

**ALASKA STATE LEGISLATURE**  
**HOUSE STATE AFFAIRS STANDING COMMITTEE**

February 20, 2001  
8:02 a.m.

**MEMBERS PRESENT**

Representative John Coghill, Chair  
Representative Jeannette James  
Representative Hugh Fate  
Representative Gary Stevens  
Representative Peggy Wilson  
Representative Harry Crawford  
Representative Joe Hayes

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 110

"An Act relating to driver's licenses and instructional permits;  
and providing for an effective date."

- MOVED HB 110 OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 12(title am)

Urging the United States Congress to amend the tax code to  
eliminate the marriage penalty.

- MOVED SJR 12(title am) OUT OF COMMITTEE

HOUSE BILL NO. 72

"An Act relating to an assistant adjutant general for national  
missile defense in the Department of Military and Veterans'  
Affairs."

- MOVED HB 72 OUT OF COMMITTEE

**PREVIOUS ACTION**

BILL: HB 110

SHORT TITLE: SOCIAL SECURITY NO. & DRIVER'S LICENSES

SPONSOR(S): REPRESENTATIVE(S) COGHILL

Jrn-Date	Jrn-Page		Action
02/05/01	0241	(H)	READ THE FIRST TIME - REFERRALS
02/05/01	0241	(H)	STA, JUD
02/15/01		(H)	STA AT 8:00 AM CAPITOL 102
02/15/01		(H)	Heard & Held MINUTE(STA)
02/20/01		(H)	STA AT 8:00 AM CAPITOL 102

BILL: SJR 12

SHORT TITLE:ELIMINATE MARRIAGE TAX PENALTY

Jrn-Date	Jrn-Page	Action	
02/01/01	0246	(S)	READ THE FIRST TIME - REFERRALS
02/01/01	0246	(S)	STA
02/05/01	0278	(S)	COSPONSOR(S): WILKEN, TAYLOR, KELLY,
02/05/01	0278	(S)	GREEN, WARD, PEARCE, COWDERY,
02/05/01	0278	(S)	AUSTERMAN, HOFFMAN, HALFORD
02/06/01		(S)	STA AT 3:30 PM BELTZ 211
02/06/01		(S)	Moved Out of Committee
02/06/01		(S)	MINUTE(STA)
02/07/01	0300	(S)	STA RPT 3DP
02/07/01	0300	(S)	DP: THERRIAULT, PHILLIPS, DAVIS
02/07/01	0300	(S)	FN1: ZERO(S.STA)
02/08/01		(S)	RLS AT 10:45 AM FAHRENKAMP 203
02/08/01		(S)	MINUTE(RLS)
02/08/01	0308	(S)	RULES TO CALENDAR 2/8/01
02/08/01	0311	(S)	READ THE SECOND TIME
02/08/01	0311	(S)	AM NO 1 TITLE AM ADOPTED UNAN CONSENT
02/08/01	0311	(S)	ADVANCED TO THIRD READING UNAN CONSENT
02/08/01	0311	(S)	READ THE THIRD TIME SJR 12(TITLE AM)
02/08/01	0311	(S)	COSPONSOR(S): DONLEY
02/08/01	0311	(S)	PASSED Y17 N- E3
02/08/01	0315	(S)	TRANSMITTED TO (H)
02/09/01	0276	(H)	READ THE FIRST TIME - REFERRALS
02/09/01	0276	(H)	STA
02/09/01	0287	(H)	CROSS SPONSOR(S): OGAN
02/14/01	0329	(H)	CROSS SPONSOR(S): COGHILL
02/19/01	0375	(H)	CROSS SPONSOR(S): MCGUIRE

02/20/01 (H) STA AT 8:00 AM CAPITOL 102

BILL: HB 72

SHORT TITLE:ASST. ADJUTANT GEN. FOR MISSILE DEFENSE

Jrn-Date	Jrn-Page	Action	
01/17/01	0113	(H)	READ THE FIRST TIME - REFERRALS
01/17/01	0113	(H)	MLV, STA, FIN
01/17/01	0114	(H)	FN 1: (MVA)
01/17/01	0114	(H)	GOVERNOR'S TRANSMITTAL LETTER
02/06/01		(H)	MLV AT 3:30 PM CAPITOL 120
02/06/01		(H)	Moved Out of Committee
02/06/01		(H)	MINUTE(MLV)
02/07/01	0261	(H)	MLV RPT 6DP
02/07/01	0262	(H)	DP: GREEN, MURKOWSKI, HAYES, CISSNA,
02/07/01	0262	(H)	KOTT, CHENAULT
02/07/01	0262	(H)	FN1: (MVA)
02/20/01		(H)	STA AT 8:00 AM CAPITOL 102

**WITNESS REGISTER**

DEL SMITH, Deputy Commissioner  
Department of Public Safety  
P.O. Box 111200  
Juneau, Alaska 99811-1200  
POSITION STATEMENT: Testified on HB 110.

CHARLES R. HOSACK, Deputy Director  
Division of Motor Vehicles  
3300B Fairbanks Street  
Anchorage, Alaska 99503  
POSITION STATEMENT: Testified on HB 110.

SENATOR LOREN LEMAN  
Alaska State Legislature  
Capitol Building, Room 516  
Juneau, Alaska 99801  
POSITION STATEMENT: Testified as sponsor of SJR 12.

ROBERT F. SRAMEK, Certified Public Accountant  
Sramek-Hightower CPAs  
4341 B Street  
Anchorage, Alaska  
POSITION STATEMENT: Testified on SJR 12.

CAROL CARROLL, Director  
Administrative Services Division  
Department of Military and Veterans' Affairs  
410 Willoughby Avenue, Suite 500  
Juneau, Alaska 99811

POSITION STATEMENT: Testified in support of HB 72.

**ACTION NARRATIVE**

TAPE 01-14, SIDE A  
Number 0001

CHAIR JOHN COGHILL called the House State Affairs Standing Committee meeting to order at 8:02 a.m. Representatives Coghill, James, Fate, Stevens, Wilson, Crawford, and Hayes were present at the call to order.

hb110

HB 110 - SOCIAL SECURITY NO. & DRIVER'S LICENSES

Number 0076

CHAIR COGHILL announced that the first order of business would be HOUSE BILL NO. 110, "An Act relating to driver's licenses and instructional permits; and providing for an effective date." He noted that there had been questions raised about how HB 110 might affect criminal investigation.

Number 0092

DEL SMITH, Deputy Commissioner, Department of Public Safety, testified that the standard policy when a law enforcement officer stops a person is to get that person's identification -- what is called the "ID Lic" (an abbreviation for "identification/license number"). When the Department of Motor Vehicles issues an identification card for a person who [might be] 15 years old, that person is given a number. If the person later gets a driver's license, the license will have the same number. If an officer stops somebody, that number should pull up the person's record. Others way of doing that are to search under the person's name, Social Security number, or date of birth.

MR. SMITH said those in law enforcement prefer to have all the information they can gather about somebody, but the ID Lic can be used to access additional information.

Number 0322

REPRESENTATIVE STEVENS expressed concern about the possibility of an officer stopping someone for [driving with] a light out or some minor thing, letting the driver go, and finding later that the person was wanted in another state. Representative Stevens said he just wanted to be reassured by the Department of Public Safety that the absence of a Social Security number on the license would not cause any difficulty for law enforcement officers; it wouldn't allow somebody to slip through without being identified.

MR. SMITH said he didn't know how he would verify a [person's] Social Security number even if he had it.

REPRESENTATIVE STEVENS explained that HB 110 says the Social Security number would not be there [on the face of the license]. He summarized, "So what you're saying is that that driver's license number, that ID [licence], would be sufficient. Adding the Social Security [number] to that information you already have would not be an advantage for you."

MR. SMITH replied that [the absence of the Social Security number] wouldn't necessarily be a disadvantage. If the officer had a driver's license number from Florida, that could be run through the [Federal Bureau of Investigation's] National Crime Information Center to see if there were any outstanding warrants [on that person]. He said:

I can't see a situation where that would affect what you were able to do or [would help to] identify the person at that point. The Social Security number and other identifiers help later on when you're trying to sort things out. If you've got two people by the name of Bob Stevens and you're trying to figure out who they are, you could query them about their Social Security number or those [other] things. So it is helpful to have [the Social Security number] available someplace down the pike, but it's not absolutely imperative that you have it on a driver's license at the time of a stop.

MR. SMITH told the committee that he had queried some of his fellow law enforcement officers in the past few days. "As I said earlier, all of us like to gather all the information that we can," he repeated. "We would prefer to have it on there,

[but] would [the absence of a Social Security number] allow ... a criminal to slip through our fingers? I doubt it."

Number 0525

CHAIR COGHILL summarized that public safety officials have access to all the identification [on record]. It probably would be a convenience if they had [the Social Security number] right in front of them. But part of his emphasis in HB 110 is the public safety in another arena, that of identity theft, and balancing that concern [against an officer's need for information]. He wanted to be certain that the latter would not be compromised, and asked Mr. Smith if it was accurate to say it would not.

MR. SMITH confirmed the accuracy of Chair Coghill's summary.

REPRESENTATIVE FATE said he had received an e-mail indicating concern about another type of identification card. He asked if that card, the precursor to the driver's license, had the Social Security number on it.

MR. SMITH explained that a state ID card is issued if a person does not have a driver's license or does not want a driver's license in Alaska, but still wants a state government identification card. He did not know the Department of Motor Vehicles rules concerning that ID card, but he thought HB 110 was also addressing the printing of Social Security numbers on the ID card as well [as on the driver's license]. He explained that a person's ID number would become that person's driver's license number if the person later obtained a license.

CHAIR COGHILL mentioned that two of his children had obtained state ID cards, and that their Social Security numbers appeared on those cards. He asked Charles Hosack to address the question.

Number 0712

CHARLES R. HOSACK, Deputy Director, Division of Motor Vehicles (DMV), testified by teleconference. He testified that as required by statute, DMV issues an identification card identical to the motor vehicle operator's license. Currently, the ID card bears the Social Security number as does the driver's license. He said DMV applies the same rules to the ID card as to the driver's license. If the person objects, DMV leaves off the Social Security number. If HB 110 passes in its current form,

even though it does not address ID cards, DMV would apply the same policy to the ID card because of the existing statutory requirement.

Number 0785

REPRESENTATIVE JAMES moved to report HB 110 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 110 was moved out of the House State Affairs Judiciary Standing Committee.

SJR 12 - ELIMINATE MARRIAGE TAX PENALTY

Number 0828

CHAIR COGHILL announced that the next order of business would be SENATE JOINT RESOLUTION NO. 12(title am), Urging the United States Congress to amend the tax code to eliminate the marriage penalty.

Number 0842

SENATOR LOREN LEMAN, Alaska State Legislature, spoke as prime sponsor of SJR 12. He explained that under the federal tax code, married couples pay more than they would if they were single people living together. He called it "a basic unfairness that Congress has been trying to address." Last year, legislation passed by Congress was vetoed by the president. Senator Lemman said it appears that Congress intends to deal with the marriage penalty again, and that the issue remains one of United States Senator Frank Murkowski's priorities.

SENATOR LEMAN estimated that 67,000 couples, or about 134,000 people in Alaska, are affected by the marriage penalty. The tax code is complex, and there are about 60 provisions in it that either contribute toward or affect the penalty. The two main reasons for the marriage penalty are the standard deduction and the graduated rate structure.

SENATOR LEMAN directed attention to a table in committee packets that showed how the penalty affects people in various income categories. He explained that the basic problem is that when two people are earning income, the standard deduction for joint filers is less than twice that for a single filer, thereby creating the penalty. In addition to the smaller standard deduction, income tax rates are higher for married joint filers. He noted that this not only affects those in the higher income

levels, but people at all income levels, including those in the lower levels who receive earned income tax credit.

SENATOR LEMAN voiced his opinion that the tax code should not penalize marriage. "In fact," he said, "we ought to do everything we can to encourage it. I believe marriage provides a societal good and the tax code should at least be neutral toward it."

Number 1144

ROBERT F. SRAMEK, Certified Public Accountant, Anchorage, testified by teleconference. He explained a third way in which the marriage penalty affects taxes, saying many income tax deductions are reduced and phased out as a person's adjusted gross income increases. Among them are the deductions for interest paid on student loans and for contributing to Individual Retirement Accounts. Married people filing jointly have a proportionately higher adjusted gross income, so the amount that they lose accelerates.

MR. SRAMEK said another area in which Alaskans are impacted is in the taxation of dependent children's Permanent Fund dividends. Any dependent who has an income above \$1,400 is taxable. If the child is under 14 years old, anything in excess of that \$1,400 is taxed at the parents' incremental rate. "And so," he said, "we have one-year-old kids being taxed ...[at rates] all the way up to 39.6 percent on a portion of their Permanent Fund dividend, which obviously is not real fair."

MR. SRAMEK then described an area of concern to senior citizens: the more income a person has, the greater the probability that the person's Social Security monies will become taxable. For a single individual, the amount of income [at which Social Security income becomes taxable] is \$25,000; for a married [couple], the amount is \$32,000. When a person has income in excess of that amount, then that person's Social Security monies become taxed as well [as other income]. He mentioned a trend toward senior citizens choosing to live together instead of marrying simply because of the negative tax consequences of marriage.

MR. SRAMEK said he has heard there are more than 60 areas in the federal tax code in which there are these kinds of disparities. He said he'd be surprised if there are only 60, because there are so many provisions that are either impacted by adjusted gross income or in which there's a definite difference in the

way a married person is taxed as compared with a single person. So it's not just a young person's issue and it's not just an old person's issue, it's everyone's issue, he concluded.

CHAIR COGHILL quoted the part of SJR 12 that read, "[Further] Resolved that this legislation equalize the standard deduction ...." He asked if equalization would bring the proper parity.

MR. SRAMEK replied, "It would be Step One," adding, "The internal revenue code is now larger than the Bible. To correct all of the inequity would be a major undertaking. This [SJR 12] would be a first step, but it would not resolve all of it.

REPRESENTATIVE JAMES thanked Senator Lemman for sponsoring SJR 12.

Number 1562

REPRESENTATIVE HAYES moved to report SJR 12(title am) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SJR 12(title am) was reported out of the House State Affairs Standing Committee.

HB 72 - ASST. ADJUTANT GEN. FOR MISSILE DEFENSE

Number 1584

CHAIR COGHILL announced that the next item of business would be House Bill NO. 72, "An Act relating to an assistant adjutant general for national missile defense in the Department of Military and Veterans' Affairs."

CAROL CARROLL, Director, Administrative Services Division, Department of Military and Veterans' Affairs (MVA), came forward to testify. She said HB 72 is a simple bill that would give MVA the authority to have one more assistant adjutant general, this one being for national missile defense. If authorized, the position would be paid totally by the federal government. The concept is that the new officer would be a member of the Alaska National Guard in the traditional sense and a full-time employee of the National Missile Defense Joint Program Office.

MS. CARROLL EXPLAINED that HB 72 is before the committee because only state legislatures have the authority to create these positions. The federal government, Congress, has the authority to create all other general officer positions. There are a limited number of general officer positions in the United

States, and creating this state position is about the only way to get a general officer in Alaska for the National Missile Defense System.

MS. CARROLL testified that MG Phil Oates, Adjutant General/Commissioner, believes this would be a very valuable position. It would be the state's military representative during the development and the deployment of the National Missile Defense System.

Number 1705

CHAIR COGHILL asked Ms. Carroll to define the parameters of this position's authority, considering that the position is created by [state] statute but employed and paid by the federal government.

MS, CARROLL replied that this would be a state position. "We would have to have a memorandum of understanding with the Joint Program Office on what the duties of the position would be, but we would have joint interview and approval of the position," she said. The governor would have to concur and the legislature would have to confirm the position [because it always confirms the rank of any of the general officers in the Alaska National Guard].

CHAIR COGHILL surmised, "So this would be the first step in securing the position, and then the authority would be defined afterwards, even though this sets out why we're doing it."

MS. CARROLL said that was correct.

REPRESENTATIVE FATE asked to whom this individual answers. "Will he answer to General Oates, will he be of the same rank, what's the ranking system of this, and who does he answer to?"

MS. CARROLL replied that this position would answer to General Oates in [the new officer's] traditional Alaska guardsman role. He will be a brigadier general. He will be the site commander in Alaska for the development and deployment of the National Missile Defense System. In that role, he will answer to the Joint Program Office, and that's the federal military part. It's a dual role.

REPRESENTATIVE FATE asked what his duties would be, "taking into consideration the fact that most of this is going to be a federal project?"

MS. CARROLL replied that he would be the site commander for National Missile Defense development and deployment.

REPRESENTATIVE FATE asked, [and] "From the Alaska National Guard side?"

MS. CARROLL replied, "He would then be a traditional guardsman and that is the same role as any traditional guardsman plays: ... you are required to go to annual training two weeks out of the year, you are required to perform a weekend duty ... at least one month a year; and in that role, [the new officer] would be under the command of General Oates.

REPRESENTATIVE FATE asked if in that regard, he would also command a small force, as in other National Guard areas.

MS. CARROLL was uncertain of that and told Representative Fate she would have to ask General Oates to get back to him on that.

REPRESENTATIVE FATE said he would like to know the answer "simply because there's a cost attached to it."

Number 1914

REPRESENTATIVE STEVENS noted that those participating in the discussion kept saying "he," and asked if [the new officer's gender] was a foregone conclusion.

MS. CARROLL acknowledged, "I made that mistake, didn't I?"

REPRESENTATIVE STEVENS recognized the importance of the position, alluding to discussions about potential changes in national defense [involving Alaska]. "But should that not come to pass, should Alaska not be the major player in that ... is this premature? Will we still need this position if North Dakota is selected ...?"

MS. CARROLL explained, "We are setting up the structure to be able to act if these things do happen. So if they don't happen, the structure will be there, but it will not be used."

REPRESENTATIVE STEVENS inquired, "So if it does not happen, you will not fill this position?"

MS. CARROLL replied, "That's correct."

REPRESENTATIVE WILSON summarized: "So you're putting things in place in case this happens. If it doesn't happen, then we aren't going to fill it at all .... Is that correct?"

MS. CARROLL confirmed that it was correct.

REPRESENTATIVE WILSON asked if anything currently was being done to bring this [National Defense Missile] system to Alaska.

MS. CARROLL said there are many efforts being made right now to try to bring this system to Alaska. We have interaction with the Joint Program Office, but only on the National Guard side. In addition, there is a state position that was approved by the legislature last year for National Missile Defense that is investigating all of the civilian spin-offs that can benefit the citizens of the state such as technology, fiber optics, how we can use those things on our civilian side. So there is a lot of activity that is occurring."

Number 2052

REPRESENTATIVE WILSON queried, "This is all at no cost to the state now? Do you foresee down the line if this does happen, is this going to be all federal dollars ... or are we going to eventually be picking up part of the tab?"

MS. CARROLL emphasized, "We are not going to pick up the tab for the position. That's why ... the bill that you have before you says it will be federally funded. There is no intent for the state to ever fund this position."

REPRESENTATIVE WILSON said that was not what she meant. "If because this position is here ... there will be offshoots of this. Then is it going to be costly to the state or is it all federal dollars still?"

MS. CARROLL restated the question to clarify before she answered it: Will the National Missile Defense System have a state cost whether matching in our facilities or anything like that? No."

REPRESENTATIVE WILSON confirmed that was what she had wanted to know.

Number 2116

REPRESENTATIVE FATE moved to report HB 72 out of committee with individual recommendations and the accompanying fiscal notes.

He added, however, that he would still like an answer regarding whether there would be a command under this position.

MS. CARROLL promised to get that information for him.

CHAIR COGHILL said he would appreciate that.

Number 2143

CHAIR COGHILL noted that there was no objection to reporting HB 72 out of committee. Therefore, HB 72 was reported from the House State Affairs Standing Committee.

**ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee was adjourned at 8:32 a.m.