

HB

34

SENATE COMMITTEE REPORT

DATE: 4/4/03

FURTHER: Judiciary

DATE TURNED
IN TO OFFICE: 4/15/03

State Affairs Committee considered HOUSE BILL NO. 34

HB 34 REPEAL SUNSET OF NEGOTIATED REG.MAKING

"An Act relating to negotiated regulation making; and providing for an effective date."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

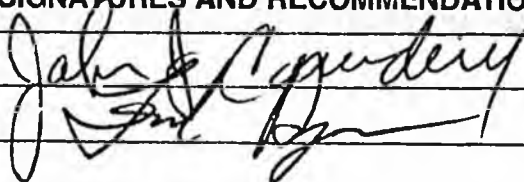


Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOG	3/19/03		✓	1
DOR	3/19/03		✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:

	Do PASS	Do NOT PASS	No REC	AMEND
	✓			
	✓			
CHAIR: 	✓			

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

Representative Jim Holm



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Fairbanks, AK 99701
TEL 456-7423, FAX 451-9293

House District 9

State Capitol
Juneau, AK 99801
TEL 465-3466, FAX 465-2937

SPONSOR STATEMENT

3/31/3

House Bill 34

Repealing the Sunset of Negotiated Regulation Making

A process called Negotiated Regulation Making ("Neg-Reg") was authorized in statute in SLA 1998, Ch 117. The original bill, House Bill 264, has a sunset date of July 1, 2003. House Bill 34 repeals that sunset, thus allowing the Neg-Reg process to continue.

Negotiated regulation making is widely supported because it makes the regulation-writing process more applicable to reality. It allows a team of affected, interested parties to negotiate and submit recommendations BEFORE the regulations are published for public review.

Most notable successes to date have been cruise ship regulations and charitable gaming regulations, two extremely contentious issues that were favorably resolved using the negotiated regulation process. Though it does involve some up-front efforts to assemble the negotiating team, it saves far more at the other end of the process by eliminating lawsuits and lengthy public appeals.

Another important advantage is that the affected industries are involved from the beginning so the resulting regulations are far more practical, enforceable, and business-friendly.

Passage of HB 34 before the end of the 2003 legislative session will allow this valuable "Neg-Reg" process to remain in statute.

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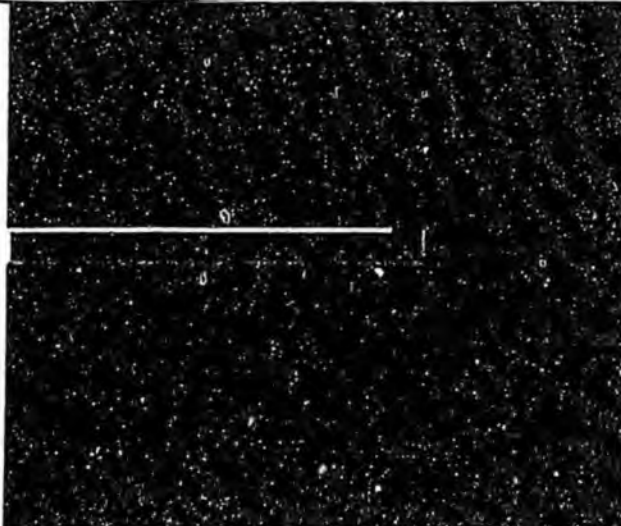
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Alaska Department of Environmental Conservation

Cruise Ship Waste Disposal and Management

** Negotiated Regulations*



Final Regulations

MS Word Adobe PDF

18 AAC 15 Administrative Procedures (MS Word 139KB, Adobe PDF 154KB)

Dear Interested Party Letter

Analytical Testing Methods for the Commercial Passenger Vessel Environmental Compliance Program

Final Report of the Commercial Passenger Vessel Environmental Compliance (CPVEC) Committee

Environmental Compliance Committee Meeting January 22-23, 2002

Environmental Compliance Committee Meeting February 26-27, 2002

Environmental Compliance Committee Meeting April 5, 2002

Negotiated Regulations Committee

Reports available

Ms. Ernesta Ballard
Ballard & Associates

Mr. Mark Buggins, Environmental Superintendent
City and Borough of Sitka

Gershon Cohen, Phd
Alaska Conservation Alliance

Mr. W. David Eley, President
Cape Decision International Services, Inc.

Mr. Loren Gerhard, Executive Director
Southeast Conference

Lieutenant Wade Gilpin
Waterways Management Coordinator
17th U.S. Coast Guard District

Mr. Paul Johnsen, Senior Port Engineer
Alaska Marine Highway System

Alternate: Mr. Tom C
AMHS - Ketchikan
Alternate: George Po
AMHS - Juneau

Ms. Gretchen Keiser, Wastewater Program Manager
AK Dept. of Environmental Conservation

Mr. Randy Ray, President
US Cruise Ship Association

Mr. Robert Reges
Cruise Control, Juneau
Mr. Reggie Ward
Tlingit & Haida Central Council

CPVEC Committee Consultants
Project Manager

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Ms. Vivian Kinnaird
Ecology & Environment, Inc

Facilitator:
Mr. Brian Rogers
Info Insights, Inc

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State of Alaska

Department of Revenue

Tax Division

Gaming Group



ANNUAL REPORT

Calendar Year 2001

Issued December 2002

Alaska Department of Revenue

Tax Division

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Division Concerns and Focus

Alaska's gaming laws limit the amount of expenses that may be incurred under a gaming permit to ensure that permit holders receive at least a minimum financial benefit from their gaming activities. Beginning in 1998 the Division's focus has been on compliance with the expense limitations and minimum profit distributions.

The Department of Revenue, with the assistance of the Department of Law, has committed substantial resources to bring into compliance the activities of Multiple-Beneficiary Permit holders (MBPs). The first step in this process was to ensure that MBPs complied with minimum distribution requirements. In 1997, MBPs failed to meet their statutorily required payment distributions by \$850,000. With a concerted effort, the Division was able to increase compliance on payment so that there were no MBP deficits in 2001.

The second step in the process focused on ensuring that MBPs not only met the minimum distributions, but also adhered to authorized expense limitations provided by statute. With the increased enforcement, one MBP ceased operations and two others agreed to suspend operations for a year as a result of being out of compliance in 1999.

MBP gaming activities in 2000 and 2001 appeared to meet the minimum requirements as set out in the statutes, with one exception. The MBP that did not meet the minimums later agreed to dedicate a certain percentage of its net proceeds over a period of two years to the Alaska Children's Trust. The Division still remains concerned whether the amount of proceeds received by some qualified organizations is sufficient. The Division, along with the Department of Law, is working to ensure that only bona fide expenses reasonably necessary to conduct gaming activities are allowed. The focus has been, and will continue to be, directed toward excessive rents, compensation and fees charged in conjunction with running or managing gaming operations.

In 2001, the Division proposed regulations and held public hearings in an effort to address various issues including unlicensed operators, conflicts of interest, methods of accounting, capital contributions, loans and gifts, and rules for MBPs. The comments received during the public hearing process indicated unhappiness with the process and confusion with the proposed regulations. As a result, the Department of Revenue decided to go forward with a process known as negotiated rule-making in an effort to garner input and suggestions about how to present the best possible regulations to deal with the issues at hand.

*

Division Concerns and Focus

The rule-making committee, appointed by the Commissioner of Revenue, consisted of eleven members, who represented the interest of permittees, operators, MBPs, distributors, vendors, the public and the Department. Using the Department's 2001 proposed regulations as a working document, the committee held nine meetings over five months in Anchorage, Fairbanks and Kenai to take public testimony, review, discuss and draft new proposed regulations. The committee issued its final report on July 31, 2002. The report reflected consensus on every provision of its proposed regulations, except the issue of whether a person who manages more than one permittee must become an operator, and the provision that a distributor cannot be a lessor of property used to conduct gaming activity. The vote on the affected provisions was nine for and two against.

* Public hearings on the rule-making committee's proposed regulations were held in Fairbanks, Anchorage, Soldotna and Juneau, August 26, through August 29, 2002. The department used the consensus of the committee, public testimony and written comments as a basis for the regulations it adopted on November 19, 2002. These regulations will be effective January 1, 2003.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB34
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Office of the Governor
 Title An Act relating to negotiated BRU Executive Operations
regulation making Component Lieutenant Governor
 Sponsor Representative Holm
 Requester House Judiciary Component No. 11

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This legislation has no fiscal impact on the Office of the Lieutenant Governor.

Prepared by: Linda J. Perez, Director Phone 465-3876
 Division Office of the Governor, Administrative Services Date/Time 3/19/03 11:08 AM
 Approved by: Annette Kreitzer Date 3/19/2003
 Agency Office of the Lieutenant Governor

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB34
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Repeal Sunset BRU Administration and Support
of Negotiated Regulation Making Component Commissioner's Office
 Sponsor Representative Holm
 Requester House Judiciary Component No. 123

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would repeal the July 1, 2003 termination (sunset) date for the statutory authority for negotiated regulation making. This legislation, which would continue the authority for negotiated regulation making, will not have an effect on the operating expenses of the Department of Revenue.

The Tax Division of the Department of Revenue last year used the negotiated regulation making process to draft and adopt new regulations for charitable gaming, and found the process useful and effective.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469
 Division: Department of Revenue Date/Time 3/19/03 10:37 AM
 Approved by: Larry Persily, Deputy Commissioner Date 3/19/2003
 Agency: Department of Revenue