would have the voter approval requirement more narrowly apply to any broad-based individual income tax or a statewide general sales tax rather than any tax.

[4:33:46 PM](#)

CHAIR COSTELLO removed her objection. Finding no further objection, version D was adopted.

SENATOR MEYER reiterated that the potential impacts of a broad-based tax can be great. Requiring voter approval for any broad-based individual income tax or a statewide general sales tax would ensure that constituents support such a tax.

CHAIR COSTELLO asked which states have passed similar legislation.

SENATOR MEYER said Colorado was the state most often cited.

MS. MARASIGAN confirmed that many people point to Colorado as a model for TABOR, which is the Taxpayer's Bill of Rights that mandates a voter referendum for approval of taxes. A number of states and municipalities require voter approval for certain bonds.

SENATOR STEVENS asked if the income tax was initially a vote of the public

MS. MARASIGAN said she didn't know.

SENATOR STEVENS said he didn't think it was but he would like to know.

CHAIR COSTELLO said she didn't think so either but the sponsor's staff could follow up with the information.

MS. MARASIGAN pointed out that in years past there have been advisory votes on the subject. When the sponsor first looked at assuming sponsorship of the bill he was advised that this could only be done through a constitutional amendment or an advisory vote. Placing the requirement in statute would be unconstitutional.

[4:36:44 PM](#)

CHAIR COSTELLO found no one who wished to testify on SJR 7 and she closed public testimony.

SENATOR MEYER said he would appreciate it if the bill was moved to the Judiciary Committee because that was the proper committee to have the discussion on whether this should be included in the constitution.

[4:37:34 PM](#)

SENATOR MICCICHE said this is the committee on the economy and this measure has significant implications for the economy, both good and bad. He said he wouldn't stand in the way of the bill moving but he had many questions.

[4:38:57 PM](#)

At ease

[4:39:02 PM](#)

CHAIR COSTELLO reconvened the meeting.

[4:40:44 PM](#)

SENATOR MEYER moved to report CSSJR 7, version D, from committee with individual recommendations and attached fiscal note(s).

[4:41:04 PM](#)

SENATOR GARDNER objected.

CHAIR COSTELLO asked for a roll call.

A roll call vote was taken. Senators Micciche Stevens, Meyer and Costello voted in favor of moving SJR 7 from committee and Senator Gardner voted against it. Therefore, the motion to move SJR 7 from committee passed by a 4:1 vote.

SENATOR MICCICHE said he believes in sending everything possible to the voters and he hopes that voters think carefully about this matter, should it come to a vote.

[4:43:55 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee at 4:43 p.m.