

HOUSE FINANCE COMMITTEE
April 02, 2002
1:56 PM

TAPE HFC 02 - 72, Side A
TAPE HFC 02 - 72, Side B
TAPE HFC 02 - 73, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:56 PM.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
Representative Con Bunde, Vice-Chair
Representative John Davies
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Eric Croft
Representative Richard Foster
Representative Carl Moses

ALSO PRESENT

Representative John Coghill; Representative Drew Scalzi; Danielle Serino, Staff, Representative Coghill; Karen Pearson, Director, Division of Vital Statistics, Department of Health and Social Services; Roger Painter, Alaska Shellfish Growers Association, Juneau; Caren Robinson, Juneau; Doug Mecum, Director, Division of Commercial Fisheries, Department of Fish and Game; Rick Thompsen, Department of Natural Resources; Linda Sylvester, Staff, Representative Pete Kott; Mary Marshburn, Director, Division of Motor Vehicles, Anchorage

PRESENT VIA TELECONFERENCE

Anne Harrison, Fairbanks; Jon Agosti, Seward; Julie Decker, Juneau; Rick Thompson, Juneau; July Decker, Executive Director, Southeast Alaska Diver Fisheries Association; Jon Agosti, Chugiak Shellfish Association, Seward; Mary Marshburn, Anchorage; Bob Lynn, Anchorage; Karen Vosburgh, Alaska Right to Life, Matsu; Linda Sylvester, Staff, Representative Pete Kott;

SUMMARY

HB 160 An Act requiring the reporting of induced terminations of pregnancies.

CSHB 160 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal impact note by the Department of Health and Social Services.

HB 208 An Act relating to aquatic farming of shellfish; and providing for an effective date.

CSHB 208 (RES) was REPORTED out of Committee with a "do pass" recommendation and with previously published fiscal notes: DNR (#2), DFG (#3) and DFG (#4).

HB 344 An Act increasing fees for driver's licenses, instruction permits, and identification cards; and providing for an effective date.

CSHB 344 (STA) was REPORTED out of Committee with a "do pass" recommendation and with previously published fiscal note: ADM (#1).

#hb160

HOUSE BILL NO. 160

An Act requiring the reporting of induced terminations of pregnancies.

REPRESENTATIVE JOHN COGHILL, SPONSOR, spoke in support of the legislation. He noted that the legislation would implement a reporting system on abortion. He observed that the reporting system would provide information on teen pregnancy while protecting confidentiality. The information obtained through the provision would allow the state to respond to policy issues ranging from contraception to education. There would be a 30-day reporting period. An annual report would come through the Bureau of Vital Statistics. Most states have similar programs through their Bureaus of Vital Statistics. There is a \$78 thousand dollar fiscal note. The Centers for Disease Control (CDC) and the American Civil Liberties Union (ACLU) support the legislation. The legislation would provide information on the number of abortions, the number of abortions tied to various health issues, percentage of abortions in each trimester, and the number of abortions in rural vs. urban areas.

Representative John Davies acknowledged protections to confidentiality but questioned how the statistics would be derived. Representative Coghill explained that the legislation does not require comprehensive reporting, but

would be an additional tool to be used in assessing what is happening in the state.

DANIELLE SERINO, STAFF, REPRESENTATIVE COGHILL provided information on the legislation. In response to a question by Representative Bunde, she clarified that Planned Parenthood and the Alaska Right to Life organizations testified in support of the legislation in previous hearings.

Representative Coghill observed that there are certain monetary benefits to the state based on the number of abortions, which would benefit Planned Parenthood. The statistics could also be used to support a case for some other public policy.

Ms. Serino explained that insurance would not be negatively affected by definitions contained in section (b) of the legislation.

Representative Coghill reiterated that the intent is to determine the number of abortions in the state of Alaska through the Department of Health and Social Services, Division of Vital Statistics. He observed that there are no reports at the current time, which include these statistics. Live births, fetal deaths and some sexually transmitted diseases are reported through the Bureau of Vital Statistics. The category would be protected through confidentiality.

KAREN PEARSON, DIRECTOR, DIVISION OF VITAL STATISTICS, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, spoke in support of the legislation. She clarified that the legislation would bring the state into compliance with the CDC guidelines and maintain privacy protections. The change in the definition of fetal death would not have any other implications beyond statistical information. The Division concurs with the fiscal notes.

KAREN VOSBURGH, EXECUTIVE DIRECTOR, ALASKA RIGHT TO LIFE, MATSU, testified via teleconference in support of the legislation. She questioned if there would be data regarding the cause, age of mother, work status, location (outpatient or office) or the trimester that the abortion takes place. Representative Coghill explained that the report form would note the type of abortion (whether it was a live birth), gestational period, and national origin or race status.

Ms. Serino explained that the report would have much of the information mentioned but noted that personal information would not be available to the public. The patient would not be identified. The final report would have the summation of the statistics. Representative Coghill observed that the statute only requires a report of the fact that there was a

termination of pregnancy. Ms. Vosburgh expressed concern that death of the mother be reported.

ANNE HARRISON, FAIRBANKS, testified via teleconference in support of the legislation. She noted that the statistics could be used for scientific and research purposes, but expressed concern regarding lapses in confidentiality. She referred to section 6: "fetal death" means death before the complete expulsion. She questioned if any sign of life in the fetus after the abortion would put the provider in legal jeopardy. She referred to section 8 line 2 and stated that she would add a period after: "induced termination of pregnancy" means the purposeful interruption of an intrauterine pregnancy." She felt that the remainder of the section was redundant: "with the intention other than to produce a live-born infant, and that does not result in a live birth, except that "induced termination of pregnancy" does not include management of prolonged retention of products of conception following fetal death." She felt that the language was emotionally charged and should be clarified.

Representative Coghill observed that the language was copied from the Family Planning Prospective Volume 30, Number 5, Appendix B.

BOB LYNN, PRESIDENT, ALASKA RIGHT TO LIFE, ANCHORAGE, testified via teleconference in support of the legislation. He maintained that more and better information can do nothing but help regardless of one's stance on the issue. He observed that governmental policy makers and health providers could use the data for a multiple of purposes. He observed that some studies have shown an association between induced abortion and breast cancer. Adequate reporting of abortion, linked to the reporting of breast cancer could resolve important questions.

Representative John Davies questioned the necessity of language on page 4, lines 3 - 6. Ms. Serino explained that induced definition of pregnancy is used by the CDC and felt that the language should remain. She added that "does not include management of prolonged retention of products of conception" relates to DNC procedures following abortions.

Representative Coghill stated that if the language were changed that he would recommend the inclusion of the language by Planned Parenthood, which is more encompassing.

Ms. Pearson explained that the definition is intended to prevent the classification of the procedure where the fetus has terminated prior to the expulsion, in order to get an accurate account of what areas actually induced terminations, as opposed to procedures needed to deliver a fetus that is no longer alive.

Co-Chair Mulder referred to the fiscal note. He MOVED to report CSHB 160 (JUD) out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 160 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal impact note by the Department of Health and Social Services.

#hb208

HOUSE BILL NO. 208

An Act relating to aquatic farming of shellfish; and providing for an effective date.

REPRESENTATIVE DREW SCALZI, SPONSOR, testified via teleconference in support of HB 208. He explained that the legislation would change the way the Department of Fish and Game develops mariculture sites. Under the current statutory provision, applicants locate sites that they believe are applicable to developing mariculture. A problem arises when they locate a site only to find out when they return to the department that it conflicts with an earlier use. Under the legislation, the department would find sites and make them available: predisposing problems. The department would locate 90 sites; the Department of Fish and Game and Department of Natural Resources would set the criteria. The 90 sites would be divided: 60 suspended cultures such as mussels, oysters; 20 clams sites; and 10 geoduck sites. The sites would be available annually until taken; a ten-year lease would be required. Farmers must abide by the sustained yield principle in harvesting. The farming would not interfere with the established commercial, subsistence, or personal use fisheries. Upon expiration of the lease the permit holder must return the site in the condition that mirrors the population estimates that were in existence when the lease started. The bill is the first step by the state in supporting the development of shellfish farming in Alaska, since enactment of the Aquatic Farm bill of 1989. The demand for Alaska shellfish in the market place cannot be met with the small amount of farms that are now present. Shellfish farming is an excellent opportunity for displaced fishermen or fishermen that need to supplement their income. A 10-acre farm could produce 435,000 pounds of clams worth \$1.1 million dollars annually. Alaska's largest seafood wholesaler estimates the clam market in Anchorage at over one million pounds a year.

Representative Hudson referred to fiscal notes. Representative Scalzi estimated that over a 10-year period the collection would pay for the costs.

ROGER PAINTER, ALASKA SHELLFISH GROWERS ASSOCIATION, JUNEAU, testified in support. He referred to section (b)(2): Before offering leases for aquatic farming sites under (a) of this

section, the commissioner of natural resources shall solicit nominations of sites suitable for aquatic farming of clams, geoducks, and other shellfish from the aquatic farming industry in the state and the public." The Alaska Shellfish Growers Association is actively working with the University of Alaska on assessments of candidate sites. Under the current program the burden is on the applicant to provide site-specific information, which keeps the cost of the current program low. He suggested that nominated sites be required to provide site-specific information to keep the costs of the program down. He felt that the Department of Fish and Game's fiscal note could be reduced. He observed that the fiscal notes by the Division of Commercial Fisheries and Habitat Restoration were predicated on observations at the site. During a normal opening the Department of Fish and Game does not visit sites or conduct dive surveys. He maintained that the burden to provide the information should be on the industry.

Representative John Davies questioned why not operate under the statutes. Mr. Painter explained that the sites would be located in areas of low conflict in areas where the industry is being encouraged. He referred to interaction with the Prince of Wales community, which is working to support industry. The cost to amend current land use plans, conduct public hearing on the Prince of Wales project is \$140 thousand dollars, which would result in a small number of sites. The legislation would allow applicants to go into areas where there would be a high probability of farming. He emphasized the difficulty of locating sites that can be approved. There was one applicant for all of Southcentral in 1999. The legislation would open doors by pointing people into areas that would be successful. Representative John Davies questioned why the department would have more success. Mr. Painter responded that the department's role would not be to identify sites but to evaluate sites proposed by industry for points that would cause them to be rejected.

Representative Scalzi referred to the Katchemak Bay area where there are a lot of home sites. The Administration can deal with relationships between user groups and expedite the process.

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Representative Hudson questioned if sites would be available by road or boat. Mr. Painter explained that they were close to the road but require a 2-mile boat ride. Representative Hudson questioned the cost of providing road access to the site. Mr. Painter noted that he flies all of his product from his farm site, even though it is relatively close to the road. He produces between a 1,000 and 2,000 pounds a week. He would like to work with other farms in the area to

truck the product out as roads and ferry service is improved.

Co-Chair Mulder observed the fiscal costs and questioned why the industry is not willing to pay for the up front costs to begin the program. Mr. Painter acknowledged that industry should pay a greater portion of the up front costs and reiterated that the fiscal notes could be reduced. The industry can complete surveys for less money than the state. He asserted that it would cost the department 50 times more than industry to deliver the data.

Representative Lancaster asked for an example of the cost to survey a site. Mr. Painter noted that they surveyed 100 miles of coast at a cost of \$4 thousand dollars. He added that he has worked with the Department of Community and Economic Development to develop a spreadsheet that demonstrates the flow of revenues back into the state treasury from the passage of the legislation. He explained that they visited clam sites and collected samples that allowed them to analyze the number of clams available, took soundings and salinity levels, and looked for sensitive habitat and other problems. The Department of Natural Resources has stated that 80 sites were permitted before the program was abandoned.

DOUG MECUM, DIRECTOR, DIVISION OF COMMERCIAL FISHERIES, DEPARTMENT OF FISH AND GAME, provided information on the legislation. He noted that the department testified in support of the legislation. He had not heard any criticism on the fiscal note previously. He stressed the need to fund the program in order to jump-start the industry. The legislation would double the size of the industry. The department would do the work to find sites that are suitable and free of conflict. He emphasized that the funding is needed to do the work. He observed that no statutory change is necessary to keep the burden on the industry, but the department supports the approach taken in the legislation [to shift the burden to the department].

Representative Lancaster questioned if the sites had been previously surveyed. Mr. Mecum stated that they do not do a lot of surveys on suspended culture sites, but that they have been involved in surveying on bottom farm sites. He noted that the department is involved in litigation regarding geoducks, which are highly viable. Goeducks are worth \$10 - \$20 dollars a pound on the Asian live market. He noted that there were 40 applications put in during the last application period, 19 of which were ground bottom sites. The department surveyed the sites at their cost, which was expensive. He stressed the cost of "firing up" a research vessel with divers to survey sites with scuba gear to do actual quantitative surveys and estimates of the existing biomass and populations. He disagreed that the industry

could provide the services cheaper and estimated the costs for one site at \$20 thousand dollars. The legislation anticipates nine sites that could be anywhere in the state of Alaska.

Representative Hudson questioned if there was conflict between the diver fisheries and the set aside sites. Mr. Mecum affirmed and acknowledged that potential dive sites would have to be taken into consideration for a third of the sites. He clarified that the intent of the legislation was for the agencies to do the public process and biological surveys to find areas that would have a reasonable expectation for approval.

RICK THOMPSON, STATEWIDE AQUACULTURE PROGRAM, DEPARTMENT OF NATURAL RESOURCES, testified via teleconference in support of the legislation. He noted that the Department of Natural Resources has worked closely with the industry, sponsor and Department of Fish and Game to resolve issues.

Representative John Davies asked if the number of sites and the potential of the industry expansion to all of the sites made available were practical. Mr. Thompson stated that he was not qualified to speak to the industry's capability to expand. He noted that the department is responsive and would work to eliminate conflicts. He stressed the need to build in efficiencies. There may be areas that can support 10 - 15 sites. He thought that it would be good to identify sites, when and where there are resources available.

JULY DECKER, EXECUTIVE DIRECTOR, SOUTHEAST ALASKA DIVER FISHERIES ASSOCIATION, testified via teleconference in support of the legislation. She did not think that the legislation would be detrimental to the dive fisheries.

JON AGOSTI, CHUGIAK SHELLFISH ASSOCIATION, SEWARD, testified via teleconference in support of the legislation. He noted that he is also the president of the Qutekcak Shellfish Hatchery. He emphasized the importance of the legislation to his and other state hatcheries. They provide four new species of shellfish cultured in the state in an attempt to diversify and grow the industry. The legislation is critical to help jump-start the industry. Grant funding is not going to continue. The two-year application process, which has less than a 50 percent chance of success, is a detriment to the industry. It is a large cost in time and money for unsuccessful applicants, which also acts as a deterrent.

CAREN ROBINSON, THE SHELLFISH MARKET, JUNEAU, testified in support. She noted that she is a partner in a shellfish company located on Prince of Wales Island. She distributes the majority of oysters in Southeast Alaska and her biggest fear of each week is whether there will be enough product to

meet demand. She noted that there is not enough to send out of state.

Representative Hudson asked if the legislation extends the length of the lease and questioned if longer contracts would aid industry. Ms. Robinson agreed that it would be helpful to do anything to extend and simplify the lease process.

Representative John Davies asked if the level of effort is reasonable. Ms. Robinson thought that the number was reasonable. She reiterated that she is unable to meet demand, yet it is a difficult industry to get started in.

In response to a question by Representative Davies, Representative Scalzi could not provide additional information regarding the amount of public interest. He noted that if all 90 sites were released that the state would receive \$58,000 annually, based on the assumption that all sites were released. He felt that there was an extensive level of interest.

Representative Whitaker reviewed the fiscal notes: Department of Fish and Game, Division of Commercial Fisheries \$90 thousand dollars, and the first year; Department of Natural Resources, \$98.3 thousand dollars the first year; and Department of Fish and Game, Division of Habitat for \$72.5 thousand dollars the first year. He emphasized that the funding would spur economic development. The total cost would be \$272 thousand dollars. The Department of Environmental Conservation withdrew their fiscal note. He spoke in support of the legislation and emphasized that it would help a fledgling industry.

Representative Lancaster pointed out that a hatchery was built in Seward that just delivered its first commercial product last fall, which could be used to support the industry.

Representative Hudson questioned how many jobs would be involved in each project. Representative Scalzi observed that there are 14 members in the Katchemak Bay collective involved. Mr. Painter stated that there are four full time employees at their site. The site next to them has 2 full time partners with a few part-time workers.

Representative Hudson estimated that there would be 270 individuals employed on the additional sites.

Co-Chair Mulder spoke in support of the legislation. He asked the sponsor to work with industry and the department to look for funding efficiencies.

Representative Lancaster MOVED to report CSHB 208 (RES) out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 208 (RES) was REPORTED out of Committee with a "do pass" recommendation and with previously published fiscal notes: DNR (#2), DFG (#3) and DFG (#4).

#hb344

HOUSE BILL NO. 344

An Act increasing fees for driver's licenses, instruction permits, and identification cards; and providing for an effective date.

LINDA SYLVESTER, STAFF, REPRESENTATIVE PETE KOTT, HB 344 was introduced by the House Rules Committee at the request of the Division of Motor Vehicles. Passage of HB 344 does two things:

- Fees for non-commercial drivers licenses and ID cards will increase by \$5.00. Learner's permits will increase by \$10.

Considering the approximate 180,000 original issues and renewals processed annually, the increase translates into an additional \$750,000 to \$900,000 per year. Also,

- The fee increase enables DMV to implement a conversion to a digital license system. The Division seeks \$500,000 to implement the IT system to support the digital system. They already have the capital funding for the equipment.

Ms. Sylvester read a prepared statement:

Alaska is one of 3 remaining states that has yet to abandon the Polaroid system. By moving beyond 1950's era technology, Alaska steps up efforts to insure the integrity of this nation's individual identification system. Since September 11, considerable attention has focused on the integrity of this system.

Keep in mind that the driver's license and ID cards are considered "breeder" documents. Once in hand they can be parlayed into other documents like airplane tickets, passports, checking accounts, fire arms permits, credit cards, among others. Just like that, a new or false identity is set up. The driver's license is the cornerstone of the identity theft phenomenon. Last year, this little problem resulted in losses of over \$7 billion dollars.

Less glamorous but indicative of a larger "day to day" problem for the restricted sales industry is underage kids fraudulently obtaining or manufacturing id's. You'll notice resolutions from the Municipality of Anchorage and from Alcohol Retail Beverage Association and a letter in support from CHARR that speak to that issue.

The driver's license is far more than evidence that you passed your road test. It has become a critical component to our society's security both personal & financial.

As such the government has a HUGE responsibility to ensure the integrity of that system. Think about how Alaska lives up to that responsibility. The license you carry in your pocket relies on technology that is unchanged since 1954.

Think of the ways one might fraudulently obtain a license. It takes two documents with your name on it to get a duplicate license. No photo identification is required. Someone could steal mail, walk into a DMV office and potentially walk out with a license with someone else's identifying information is now matched to their photo. Right now, DMV lacks the ability to keep an electronic image of the individual. That means they can get that person's checking account, credit card, etc., etc., etc.

Another creative idea was shared by a staffer for a Finance Committee member. In college, their friend, commercial art major created a large poster of an exact replica of an Alaska Driver's license. He had people stand in front, in front of the 'yellow curtain' and took a Polaroid snapshot, laminated it and a driver's license was created.

Alaska's license is uniquely old fashioned. I've heard anecdotal stories about bars or airlines balking at accepting them because it looks too low tech, too homemade. The license is a dinosaur. Other problems: Alaska's DMV cannot electronically transmit a copy of the driver's license nor can they retain an electronic image. If you are traveling, have your wallet what would you do? DMV can only manufacture a duplicate license with an empty space where your photo should be. If your not there in person to have your picture taken, no picture exists. This is a crisis for a traveling Alaskan negotiating their way through the tough as nails security and airport agents in the nation's airports. If Alaska had a digital license, a completely intact, functional duplicate license could be expressed to the sorry traveler.

If nothing I've said has impressed you with the importance of converting to the digital drivers license system, I've got one more compelling reason for your consideration. Last year the Polaroid filed for Chapter 11 bankruptcy. In February at the American Association of Motor Vehicle Administrators was informed that Chapter 7 Bankruptcy was likely to follow. Chapter 7 meaning selling off of the business assets. Once digital cameras hit the consumer market, the end of Polaroid photography became a foregone conclusion. Already, the cameras used by DMV are no longer manufactured. It is just a matter of time before the film can no longer be purchased either.

MARY MARSHBURN, DIRECTOR, DIVISION OF MOTOR VEHICLES, ANCHORAGE, testified via teleconference in support of the legislation. She observed that Alaska is one of three remaining states that does not use digital licensing. The passage of HB 344 would help to move forward for a much-needed change in the Alaska system. She observed that Alaska uses a manual process with preprinted forms, which are laminated. All of the items are subject to theft, fraud and alteration, though she did not think it would be as simple as indicated by the previous testifier. Within the past four-months, five individuals have been arrested for fraudulent attempt to alter or obtain a license. Computer generation are significantly more difficult to alter or replicate. There are no preprinted forms, pouches or photos. Computer generation allows more complex and secure features on the license. A digital picture is stored and used to verify identity for renewal or law enforcement. She concluded that digital licenses would benefit consumers. It is more difficult to alter and more secure. If a current license were lost it could not be replaced with a picture if the holder were out of state. Digital licenses could be reprinted and sent to the consumer. She noted that there is wide support among law enforcement agencies and industry. She addressed the fiscal notes, which would provide \$500 thousand dollars in capital funds for system development testing and deployment. Funding would support integration of the database, license generation and data issuance, image storage capture, and storage of the transmission for law enforcement use. It would also test the system and deploy it statewide, integrate with other users, and provide support software. Alaska currently has over the counter licensing issuance. She spoke to centralizing the function. Pictures would be taken at the Division of Motor Vehicles, which would take the picture and application, but the license would be mailed from a central facility.

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Ms. Marshburn stated that centralization would be more expensive than over the counter issuance. Personnel costs would be the biggest factors. There would be a \$5 dollar increase to the license and duplication fees. Instruction permits would be increased by \$10 dollars. Fees in Alaska are currently at the low end of the national scale; raising the fee would bring Alaskan fees to the middle to low end. The Division does not recommend raising commercial licensing fees. The last increase to drivers licensing fees was 10 or more years ago and they think the increase is reasonable. Licenses should remain affordable to maintain safety and encourage licensing.

Representative John Davies asked if there would be an increment to maintain accuracy. Ms. Marshburn emphasized that they currently require proof of birth and proof of identity. Previous photos can be retrieved when there are questions, but they are not instantly recallable.

Representative Lancaster questioned if the Division looked into any technologies other than Polaroid. Ms. Marshburn observed that Polaroid would be eligible to bid, but she thought that it was likely that another vendor would receive the bid.

Representative Lancaster referred to national identification cards. Ms. Marshburn noted that discussions on national identity cards envision a single card issued by a single agency, such as the federal Department of Transportation. Improving state licensing could help defer the issue of a national identity card.

Representative Hudson questioned if the renewal would have to occur at a division office. Ms. Marshburn observed that there would be no changes in the basic process of issuing or renewing licensing. Individuals would still be eligible for renewal by mail after the initial five-year period.

In response to a question by Co-Chair Williams, Ms Marshburn explained that the Division estimates \$900 thousand dollars in revenue would be generated with the increase of licenses. The Division is asking for \$500 thousand dollars to be appropriated to develop the system.

Representative John Davies MOVED to report CSHB 344 (STA) out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 344 (STA) was REPORTED out of Committee with a "do pass" recommendation and with previously published fiscal note: ADM (#1).

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ADJOURNMENT

The meeting was adjourned at 3:43 PM