

SENATE FINANCE COMMITTEE
May 17, 2021
1:33 p.m.

[1:33:18 PM](#)

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Tom Wright, Staff, Representative Steve Thompson; Representative Bryce Edgmon, Sponsor; Representative Laddie Shaw, Sponsor; Joshua Walton, Staff, Representative Shaw; Christopher Clark, Staff, Senator Click Bishop;

PRESENT VIA TELECONFERENCE

Sara Chambers, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Leslie Schmitz, Chair, Alaska Board of Public Accountancy; Crista Burson, President and CEO, Alaska Society of CPAs, Anchorage; Angel Drobnica, APICDA, Juneau;

SUMMARY

SB 50 APPROP: CAP; REAPPROP; SUPP; AMEND

SB 50 was HEARD and HELD in committee for further consideration.

HB 34 NAMING VIETNAM HELI. PILOTS' MEM. BRIDGE

HB 34 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1(DOT).

HB 117 EXTEND BOARD OF DIRECT-ENTRY MIDWIVES

HB 117 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.

HB 126 EXTEND BOARD OF PUBLIC ACCOUNTANCY

HB 126 was HEARD and HELD in committee for further consideration.

HB 182 EXTEND FISHERY RESOURCE LAND. TAX CREDIT

HB 182 was HEARD and HELD in committee for further consideration.

#hb117

HOUSE BILL NO. 117

"An Act extending the termination date of the Board of Certified Direct-Entry Midwives; and providing for an effective date."

[1:34:14 PM](#)

Co-Chair Bishop discussed housekeeping.

[1:34:31 PM](#)

Senator Olson considered the extension and sunset date for the Board of Direct-Entry Midwives. He expressed concern that if there was a critical issue the extension should be for one year and not two.

[1:35:40 PM](#)

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, stated that logistically with a one-year extension, the Division of Legislative Audit needed to do the audit the year before the extension date, which would mean starting immediately and the division did not have the resources to do the work right now. She had been unaware of the division ever granting a one-year extension and had reached out to the prior legislative auditor, who revealed it had occurred approximately twice in the past. It was possible to do a one-year extension, but it would require an audit to be done within a short period of time. She believed that two years would give enough time to determine the issues with the board.

[1:36:50 PM](#)

Senator Olson understood that Ms. Curtis was suggesting that it was more practical to wait two years.

[1:37:25 PM](#)

Senator Wilson MOVED to report HB 117 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 117 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.

#hb126

HOUSE BILL NO. 126

"An Act extending the termination date of the Board of Public Accountancy; and providing for an effective date."

[1:37:48 PM](#)

Co-Chair Bishop discussed housekeeping.

[1:38:20 PM](#)

TOM WRIGHT, STAFF, REPRESENTATIVE STEVE THOMPSON, read from the sponsor statement for HB 126 (copy on file):

HB 126 extends the termination date for the Board of Public Accountancy for eight years until June 30, 2029.

Legislative Audit conducted their review of this board and concluded that "...the board served the public's interest by conducting meetings in accordance with state laws, amending certain regulations to improve the public accountancy occupation, and effectively licensing and regulating certified public accountants and partnerships/corporations engaged in the practice of public accountancy."

The Board of Public Accountancy consists of seven members appointed by the Governor. Five members are certified public accountants or public accountants, and two members are public members.

Extending the Board of Public Accountancy is critical in protecting the public interest by ensuring that only qualified persons are licensed, and that appropriate standards of competency and practice are established and enforced.

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Ms. Curtis referenced the document "A Sunset Review of the Department of Commerce, Community and Economic Development, Board of Public Accountancy (board)" (copy on file). She relayed that the purpose of the audit was to determine if there was serving the public's interests and whether it's termination date should be extended. She said it had been determined that the board was serving the public's interest and recommended an 8-year extension.

She referenced page 5, which listed the standard licensing statistics for the board. She relayed that as of January 31, 2020, there were 1,328 active board licenses and permits; a 10 percent increase from the previous 2012 audit.

[1:42:28 PM](#)

Senator Wilson thought it was important to ensure that investigators had the right tools and resources.

[1:43:06 PM](#)

SARA CHAMBERS, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), relayed that there had been several boards under the division's purview that had concern with the length of time it took to complete investigations. She said that some strategic changes had been made which included the addition of support positions. She said that policies and procedures had been updated as well as the triage system so that priority cases were those of life, health, and safety. She said there was no standard for the length of a case and that the division sought out resources from their available budget.

[1:45:38 PM](#)

Co-Chair Bishop OPENED public testimony.

[1:45:50 PM](#)

LESLIE SCHMITZ, CHAIR, ALASKA BOARD OF PUBLIC ACCOUNTANCY (via teleconference), thanked the division for its recommendation. She said that the board worked to stay active at both state and national levels.

Co-Chair Bishop thanked Ms. Schmitz for her years of service.

[1:47:06 PM](#)

CRISTA BURSON, PRESIDENT AND CEO, ALASKA SOCIETY OF CPAS, ANCHORAGE (via teleconference), testified in support of HB 126. She asserted that the board operated in the public's interest and should be considered for the full 8-year extension.

[1:48:18 PM](#)

Co-Chair Bishop CLOSED public testimony.

Co-Chair Bishop relayed that the deadline for amendments was May 17, 2021 at 5PM.

HB 126 was HEARD and HELD in committee for further consideration.

#hb182

HOUSE BILL NO. 182

"An Act extending the fishery resource landing tax credit for certain taxpayers that harvest fishery resources under the provisions of a community development quota; providing for an effective date by amending the effective date of secs. 16 and 23, ch. 61, SLA 2014; and providing for an effective date."

[1:48:34 PM](#)

Co-Chair Bishop discussed housekeeping.

[1:48:57 PM](#)

REPRESENTATIVE BRYCE EDGMON, SPONSOR, explained that the bill would extend the fisheries landing tax credit until December 2030. He noted that the tax had been created in 1993, the same time as the CDQ program. The tax, at 3.3 percent, was split 50/50 between municipalities and the state. He noted that the bill would have no fiscal impact.

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Senator Wilson disclosed that he had many family members that were beneficiaries of the credit. He asked about the effect of the retroactivity in the bill.

Representative Edgmon explained that the bill would most likely have passed in the previous legislature if not for COVID-19 - hence the retroactivity clause.

[1:51:29 PM](#)

Senator Olson asked whether there was any consideration of having other CDQs further north in the Kotzebue area.

Representative Edgmon replied that the CDQ program was ring fenced around 65 communities in western Alaska, 14 of which were in the Norton sound Economic Development Corporation. He said that the ring fencing had made for arbitrary policy calls. He stated that without changing federal law the CDQs could not be extended further north.

Senator Olson asked about extending the sunset date and what it did to the efforts to extend the program into the Kotzebue area.

Representative Edgmon shared that he used to manage the CDQ program and knew it had grown overtime. He said that expanding the boundaries of the CDQ program would take a change to federal law.

[1:54:04 PM](#)

Co-Chair Bishop OPENED public testimony.

[1:54:18 PM](#)

AT EASE

[1:54:37 PM](#)

RECONVENED

[1:54:59 PM](#)

ANGEL DROBNICA, APICDA, JUNEAU (via teleconference), testified in support of the legislation.

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Co-Chair Bishop CLOSED public testimony.

Co-Chair Bishop noted that the amendment deadline was May 17, 2021 at 5PM.

HB 182 was HEARD and HELD in committee for further consideration.

#hb34

HOUSE BILL NO. 34

"An Act naming the Vietnam Helicopter Pilots' Memorial Bridge."

[1:56:38 PM](#)

Co-Chair Bishop discussed housekeeping.

[1:57:04 PM](#)

REPRESENTATIVE LADDIE SHAW, SPONSOR, shared that he served two tours in Viet Nam. He cited statistics that over 5,000 helicopters were destroyed in Viet Nam, 2,000 pilots and 2,700 crew members were killed.

Representative Shaw drew attention to a document with a photo of a helicopter and group of men (copy on file). He was 22 years old in the photo. He recounted an emotional story about the human cost of war. He had been stunned by the outpouring of support in the Senate and noted that 15 members had signed on as cross-sponsors.

[2:01:21 PM](#)

JOSHUA WALTON, STAFF, REPRESENTATIVE SHAW, referenced a satellite photo of the bridge (copy on file). He noted there were several articles available in member packets (copy on file). He noted that the bill had the support of Lynn Kyle, President, Alaska Chapter of the Vietnam Helicopter Pilots Association and relayed a brief statement on his behalf.

[2:03:32 PM](#)

Co-Chair Bishop OPENED public testimony.

[2:03:39 PM](#)

Co-Chair Bishop CLOSED public testimony.

Co-Chair Bishop discussed FN 1 from the Department of Transportation and Public Facilities.

[2:03:59 PM](#)

Senator von Imhof requested to be a cross sponsor on the legislation.

[2:04:17 PM](#)

Senator von Imhof MOVED to report HB 34 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 34 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1(DOT).

[2:04:38 PM](#)

AT EASE

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RECONVENED

[2:05:47 PM](#)

AT EASE

[2:19:05 PM](#)

RECONVENED

#sb50

SENATE BILL NO. 50

"An Act making appropriations, including capital appropriations, reappropriations, and other appropriations; making supplemental appropriations; making appropriations to capitalize funds; and providing for an effective date."

Co-Chair Bishop discussed housekeeping. Amendments to SB 50 were due by 12PM Tuesday, May 18, 2021.

[2:19:37 PM](#)

AT EASE

[2:20:12 PM](#)

RECONVENED

Co-Chair Bishop reiterated that amendments were due by noon the following day.

Co-Chair Stedman MOVED to ADOPT proposed committee substitute for SB 50, Work Draft version D as a working document.

Co-Chair Bishop OBJECTED for discussion.

Co-Chair Bishop referenced back up documents and apologized that they had not been easily labeled.

[2:21:06 PM](#)

CHRISTOPHER CLARK, STAFF, SENATOR CLICK BISHOP, relayed that there were three reports from the Legislative Finance Division that would provide insight into the bill (copy on file). The first was an agency summary including "all funds", the second was an agency summary including only "undesignated general funds", and the third was the project detail by agency. He referenced the "Funding Summary" at

the bottom of the "all funds" document. He pointed to the first column and noted that the governor's amended budget of 120 million, which was minus the Mental Health Budget numbers in order to compare the previous committee substitute to the current version. He pointed to column 2, the UGF of \$169.4 million, which was the governor's amended budget with the funding sources of AHFC, PCE, and bonding receipts changed to unrestricted general funds. He pointed to the third column, which showed \$264.2 in unrestricted general funds as reflected in the current bill version.

Mr. Clark addressed federal receipts listed as \$1.9 billion.

Mr. Clark noted that the language section had not changed.

[2:25:40 PM](#)

Mr. Clark continued his remarks. He highlighted several capital projects in the bill:

West Susitna Road Access - \$8.5 million - G.O. Bonds
Matanuska-Susitna Borough Pavement Rehab Through Mat-Su
Population Corridor - \$10 million - Other Funds
Huston Middle School Replacement - \$9 million - General
Funds
Major Maintenance Grant Fund for School Major Maintenance -
\$21.6 million - General Funds
Mt. Edgecumbe High School Repairs - 7.8 million - General
Funds
Prosecutor Recruitment and Housing to Address Sexual
Assault and Sexual Abuse of a Minor Case Backlog - \$4
million - General Funds
Snowmobile Trail Development Program and Grants - \$250,000
- General Funds
Municipal Harbor Facility Grant Fund - \$14 million -
General Funds
UAA Building Performance Upgrades - \$10 million - General
Funds
Bartlett and Moore Hall Modernization Restrooms and
Sanitation - \$18.6 million - General Funds

Mr. Clark shared that he had worked closely with the other body and the administration to craft the current bill.

[2:28:02 PM](#)

Co-Chair Stedman did not think there were any legislative additions to the budget.

Mr. Clark stated there were a couple of items, including the reappropriations in the language section.

[2:28:25 PM](#)

Senator von Imhof asked about page 2 line 24, which pertained to grants to named recipients.

Mr. Clark informed that the grants were generally given to non-profits and boroughs.

Senator von Imhof thought the bulk of the budget was for the Mat-Su.

[2:29:07 PM](#)

Senator Olson looked at page 7, line 12, pertaining to snow machine trails. He wondered where the grants were primarily directed.

Mr. Clark stated the programs were mostly in Southcentral with some in Southeast.

Co-Chair Bishop understood that the funds were generated from fees collected from licensing fees.

Mr. Clark agreed that the DGF were from licensing fees.

[2:30:02 PM](#)

Senator von Imhof looked at the comparison the current and previous bill versions. She noted that the total spending went from \$169 million UGF to \$264 million. The increase being predominately adds from the administration.

Mr. Clark agreed.

Senator von Imhof thought that the administrative adds of over \$1 million were curious from an executive branch that claimed to want to trim the budget.

[2:30:43 PM](#)

Co-Chair Stedman asked for a rough estimate of the total reappropriations in the language section.

Mr. Clark stated that the legislative appropriations added up to \$9.5 million but may not be that much come June 20, 2021.

Co-Chair Bishop estimated that the \$9.5 million would decrease.

Mr. Clark replied in the affirmative.

[2:31:43 PM](#)

Co-Chair Stedman explained that the reappropriations being referenced were sometimes appropriated as many as ten years in the past. The projects had wound down or were finished but some communities could still be in need.

[2:32:15 PM](#)

#

ADJOURNMENT

[2:32:30 PM](#)

The meeting was adjourned at 2:32 p.m.