

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

March 25, 2020

1:32 p.m.

MEMBERS PRESENT

Senator Click Bishop, Chair
Senator Gary Stevens, Vice Chair
Senator Mia Costello (via teleconference)
Senator Joshua Revak
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

Board of Massage Therapists
Kristin Tri - Eagle River

- CONFIRMATION ADVANCED

Alaska Labor Relations Agency
Patty Burley - Bethel

- CONFIRMATION ADVANCED

Board of Certified Real Estate Appraisers
Wendy Lawrence - Sitka

- CONFIRMATION ADVANCED

Board of Professional Counselors
Laura Patin - Eagle River

- CONFIRMATION ADVANCED

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 232(L&C)

"An Act relating to a municipal air quality improvement tax credit; and relating to a municipal energy efficient construction tax credit."

- MOVED CSHB 232(L&C) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 301(L&C)

"An Act relating to certificates of fitness for plumbers and electricians."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 232

SHORT TITLE: MUNICIPAL TAX CREDITS

SPONSOR(S): REPRESENTATIVE(S) HOPKINS

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| 02/03/20 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/03/20 | (H) | ENE, L&C |
| 02/11/20 | (H) | ENE AT 10:15 AM CAPITOL 17 |
| 02/11/20 | (H) | Heard & Held |
| 02/11/20 | (H) | MINUTE(ENE) |
| 02/20/20 | (H) | ENE AT 10:15 AM CAPITOL 17 |
| 02/20/20 | (H) | Moved CSHB 232(ENE) Out of Committee |
| 02/20/20 | (H) | MINUTE(ENE) |
| 02/21/20 | (H) | ENE RPT CS(ENE) NT 5DP 1NR |
| 02/21/20 | (H) | DP: FIELDS, LINCOLN, SPOHNHOLZ, ZULKOSKY, HOPKINS |
| 02/21/20 | (H) | NR: RAUSCHER |
| 02/26/20 | (H) | L&C AT 3:15 PM BARNES 124 |
| 02/26/20 | (H) | Heard & Held |
| 02/26/20 | (H) | MINUTE(L&C) |
| 03/02/20 | (H) | L&C AT 3:15 PM BARNES 124 |
| 03/02/20 | (H) | Moved CSHB 232(L&C) Out of Committee |
| 03/02/20 | (H) | MINUTE(L&C) |
| 03/03/20 | (H) | L&C RPT CS(L&C) NT 5DP 2NR |
| 03/03/20 | (H) | DP: FIELDS, HANNAN, STORY, STUTES, SPOHNHOLZ |
| 03/03/20 | (H) | NR: GILLIS, RASMUSSEN |
| 03/17/20 | (S) | CRA AT 3:30 PM BELTZ 105 (TSBldg) |
| 03/17/20 | (S) | Scheduled but Not Heard |
| 03/23/20 | (H) | TRANSMITTED TO (S) |
| 03/23/20 | (H) | VERSION: CSHB 232(L&C) |
| 03/24/20 | (S) | READ THE FIRST TIME - REFERRALS |
| 03/24/20 | (S) | L&C |
| 03/25/20 | (S) | L&C AT 1:30 PM BELTZ 105 (TSBldg) |

WITNESS REGISTER

LAURA PATIN, Appointee
Board of Professional Counselors
Department of Commerce, Community and Economic Development
Eagle River, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Professional Counselors.

KRISTIN TRI, Appointee
Board of Massage Therapists
Department of Commerce, Community and Economic Development
Eagle River, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Massage Therapists.

PATTY BURLEY, Appointee
Alaska Labor Relations Agency
Department of Labor and Workforce Development (DOLWD)
Soldotna, Alaska

POSITION STATEMENT: Testified as appointee to the Alaska Labor Relations Agency.

WENDY LAWRENCE, Appointee
Board of Certified Real Estate Appraisers
Department of Commerce, Community and Economic Development
Sitka, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Certified Real Estate Appraisers.

REPRESENTATIVE GRIER HOPKINS, Chair
House Labor & Commerce
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 232, as requested by the Fairbanks North Star Borough.

BRITTANY SMART, Special Assistant
Mayor Bryce Ward
Fairbanks North Star Borough (FNSB)
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 232.

AARON WELTERLEN
Alaska State Home Building Association
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 232.

ACTION NARRATIVE

[1:32:08 PM](#)

CHAIR CLICK BISHOP called the Senate Labor and Commerce Standing Committee meeting to order at 1:32 p.m. Present at call to order were Senators Costello (via teleconference), Gray-Jackson, Revak, and Chair Bishop. Senator Stevens joined the meeting shortly thereafter.

[1:33:06 PM](#)

at-ease

CONFIRMATION HEARING(S)
Board of Massage Therapists
Alaska Labor Relations Agency
Real Estate Commission
Board of Professional Counselors

[1:33:16 PM](#)

CHAIR BISHOP reconvened the meeting and announced the first order of business would be consideration of governor appointees. He asked each appointee to place their name and affiliation on the record, give a brief introduction, and discuss the reason they want to serve on the board or commission. He advised that public testimony would be taken after all appointees have testified and the names would be forwarded to the full body for consideration. This hearing was not a recommendation on any subsequent vote.

[1:34:03 PM](#)

SENATOR STEVENS joined the committee.

[1:34:08 PM](#)

LAURA PATIN, Appointee, Board of Professional Counselors, Department of Commerce, Community and Economic Development (DCCED), Eagle River, Alaska, stated that she is a licensed professional counselor and a licensed marriage and family therapist (LMFT) who has been practicing since 1998. She has lived and practiced in Alaska since 2004. She said she previously served on the Board of Marital & Family Therapy and would like to serve on this board as a means to serve her community. She has served in her profession for a long time, including in supervisory roles and as a clinician.

[1:35:31 PM](#)

CHAIR BISHOP found no questions and asked Ms. Tri to provide her testimony.

[1:35:36 PM](#)

KRISTIN TRI, Appointee, Board of Massage Therapists, Department of Commerce, Community and Economic Development (DCCED), Eagle River, Alaska, stated that she has been in practice since May 2016. She would like to serve on the board to help her profession on a higher level and help serve the community. She noted that it is a relatively new board that is experiencing growth.

[1:36:35 PM](#)

CHAIR confirmation hearing for Ms. Burley, appointee to the Labor Relations Agency.

[1:36:45 PM](#)

PATTY BURLEY, Appointee, Alaska Labor Relations Agency, Department of Labor and Workforce Development (DOLWD), Soldotna, Alaska, stated that she was asked to submit her name for consideration. She said she had the privilege of appearing before the agency and was impressed with how a previous member, Mr. Torgerson, handled the case. She characterized the interaction between management and labor as a fine dance. If the cases are not handled appropriately, it could mean losing management, employees, or the work force. The agency makes sure that even when a party loses, the workforce is intact. She said that it would be an honor to serve.

[1:37:53 PM](#)

CHAIR BISHOP referred to her legal employment resume and said he likes that she has urban and rural experience. He said he had worked with Mr. Torgerson, who ran a good shop. He noted she was serving in the management position and asked for assurance that she would treat everyone fairly.

MS. BURLEY said she could and emphasized that fairness is essential. She described employees as the backbone of any business.

[1:39:09 PM](#)

WENDY LAWRENCE, Appointee, Board of Certified Real Estate Appraisers, Department of Commerce, Community and Economic Development (DCCED), Sitka, Alaska, said she is seeking appointment to the board. She related that she has worked in real estate sales, appraisals, and property management for 20 years.

[1:40:02 PM](#)

CHAIR BISHOP indicated that the audio was not clear.

[1:40:25 PM](#)

MS. LAWRENCE said she started out as an insurance appraiser and moved into government work as an assessor, an assistant state assessor, and a petroleum property assistant assessor. She offered that she has quite a bit of experience in both government and in private practice. She said the profession is undergoing a lot of change and she would like to provide her expertise.

[1:41:56 PM](#)

SENATOR COSTELLO mentioned that she was impressed with the number of Alaskans who step up to serve on boards and commissions. She thanked the appointees who testified today. She observed that everyone sounded passionate about their public service.

[1:42:35 PM](#)

CHAIR BISHOP stated that in accordance with AS 39.05.080, the Senate Labor and Commerce Standing Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Board of Massage Therapists

Kristin Tri - Eagle River

Alaska Labor Relations Agency

Patty Burley - Bethel

Board of Certified Real Estate Appraisers

Wendy Lawrence - Sitka

Board of Professional Counselors

Laura Patin - Eagle River

Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.

[1:43:10 PM](#)

at-ease

HB 232-MUNICIPAL TAX CREDITS

[1:44:08 PM](#)

CHAIR BISHOP announced the consideration of CS FOR HOUSE BILL NO. 232(L&C), "An Act relating to a municipal air quality improvement tax credit; and relating to a municipal energy efficient construction tax credit."

1:44:39 PM

REPRESENTATIVE GRIER HOPKINS, Chair, House Labor & Commerce, Alaska State Legislature, Juneau, Alaska, introduced HB 232 paraphrasing the sponsor statement.

Introduced at the request of the Fairbanks North Star Borough, HB 232 gives municipalities new tools to address challenges facing their communities and stimulate local economies. HB 232 allows local governments to offer municipal tax credits for home and business owners who invest in property improvements which result in increased energy efficiency or improve local air quality. This bill does not mandate any action by municipalities - it offers local governments additional avenues for addressing local challenges and priorities and creates partnerships with local businesses to stimulate and diversify local economies.

Relying on the adage that local problems are best solved through local solutions, HB 232 allows municipal tax credits to be targeted towards new construction that results in overall energy efficiency. Additionally, the bill allows municipalities facing chronic air quality issues to offer tax credits to businesses and residents who make investments that will result in a reduction in PM2.5 pollution.

It is the hope of the sponsor and the requesting municipality that these tools will result in more Interior Alaskans choosing to convert their home heating systems and connect to the expanding Interior Gas Utility, thereby maximizing the return on the state's investment in the system. An additional benefit of this legislation will be streamlining the efforts of the Fairbanks North Star Borough and the Department of Environmental Conservation on to improve air quality in Interior Alaska.

The bill allows for maximum flexibility by municipalities who choose to offer these credits,

avoiding a "top down" approach to local issues. This simple "no harm" bill will foster new partnerships with local contractors, businesses and homeowners. Unleashing local creativity is critically important, allowing local governments to harness the power of private enterprise and address local challenges and priorities where most effective and appropriate.

He advised that the bill has a zero fiscal note.

1:46:59 PM

REPRESENTATIVE HOPKINS said HB 232 is necessary because some classes of municipalities cannot put forward property tax credits unless they have statutory authority to do so. He would like all municipalities to have this option. He said the bill is supported by the Alaska Municipal League, the Alaska Miners Association, the Alaska State Homebuilders Association, the Usibelli Coal Mine, Aurora Energy, the Fairbanks North Star Borough, the Interior Gas Utility, and the Cold Climate Housing Research Center. He said that the bill was a good idea when it was initially introduced, but it is even more important today with the current economic situation. He said he envisioned local government would work to implement tax credits to help put small construction businesses back to work as this crisis begins to pass. People can order almost anything online, but they cannot order an electrician from Amazon or a local contractor on eBay. These tax credits will provide another tool for local governments to use to incentivize Alaskans to keep their dollars local and help small businesses and homeowners. This tax credit would be available for commercial and residential construction. New buildings with lower costs, structured in ways that do not impact the revenue streams of cash strapped municipalities. It will help banks keep money moving, help new construction, and provide improvements that do not cost the state or municipality any money.

1:49:14 PM

REPRESENTATIVE HOPKINS delivered the following sectional analysis for HB 232:

Section 1: Amends 29.45 to reinstate the Air Quality Improvement Tax Credit which sunsetted in 2016. This section applies only to local governments with areas failing to meet federal or state air quality standards. Improvements must have been made in the preceding tax year. The municipality shall be

responsible for developing and implementing eligibility standards and other criteria.

[1:49:42 PM](#)

Section 2: Amends 29.45 to create the Energy Efficient New Construction Tax Credit, allowing municipalities across the state to offer property tax credits to offset the cost of new energy efficient construction in the prior tax year. Municipalities choosing to participate in this tax credit shall be responsible for developing and implementing eligibility standards and other criteria.

[1:50:15 PM](#)

SENATOR STEVENS questioned the necessity of the bill. He said this is about local property taxes and it seems that municipalities would have the right to use property taxes to offer tax credits if that was their desire. He asked if that was incorrect.

REPRESENTATIVE HOPKINS explained that the Fairbanks North Star Borough does not have the authority to implement these tax credits. First class and home rule cities have the authority, but second class boroughs do not have that authority. The authority must be in statute for the Fairbanks North Star Borough to implement the tax credits. It would be helpful for the local Interior gas utility this spring, he said.

SENATOR STEVENS summarized the answer.

[1:51:49 PM](#)

SENATOR REVAK said he liked that the bill incentivizes businesses, does not cost the state anything, and assists the Interior energy issue.

[1:52:14 PM](#)

SENATOR GRAY-JACKSON thanked him for bringing this forward.

[1:52:28 PM](#)

CHAIR BISHOP opened public testimony on HB 232.

[1:52:51 PM](#)

BRITTANY SMART, Special Assistant, Mayor Bryce Ward, Fairbanks North Star Borough (FNSB), Fairbanks, Alaska, stated that HB 232 will give the FNSB the authority to establish programs to issue tax credits. It will incentivize the community, help the

construction industry be more energy efficient, and help projects that address air quality in the community.

[1:53:41 PM](#)

CHAIR BISHOP asked if the borough assembly would have to implement the credit, should this bill become law.

MS. SMART answered yes; the assembly would ultimately need to authorize the tax credit program.

[1:54:17 PM](#)

SENATOR STEVENS asked if the borough could essentially provide a tax credit by making an exception to who it taxed.

MS. SMART replied she believes that the authority to decide who to tax is limited in scope, so this legislation is needed for the borough to implement the tax credit program it is proposing.

[1:55:21 PM](#)

AARON WELTERLEN, Alaska State Home Building Association (ASHA), Fairbanks, Alaska, stated that both ASHA and the Interior Alaska Building Association fully support HB 232. appreciate the committee hearing this bill. It can incentivize construction and provide opportunities for certain projects to be built. This legislation at this uncertain time provides hope for a quicker recovery.

[1:56:09 PM](#)

CHAIR BISHOP noted the conversations they'd had since the 2008 recession on lending to builders and suggested he look into a bill on that point that is awaiting House concurrence.

MR. WELTERLEN answered that the association was following the bill and was interested in what it could do to promote a ust housing market.

[1:58:01 PM](#)

CHAIR BISHOP said he reviewed the letters of support and they represent a great cross section of the Interior. He asked Representative Hopkins if there had been any negative testimony on the bill.

REPRESENTATIVE HOPKINS replied there was initial concern about mandating action, but the bill would only provide the option. Thus far there has been no opposition, he said. He noted there was also interest from various Chambers of Commerce and the hospitality industry association.

[1:59:21 PM](#)

CHAIR BISHOP summarized that the bill provides an option, 2nd class boroughs need this authority to take advantage of the option, and the package must be passed by the assembly.

REPRESENTATIVE HOPKINS agreed with the summary.

CHAIR BISHOP added that there is no fiscal impact to the state treasury.

[2:00:05 PM](#)

CHAIR BISHOP solicited a motion.

[2:00:07 PM](#)

SENATOR STEVENS moved to report HB 232, work order 31-LS1355\E, from committee with individual recommendations and attached fiscal note(s).

CHAIR BISHOP found no objection and CSHB 232(L&C) was reported from the Senate Labor and Commerce Standing Committee.

[2:00:41 PM](#)

There being no further business to come before the committee, Chair Bishop adjourned the Senate Labor and Commerce Standing Committee meeting at 2:00 p.m.