

2-8-82

HCR 56

HCB 630

HOUSE LABOR & COMMERCE
STANDING COMMITTEE
February 8, 1982
1:08 p.m.

Members Present: Rep. Martin, Chairman
Rep. Bylsma, Vice-Chairman
Rep. Rogers
Rep. Randolph
Rep. Gardiner

Members Absent: No members absent.

COMMITTEE CALENDAR

HCR 56 Relating to the policy of the legislature
concerning telecommunications.

HB 630 An Act relating to state loan programs; and
providing for an effective date.

WITNESS REGISTER

Representative Ray Metcalfe
Alaska State Legislature
Pouch V
Juneau, Alaska 99811
465-4947
Position Statement: Prime sponsor of HB 360.

Tom Sofo
LAA Legal Services
Pouch Y
Juneau, Alaska 99811
465-3867
Position Statement: Reviewed HB 630.

Dor Hostak, Director
Division of Business Loans and Veterans Affairs
Department of Commerce & Economic Development
Pouch D
Juneau, Alaska 99811
465-2510
Position Statement: Impact of HB 630 on Division's budget.

Rod Moran, Director
Division of Administrative Service
Department of Community & Regional Affairs
Pouch B
Juneau, Alaska 99811
465-4709
Position Statement: Comments on impact of HB 630.

Gary Jenkins, President
Specialized Professional Services
no phone or address given
Position Statement: Comments on inconsistencies and areas not
being addressed by HB 630.

Thomas K. Williams, Commissioner
Department of Revenue
Pouch S
Juneau, Alaska 99811
465-2300
Position Statement: Comments and suggestions regarding HB 630.

PREVIOUS ACTION

HCR 56

See minutes of meetings on 2/3/82 and
2/4/82.

Action taken this date: Chairman Martin
moved to rescind action in deleting
language, p. 2, lines 11-12, "by making
equipment, space, and satellite time
available to the private sector." Rep.
Rogers objected. Rep. Rogers withdrew his
objection. Motion passed with no objection.

Rep. Randolph moved to add language, p. 2,
line 11, "by making equipment and satellite
time, which has already been purchased by
the state, available to the private sector."

Rep. Gardiner moved to amend Rep. Randolph's
amendment by inserting; after the word "to",
the language, "all members of", so amendment
would read "by making equipment and
satellite time, which has already been
purchased by the state, available to all
members of the private sector". Motion
passed without objection.

Rep. Randolph's amendment passed with no
objection.

Rep. Rogers moved to incorporate amendments
into a new committee substitute as amended,
and to report bill out of committee with
individual recommendations. There being no
objection, motion passed.

HB 630

No previous action.

Statutory reference: AS 44; AS 18.54.070;
AS 18.56.090; AS 45.89; and various loans

under AS 03; AS 16; AS 18; AS 26; AS 44; AS 34; AS 37.

Action taken: Rep. Rogers moved to refer HB 630 to Special Committee on Banking; Rep. Gardiner requested a letter be attached to referral. Motion passed without objection. Representatives Bylsma and Rogers were appointed to work with Banking Committee.

ACTION NARRATIVE

Tape #010
Recording
Number 0000

The meeting was called to order by Chairman Martin at 1:08 p.m. Members present were: Representatives Martin, Bylsma, Gardiner, Randolph, and Rogers. There were no members absent. Representative Metcalfe was present to give testimony on HB 630.

Number 0010

Chairman Martin brought HCR 56 before the committee. He moved to rescind the committee's action of 2/3/82 in deleting language, page 2, lines 11-12, "by making equipment, space, and satellite time available to the private sector." Rep. Rogers objected. There was discussion of the motion. Rep. Bylsma suggested amending to allow the private sector to use available equipment. Rep. Rogers withdrew his objection to Rep. Martin's motion; motion passed without objection.

Number 0120

Rep. Randolph moved, page 2, line 11, to amend language to read, "by making equipment and satellite time, which has already been purchased by the state, available to the private sector." Rep. Rogers asked unanimous consent. There was discussion of the motion. Rep. Randolph said it was his intention to make available only that equipment and time which has already been purchased by the state.

Rep. Gardiner moved to amend Rep. Randolph's motion by adding, on page 2, line 12, after the word "to", the language, "all members of the private sector", so language would read, "by making equipment and satellite time, which has already been purchased by the state, available to all members of the private sector." There was discussion.

On the question, Rep. Gardiner's amendment to Rep. Randolph's motion passed without objection. Rep. Randolph's motion passed without objection.

Number 0164

Rep. Rogers moved to incorporate the amendments into a committee substitute and to report CSHCR 56 from committee with individual recommendations. Motion passed without objection.

Number 0176

Chairman Martin then brought HB 630 before the committee. He went over the fiscal note and backup material.

Number 0201

Tom Sofo, LAA Legal Services, went over Commonwealth North's suggestions. There was discussion. It was noted in discussion that the bill did not cover all state loan programs.

Number 0395

Don Hostak, Director, Division of Loans and Veterans Affairs, said the bill as written would reduce their budget by over \$500,000. There was discussion of how loans are obtained. Rep. Rogers questioned the need for the second step in AHFC loans (which would be added by the bill); Hostak saw no reason for it.

Number 0473

Rod Moran, Director, Administrative Services, Community & Regional Affairs, said the Loan Authority created by HB 630 would affect his department's loans. He felt the bill might confuse the public. He wasn't certain the Alaska Housing Loan Authority is the correct approach to take in consolidating loans. He felt the Authority didn't give the administration enough strength. He said HB 630 repeals the direct loan authority of the division. There were questions by the committee. When questioned by Rep. Rogers, Moran responded that there were no lending institutions who would provide interim financing on non-conforming loans.

Number 0610

Gary Jenkins, President, Specialized Professional Services, said he had compiled a guide to state loan programs. He said he also represented the National Federation of Independent Business. He said that many loan programs were not being addressed at all in the bill. He also found

inconsistencies; eg, Section 23 includes some loans that don't exist or that will not exist under the bill, such as CFAB and ARRC. He felt that the Alaska Housing Loan Authority adds another layer of bureaucracy.

Side 2, Number 001

Jenkins commented on problems with AIDA business loans.

Number 0049

Tom Williams, Commissioner, Department of Revenue, said there were problems with how the bill works. He felt consistent goals and purposes are needed in loan programs. He thought the bill attempted to do this, but there were problems in the method. He recommended referral to a subcommittee for further work. The committee spent some time discussing CFAB.

Number 0138

Williams said there are also problems with housing authority programs. He said there are two types of housing--urban and rural--and unconventional situations, such as water sources, foundations, and waste disposal. He said these factors affect how the market in the Lower 48 views mortgages. He was afraid that, rather than eliminating redundancy in loan programs, the bill would create another layer of redundancy.

Number 0194

Rep. Rogers moved to refer the bill to the Special Committee on Banking. Rep. Metcalfe had no objection. Rep. Gardiner felt the committee should draft a letter requesting the Banking Committee consider other loan programs that are not addressed in the bill, including the Alaska Power authority.

Number 0244

Rep. Rogers felt four things should be considered: 1) including all loan programs; 2) tying loose ends on those programs being eliminated; 3) not adding another layer of bureaucracy; and, 4) consolidating social loan programs.

On the question, the motion passed without objection. Representatives Bylsma and Rogers were appointed to work with the Special Committee on Banking on HB 630.

Number 0263

There being no further business to come before the committee, the meeting was adjourned.

176 HB 630. Ch Martin went over fiscal note & backup mat'l.

201 Sofo, LAA Legal Svcs

Went over Commonwealth North's suggestions.

Explained how they went about looking at amendments to bill.

Said "social" loan program not addressed.

263

Rogers - so we're repealing low/moderate income housing, child care, veterans, ~~and~~ AHFC housing dept, economic disaster - why are we shutting these down?

Sofo - only ones repealed were those w/no activity at all. Attempt of bill is to ~~put~~ put categories left into some kind of framework.

312

also changed area dealing w/housing loans.

363

did not address all points raised by Commonwealth North Gardiner - did this address every state loan program?

Sofo - no Gardiner - mining loans? Sofo - some consolidated w/AIDA, some still out there. Gardiner ~~was it~~ ~~was it~~

Sofo - cd get more info after review notes

Hostak

→ 395

Don Holstad - Dir, Dev Loans & Veterans Affairs

Bill as written wd decrease their budget over \$50,000.

Banks won't service some loans (e.g., limited entry loans).

Gardiner gave explanation of limited entry permits as used.

Difficult to allow anyone but state to hold mortgages (in order to avoid corps or others from gaining control of permit holders).

Rogers - why add 2nd step in AHFC loans? Hostak - sees no reason.

473 Rod Moran, CERA (Dir, Admin Servs) - 630 creates At Housing Loan Auth; ~~if~~ his direct loans wd be affected. Bill may confuse public. Not certain At Housing Auth is correct approach to take in consolidating loans. authority; 1) doesn't give admin enough strength

2) CERA can't rep'd on committee

HB 630 repeals direct loan authority of division.

546 Randolph - gets no

564 Rogers, re direct origination - Non conforming housing loans - banks won't provide interim financing; ~~if~~ are there banks who'd give interim financing for addns to non-conforming loans? Moran - no, no interim financing. Randolph - ~~can't~~ ~~can't~~ no way to get ~~the~~ interim money? No.

610 Gary Jenkins, Pres, Specialized Prof'l Servs - compiled & published guide to state loan progms; also rep'g Nat'l Fed'n of Independent Business. Many ^{loan} progms not being addressed at all.

678 Inconsistencies - Sec 23 includes some loans that don't exist or won't exist under bill. (Seafar, ARRC)

709 At Housing Loan Auth adds another layer of bureaucracy.

Side 2 commented on

0001 AIDA business loans - problems, difficulty of getting loans, esp to small businesses.

049

Tom Williams, Comm, Revenue; on board of AHFC, AIDA & other agencies. Problems w/ how bill works. Need consistent goals & purposes in loan prog; bill attempts to do this, but probs in method. Recommends referral to subcommittee for further work. Need to address problems of eliminating programs like ~~the~~ ALEC & Scafab. ~~or those~~ Gardiner (101) - gets as stockholders in Scafab; Williams said these are issues that need to be addressed. Discussion - Gardiner, Williams re ^{CFAB} Scafab.

138

also prob w/ housing authority programs. 2 types of ~~prob~~ ~~loan~~ housing - urban & rural; unconventional sites - water sources, foundations, waste disposal. These factors affect how market in town 48 views mortgages. ~~Afraid to~~ afraid that, rather than eliminating redundancy in loan programs, will create another layer of redundancy.

194

Rogers - gets no fiscal note. Rogers thought bill shd perhaps be ^{referred to} ~~heard~~ before Banking committee before being dealt w/ by LCC. He moved to refer to Spec Comm on Banking

214

Mitcalfe - no objection

216

Martin ~~went~~ ^{reiterated} motion
Gardiner said we shd ^{draft ltr} request Banking Comm to consider other loan programs that aren't addressed in bill, inc.
At Par Auth

244

Rogers - 4 things shd be considered 1) use all loan programs 2) tie loose ends on those eliminated; 3) not add another layer of bureaucracy 4) consolidate ~~several~~ loan programs.

Mo passed; Byloma & Rogers appointed to wk w/Comm
on banking.

263

adjourned.

LABOR & COMMERCE COMMITTEE
DAILY COMMITTEE HEARING

Date: 2/8/82

Place: _____

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	✓		1:04	
Rep. D. Randolph	✓		1:00	2:00
Rep. B. Rogers	✓		1:05	
Rep. T. Gardiner	✓		1:14	
Rep. T. Martin, Chair	✓		12:55	

Subject Matter:

House Bill No. 630 HCR 56 _____

Senate Bill No. _____

Special Orders:

Alaska State Legislature



MEMBERS:

TERRY MARTIN, CHAIRMAN
BERNARD BYLSMA, VICE CHAIRMAN
RICHARD RANDOLPH
TERRY GARDINER
BRIAN ROGERS

POUCH V
STATE CAPITOL
JUNEAU, AK 99811
PHONE (907) 485-3783

OFFICIAL BUSINESS

House of Representatives

LABOR AND COMMERCE COMMITTEE

To: Russ Meekins, Chairman
Special Banking Committee

From: Terry Martin, Chairman
House Labor & Commerce Committee

Date: February 8, 1982

Subject: HB 630 referral

Pursuant to hearing and discussion by this committee, the members have agreed that the Special Banking Committee should review HB 630 before action by the Labor & Commerce Committee. Areas we request your committee review are:

1) to include all state loan programs under the proposed Alaska Business Loan and Industrial Development Authority:

a) consolidation of social loan programs;

b) include the Alaska Power Authority in the loans being addressed by this legislation;

2) review contractual and constitutional rights of loan participants under those loan programs being eliminated; and,

3) evaluate the bureaucracy potentially created by this legislation.

Labor & Commerce Committee members Bylsma and Rogers have been appointed by the committee chairman to work with your committee on reviewing HB 630. After review by the Special Committee on Banking, we request HB 630 be returned to the House Labor & Commerce Committee for expedited consideration.

*Terry Martin by
M. Jones*

Original sponsor: Labor & Commerce Committee

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 56 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 Relating to the policy of the legis-
6 lature concerning telecommunications.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS a significant amount of public money is being invested in tele-
9 communications systems; and

10 WHEREAS the private sector that deals in Alaska telecommunications has
11 faced increasing competition from government as a result of state wealth and
12 expenditures for telecommunications; and

13 WHEREAS the private sector is the foundation and vitality of the American
14 economic system; and

15 WHEREAS the Alaska State Legislature has not adopted a policy regarding
16 the burgeoning telecommunications system;

17 BE IT RESOLVED that the Alaska State Legislature shall consider the
18 following guidelines when considering telecommunications legislation:

19 (1) to the extent possible, the divisions of telecommunications
20 should procure cost-effective services from private enterprise or certified
21 and franchised utilities and contract for the construction, management,
22 operation, and maintenance of telecommunications systems;

23 (2) to the extent possible, the divisions of telecommunications
24 should eliminate airwave interference of state-owned or financed stations
25 with privately owned and operated cable television stations;

26 (3) unnecessary regulatory and government barriers which impede
27 growth and development of new and innovative services by the private sector
28 should be removed;

29 (4) companies owned or operated by residents of Alaska and based

1 in Alaska should be considered before companies from other states when tele-
2 communications goods or services are needed from the private sector;

3 (5) Alaska's villages should have the opportunity to own, operate,
4 and maintain their own satellite earth stations or to contract with the
5 private sector for operation and maintenance of the stations;

6 (6) in-state programming beneficial to both urban and rural resi-
7 dents should be cost effective and the production of these programs should be
8 available to the private sector on a contract or bid basis; and be it

9 FURTHER RESOLVED that the legislature encourages public and commercial
10 radio and television news coverage of the legislative sessions. "by making
11 equipment and satellite time, which has already been purchased
12 by the state, available to all members of the private sector."
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 630
Title An Act relating to state loan programs: and providing for an effective date.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
Program Category Affected Economic Development
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		(434.6)	(434.6)	(434.6)	(434.6)	(434.6)
200 TRAVEL		(56.0)	(56.0)	(56.0)	(56.0)	(56.0)
300 CONTRACTUAL		(48.6)	(48.6)	(48.6)	(48.6)	(48.6)
400 COMMODITIES		(8.5)	(8.5)	(8.5)	(8.5)	(8.5)
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		(547.7)	(547.7)	(547.7)	(547.7)	(547.7)

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		(547.7)	(547.7)	(547.7)	(547.7)	(547.7)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		(12)	(12)	(12)	(12)	(12)
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Space Rental and ASHA payments not included in these figures.

IV. DATE 2/8/82

PREPARED BY Don Hostak, Director

AGENCY Department of Commerce & Economic Development

Original: Legislative Finance

PHONE 465-2555

Division of Loans and

cc: Budget and Management

or 465-2510

Veterans' Affairs

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)