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Representative Carl Gatto

Memorandum

Date: February 15, 2010

To: Representative Bob Lynn, Chairman
House State Affairs Committee

From: Representative Carl Gatto, Chair
House Military and Veteran Affairs Committee

Re: Explanation of Changes between original (CS) for HB 241, 26-LS0680\E Kane and new (CS) for HB 241, 26-LS0680\S Kane

Some members of the committee expressed concern over areas of ambiguity or confusion in the first committee substitute, 26-LS0680\E. The new CS, 26-LS0680\S seeks to address these concerns by:

- Deleting the word "all" on page 2, line 14, to guard against misinterpreting the statute as a mandate for the Department of Revenue to investigate *every* publically traded company, as opposed to just those companies relating to Alaska's investment portfolio
- Eliminating confusion regarding page 3, lines 26-27. The more ambiguous "gasoline and related products" was changed to "petroleum products."
- Adding new wording, Section 1 (j) (3), on page 3, lines 28-30, to more clearly define "direct investment." Under the new language, "direct investment" that would be subject to the \$20,000,000 threshold for scrutiny would "directly and significantly contribute to the enhancement of Iran's ability to develop petroleum resources, military equipment, or nuclear capabilities."
- Inserting a new provision, Section 1 (j) (9) (B), on page 4, line 31 through page 5, line 1. This new language makes clear that, for the purposes of HB 241, a parent company is only responsible for the practices of a subsidiary or jointly-owned company in which it holds a controlling interest. This provision was designed to

address the concern that the bill could be broadly read to include any dealings with a “scrutinized company” or narrowly read to exempt any company that merely formed a subsidiary to administer its interests in Iran.