

**SB**

**207**

<TARGET><BILL>SB 207</BILL><SUBJECT>SB  
207</SUBJECT><COMM>SSTA30</COMM></TARGET>

# Alaska State Senate



*Chairman: Senator Kevin Meyer*  
Senator John Coghill  
Senator Cathy Giessel  
Senator David Wilson  
Senator Dennis Egan

State Capitol Building  
Juneau, Alaska 99801-1182  
(907) 465-4945 Phone  
Senator.Kevin.Meyer@akleg.gov  
Senate.State.Affairs@akleg.gov

## SENATE STATE AFFAIRS

**Tuesday, February 27, 2018**  
**AGENDA NOTES**

- I. CALL THE MEETING TO ORDER
  - a. I call the Senate State Affairs meeting to order. Today is Tuesday, February 27, 2018, and the time now is 3:\_.
  
- II. MEMBERS PRESENT
  - a. Roll Call: Senator Giessel, Senator Coghill, Senator Wilson, and Senator Egan.
  - b. Committee Staff Christine Marasigan, Senate Records Christopher Dickrell, and LIO moderator \_\_\_\_\_.
  
- III. TODAY'S AGENDA
  - A. SCR 17 APRIL 2018 SEXUAL ASSAULT AWARENESS MONTH
  - B. SB 204 DISABLED VET PLATES: CHIROPRACTORS CERTIFY
  - C. SB 192 VOTING: ADDRESS CONFIDENTIALITY: FEES
  - D. SB 207 TRANSFER DUTIES FROM DCCED
  
- IV. SCR 17 APRIL 2018 SEXUAL ASSAULT AWARENESS MONTH
  - a. Bill Introduction: Chairman's Bill, Staff to Senator Kevin Meyer, Christine Marasigan
  - b. Questions
  - c. Public Testimony
    - i. Online: Carmen Lowry, Executive Director of the Alaska Network on Domestic Violence and Sexual Assault

2001

scr 17  
Can this go  
on the  
floor  
tomorrow?

- d. Committee Discussion
- e. Review Fiscal Notes
- f. Committee Action: Entertain a motion

V. SB 204 DISABLED VETERAN PLAT  
CERTIFY

- a. Bill Introduction: Committee Member  
Dennis Egan, Peter Naoroz
- b. Committee Questions?
- c. Public Testimony
  - i. Check your ipad there are at least two chiropractors planning to call in.
- d. Committee Discussion
- e. Review Fiscal Notes
- f. Committee Action: Entertain a motion (you may need to have another Senator make the motion to move from committee)

VI. SB 192 VOTING: ADDRESS CONFIDENTIALITY: FEES

- a. Bill Introduction: Senator Anna MacKinnon and staff, Brittany Hartmann
- b. Questions
- c. Public Testimony
- d. Committee Discussion
- e. Review Fiscal Notes
- f. Committee Action: (?)

VII. SB 207 TRANSFER DUTIES FROM DCCED

- a. Bill Introduction: Senator Mia Costello
- b. Questions
- c. Public Testimony
  - i. Fred Parady, Deputy Commissioner, DCCED
  - ii. Available for questions: Micaela Fowler, DCCED Legislative Liaison; Dept. of Revenue Leg. Liaison Genevieve Wojtusik, Dept. of Revenue Deputy Commissioner Mike Barnhill and Revenue Acting Administrative Services Director Michelle Vuille.

- d. Committee Discussion
- e. Review Fiscal Notes: ?
- f. Committee Action: HOLD

#### VIII. ANNOUNCEMENTS/ADJOURN

- a. Do committee members have anything they want to bring up at this time?
- b. Our next meeting will be Thursday, March 1<sup>st</sup>. It is my intent to (pick up where we left off today and) hear SB 212 PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS.
- c. Thank you, the time now is \_\_:\_\_\_ we are adjourned.

**SB 207 Duties Transfer DCCED**  
**Senator Costello**

SB 2017 Transfer Duties DCCED

This bill would basically transfer certain components of the Department of Commerce, Community, and Economic Development to other existing departments. It would move Alaska Seafood Marketing Institute (ASMI), Alaska Tourism Marketing Board, and Division of Economic Development to the Office of the Governor. The Department of Revenue would take all DCCED functions of revolving loan funds, all independent and quasi-judicial agencies (including all licensing). The Department of Natural Resources would take the Alaska Minerals Commission and Alaska Forest Products.

Potential Issues:

People are going to hate this bill as it dissolves DCCED. At the end of the day one could argue that this would not save the state much money because all you would dissolve would be the Commissioner's office and the Division of administrative Services and Alaska Film Office. The Office of the Governor, Dept. of Revenue and maybe DNR would probably all have a budgetary increase in taking on additional duties. Would it be enough to offset any savings? That is the big question.

It is ironic that the chair of the committee on the economy is ultimately the one to introduce a bill that dissolves the department that is supposed to be dedicated to economic development.

Legislative History

There is a companion bill, HB 63 sponsored by Representative Pruitt. There is a memo in the packet that references this bill. The four-page memo brings up a number of questions that I don't believe has been completely addressed in this version of the bill. There are a number of other functions that DCCED has and I don't know how much input they gave to either Rep. Pruitt or Sen. Costello in the language you see before you.

Fiscal Impact:

THERE IS NO FISCAL NOTE(S)

People from DCCED did approach our office saying that they would need more time to produce the fiscal notes needed for a bill of this magnitude. You need to ask them on the record how much longer they need and what is entailed in trying to put together a fiscal note for this beast of a bill.

QUESTIONS:

- Where is the Alaska Housing Finance Corporation located?
- Do we have dollar amounts assigned to each component that would move under the chart you have in the bill packet?
- I noted that there was a legal memo included that applies to the companion bill, have most of those issues been resolved?
- If this were to pass this year what would be your estimated timeline to make this happen?

# ALASKA STATE LEGISLATURE

SESSION

State Capitol, Rm 504  
Juneau, Alaska 99801-1182  
(907) 465-4968 Phone  
senator.mia.costello@akleg.gov



INTERIM

1500 W. Benson Boulevard  
Anchorage, Alaska 99501  
Phone (907) 269-0117

## SENATOR MIA COSTELLO SENATE DISTRICT K

*Jewel Lake, Kincaid, Turnagain, Lake Hood, Sand Lake, Spenard, Dimond, Campbell Lake*

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### SPONSOR STATEMENT Senate Bill 207

*"An Act transferring duties among departments in the executive branch of state government; relating to the duties of departments and commissioners in the executive branch; relating to the duties of the Office of the Governor; relating to state boards and commissions; and providing for an effective date."*

Senate Bill 207 seeks to elevate the marketing opportunities of the State of Alaska by transferring the component divisions, offices, and programs of the Alaska Department of Commerce, Community and Economic Development into other executive branch departments and the Office of the Governor.

The Department's non-lending economic development programs and marketing programs would be housed in the Office of the Governor. The rationale is to heighten the profile of the state's economic development efforts and underline the role of the Governor as the state's chief economic booster.

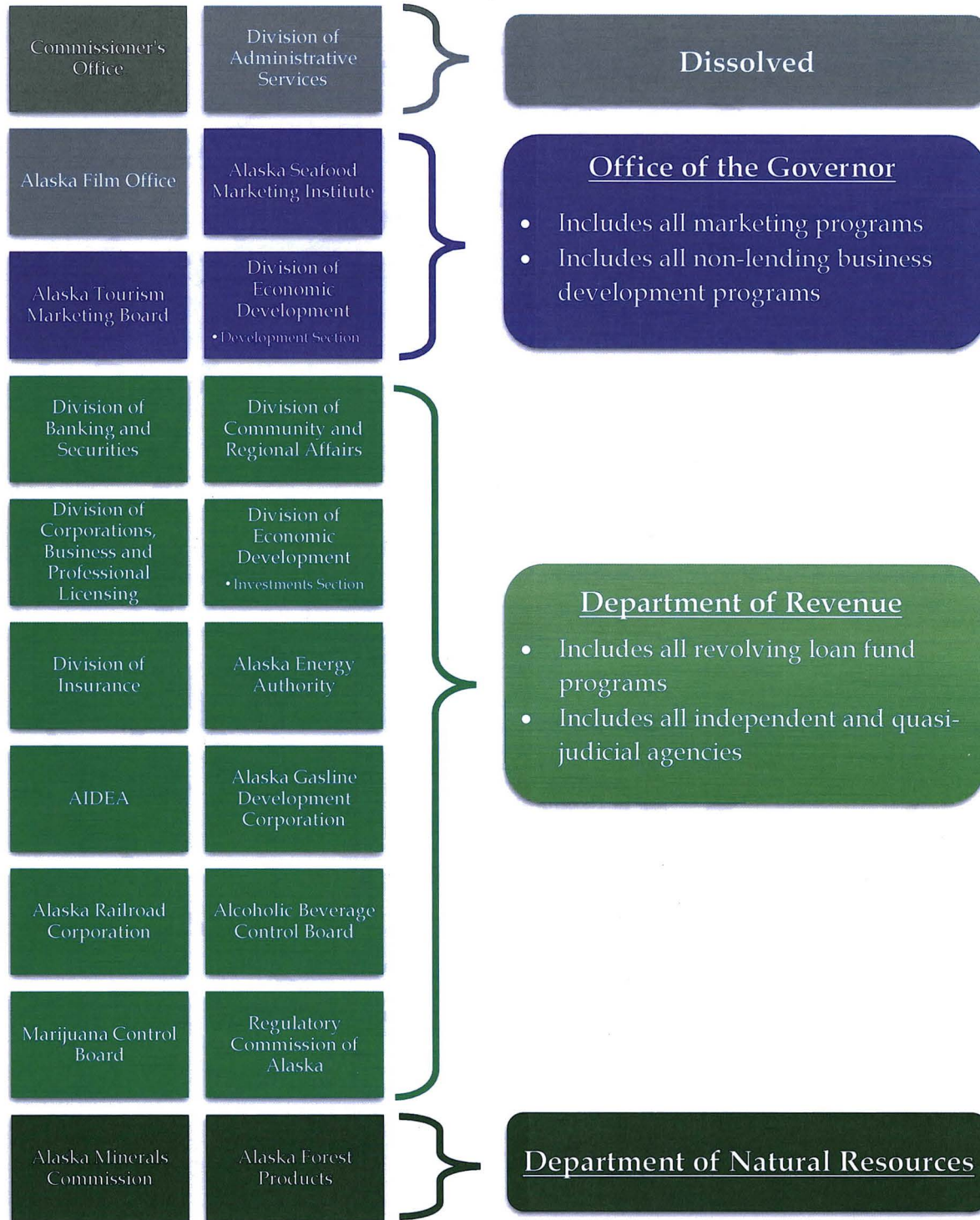
Many of the other functions of the Department of Commerce, Community and Economic Development would be moved under the auspices of the Department of Revenue. Along with the state's development lending programs, this would include all independent and quasi-judicial agencies, and oversight of all functions relating to banking, securities, corporation and business regulation, professional licensing, insurance, and promoting strong communities.

As our society changes, it is important that our government evolve alongside it. Alaska's current economic and fiscal difficulties pose a challenge, but also an opportunity to re-evaluate the tasks and priorities of our state government. Senate Bill 207 serves as a starting point for a discussion on potential ways our government agencies can be adjusted to better serve all Alaskans.

*Contact: Joshua Walton, Office of Senator Mia Costello at (907)-465-4968*

# Proposed Division/Office/Program Relocation

## Senate Bill 207



# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

January 12, 2017

**SUBJECT:** Bill transferring duties among departments in the executive branch of state government; relating to the duties of departments and commissioners in the executive branch; relating to the duties of the Office of the Governor; and relating to state boards and commissions (Work Order No. 30-LS0313\A)

**TO:** Representative Lance Pruitt  
Attn: Dirk Craft

**FROM:** *TB*  
Theresa Bannister  
Legislative Counsel

This memo accompanies the bill described above. As you requested, the bill is a reintroduction of CSHB 362( ) from the 29th Alaska State Legislature (Work Order No. 29-LS1522\W). Most of the points and questions were provided in the memo that accompanied the bill on which this bill is based.

1. Scope of bill. The bill transfers duties and programs from the Department of Commerce, Community, and Economic Development (DCCED) to the Department of Revenue (DOR), the Department of Natural Resources (DNR), and the Office of the Governor. The bill also transfers the Board of Agriculture and Conservation, which oversees the agricultural revolving loan fund, from DNR to DOR.
2. Update. The sections in the bill have been updated with those changes made by the session laws in 2016 that change or affect the sections in the bill. These changes include an amendment of AS 21.55.430(b), a new section relating to appropriations to the new Alaska comprehensive health insurance fund. Aside from these changes, the bill does not include any new powers given to DCCED by the 2016 session laws. For example, the bill does not address the telemedicine business registry added as AS 44.33.381 by sec. 38, ch. 25, SLA 2016, that DCCED is to establish.

If you want the bill to include any new powers that DCCED has been given by the 2016 session laws, please advise. However, please be aware that determining the additions to the bill is likely to delay the production of the bill and miss its introduction on the first day.

3. DCCED funds and programs. Please note that the bill only moves the funds that you specified by telephone and e-mail last session. The bill does not include other funds or

Representative Lance Pruitt

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programs, e.g., the mariculture revolving loan fund (AS 16.10.900 - 16.10.945), the commercial charter fisheries revolving loan fund (AS 16.10.801 - 16.10.840), or the municipal impact grants (authorized under AS 29.60.510).

4. Board of Agriculture and Conservation and the director of agriculture. As requested, this bill moves the Board of Agriculture and Conservation, which oversees the agricultural revolving loan fund, from DNR to DOR. However, the statutes that create the Board of Agriculture and Conservation also provide for the director of agriculture, a position within DNR, to be appointed by the Board of Agriculture and Conservation. Under AS 03.09.020(b), "[t]he director of agriculture shall be appointed to the partially exempt service by the commissioner from a list of two or more candidates submitted by the board." The bill repeals this provision and, in bill section 86 adds a new subsection with similar language to AS 44.37.030, which currently concerns the duties of DNR with respect to agriculture.

The new subsection, AS 44.37.030(b), removes board participation in the selection of the director of agriculture and provides for appointment of the director by the commissioner of natural resources. In addition, the draft amends AS 03.09.020(a), so that the commissioner of revenue, instead of the director of agriculture, will serve as director of the Board of Agriculture and Conservation.

5. Fisheries Enhancement Loan Program. Under AS 16.10.470, "each regional association levying a voluntary assessment under AS 16.10.540 shall submit an annual financial report to the Department of Commerce, Community, and Economic Development on a form to be provided by the Department of Commerce, Community, and Economic Development." Do you want this report to be submitted to the Department of Revenue?

6. Tourism duties. As requested, the bill moves the following from DCCED to the Office of the Governor: (1) the film production promotion program, currently under AS 44.33.231; (2) tourism purposes and duties, currently under AS 44.33.119 and 44.33.120, and the authority to award grants for promotion or development of visitor travel, currently under AS 44.33.135; and (3) the Alaska Tourism Marketing Board, currently under AS 44.33.136. Currently, DCCED has the authority, under AS 44.33.020(a)(36), to:

request tourism-related businesses in the state to provide data regarding occupancy levels, traffic flow and gross receipts and to participate in visitor surveys conducted by the department; data collected under this paragraph that discloses the particulars of an individual business is not a matter of public record and shall be kept confidential; however, this restriction does not prevent the department from using the data to formulate tourism economic impact information including expenditure patterns, tax receipts and fees, employment and income attributable to

tourism, and other information considered relevant to the planning, evaluation, and policy direction of tourism in the state.

Do you want to specifically grant the Office of the Governor this authority? Do you want both the Office of the Governor and DCCED to have this authority? Under AS 44.33.896(a)(3), DCCED still oversees the Alaska regional economic assistance program, and, as one of its duties related to the program, DCCED must "gather information about regional economic issues, international trade, and tourism from organizations."<sup>1</sup>

7. Rural development. The bill repeals AS 44.33.740, which relates to DCCED's powers and duties related "to promot[ing] development of rural areas of the state," and grants these powers and duties to DOR by creating a new section, sec. 44.25.400. However, the bill does not amend or repeal AS 44.33.755 (land conveyed in trust) or AS 44.33.760 (loan information officers).

8. Bulk fuel loan program. The bill grants DOR with the authority, under a new section created by the bill, sec. 44.25.400, to "make grants to communities for bulk fuel storage facilities." In addition, the bill creates a new section, sec. 44.25.420, that establishes the bulk fuel storage facilities grant fund in DOR. However, the bill does not amend AS 46.08.040(a)(2)(H)(iii), which authorizes the commissioner of environmental conservation to transfer money from the oil and hazardous substance release prevention and response fund to DCCED for "grants to repair, improve, or replace fuel storage facilities under the bulk fuel system emergency repair and upgrade program."

9. Board membership. As requested, except as otherwise noted in this memo, the bill retains existing board members and does not alter the membership of any boards affected by this amendment. This means, however, that some boards will retain members from DCCED. For example, this amendment does not alter the membership of the Alaska Industrial Development and Export Authority (AIDEA), which means that, under AS 44.88.030, the membership of the authority will continue to consist of the commissioner of revenue and the commissioner of commerce, community, and economic development, and five public members appointed by the governor.<sup>2</sup> And under new sec. 44.19.736, which is added by this bill using the language from AS 44.33.136, "the commissioner of commerce, community, and economic development or the commissioner's designee" will continue to serve as one of 21 board members on the Alaska Tourism Marketing Board.

10. Moving duties and programs to the Office of the Governor. As requested, the bill moves the film production promotion program, the Alaska product preference program,

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<sup>1</sup> AS 44.33.896(a)(3).

<sup>2</sup> Under AS 44.83.040, the directors of the Alaska Energy Authority are the members of AIDEA.

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the Made in Alaska labeling program, and tourism duties and grants from DCCED to the Office of the Governor. However, moving these duties and programs out of a principal department and into the Office of the Governor raises an issue under the Constitution of the State of Alaska.

Article III, secs. 22,<sup>3</sup> 25,<sup>4</sup> and 26,<sup>5</sup> Constitution of the State of Alaska, provide that the legislature is required to allocate powers to the principal departments in the executive branch and that the head of a principal department is subject to legislative confirmation. The legislature exercises its oversight of these departments by confirming the single executive or members of the commission or board that head the department.

The Alaska Supreme Court has not addressed whether the governor's office is a principal department. However, the legislature may not confirm the head of the Office of the Governor (the governor), and it does not appear that the Office of the Governor would be considered a principal department as contemplated by the constitution.

Moving duties and programs from a principal department into the Office of the Governor appears to violate the constitutional requirement that the legislature allocate powers, etc., to the principal departments. In addition, transferring duties and programs to the Office of the Governor removes the legislature's oversight (by its confirmation authority) of the execution and implementation of these transferred duties and programs once they are in the Office of the Governor.

If I may be of further assistance, please advise.

TLB:dls  
17-020.dls

Attachment

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<sup>3</sup> Under art. III, sec. 22, the legislature has the authority to allocate functions, powers, and duties to departments within the executive branch, with the limitation that there be no more than 20 principal departments. Article III, sec. 24, further provides that "[e]ach principal department shall be under the supervision of the governor."

<sup>4</sup> Art. III, sec. 25, requires that the head of each principal department be appointed by the governor, subject to legislative confirmation.

<sup>5</sup> Art. III, sec. 26, requires that the members of a board or commission that heads a principal department or regulatory or quasi-judicial agency be appointed by the governor.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

OFFICE OF THE COMMISSIONER

P.O. Box 110800  
Juneau, AK 99811-0800  
Main: 907.465.2500  
Fax: 907.465.5442

February 26, 2018

The Honorable Mia Costello  
Chair, Senate Labor and Commerce  
State Capitol, Room 504  
Juneau, AK 99801

Dear Senator Costello,

Per our meeting last week regarding your forthcoming bill, and having now had the opportunity to review SB 207, I am sending you my thoughts and questions about the legislation.

During our meeting, you expressed that your intention was to relocate the divisions and programs currently housed in the Department of Commerce, Community, and Economic Development (DCCED), eliminating the Department. If this is your intent, significant revisions will need to be made to the legislation. If this is not your intent, I am happy to provide feedback on the impact of moving only the portions of DCCED you have identified.

DCCED currently houses five core Divisions served by the Commissioner's Office and Administrative Services: Banking and Securities; Community and Regional Affairs; Insurance; Economic Development; and Corporations, Business, and Professional Licensing. DCCED also houses the Alcohol and Marijuana Control Office for administrative purposes only and the Regulatory Commission of Alaska is a semi-judicial agency located in the Department. There are five corporate agencies in DCCED: Alaska Energy Authority; Alaska Gasline Development Corporation; Alaska Industrial Development and Export Authority; the Alaska Seafood Marketing Institute; and the Alaska Railroad Corporation.

The legislation proposed moves the Division of Insurance into the Department of Revenue (DOR). It also bifurcates the Division of Banking and Securities between the Department of Revenue and DCCED, and the Division of Economic Development between DOR, the Office of the Governor, and DCCED. The Alaska Gasline Development Corporation, The Alaska Industrial Export Authority, and the Alaska Energy Authority are all moved into the Department of Revenue.

Loan programs that remain in DCCED under this legislation include the Mariculture Revolving Loan Fund, The Alaska Microloan Revolving Loan Fund, and the Commercial Charter Fisheries Revolving Loan Fund. The Veterans Loans and Salmon Enhancement Tax statutes are only partially moved. Securities statutes remain in DCCED under this legislation, while banking and consumer finance statutes are moved to the Department of Revenue. The Division of Insurance is the only core division that is entirely relocated to a new Department (Revenue) under this bill.

Community and Regional Affairs; Corporations, Business, and Professional Licensing; the Alcohol and Marijuana Control Office; the Alaska Seafood Marketing Institute; the Regulatory Commission of Alaska; and the Alaska Railroad Corporation are untouched by this legislation.

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Additionally, the DCCED Commissioner has numerous statutory appointments that will need to be reassigned if the Department is eliminated. I have attached a copy of those appointments for your information and consideration.

I hope that this information is helpful. Please let me know if there is anything further you would like me to provide.

Best,

A handwritten signature in cursive script that reads "Mike Navarre".

Mike Navarre  
Commissioner

cc: Darwin Peterson, Director, Governor's Legislative Office

Enclosure