

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

March 22, 2001

8:05 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

CONFIRMATION HEARINGS:

Alaska Public Offices Commission

John Dapcevich

- CONFIRMATION ADVANCED

Personnel Board

Ronald Otte

- CONFIRMATION ADVANCED

HOUSE JOINT RESOLUTION NO. 2

Proposing amendments to the Constitution of the State of Alaska relating to the duration of regular sessions of the legislature and to a biennial state budget.

- HEARD AND HELD

HOUSE JOINT RESOLUTION NO. 1

Proposing an amendment to the Constitution of the State of Alaska relating to the duration of a regular session.

- HEARD AND HELD

HOUSE JOINT RESOLUTION NO. 3

Proposing amendments to the Constitution of the State of Alaska relating to terms of legislators, to meetings of legislative committees, and to the length of regular sessions of the legislature.

- HEARD AND HELD

HOUSE JOINT RESOLUTION NO. 5

Proposing an amendment to the Constitution of the State of Alaska relating to the duration of a regular session.

- HEARD AND HELD

HOUSE BILL NO. 162

"An Act relating to absences from the state under the longevity bonus program."

- MOVED HB 162 OUT OF COMMITTEE

HOUSE BILL NO. 177

"An Act placing certain special interest organizations within the definition of 'group' for purposes of Alaska's campaign finance statutes; providing a contingent amendment to take effect in case subjecting these organizations to all of the statutory requirements pertaining to groups is held by a court to be unconstitutional; requiring certain organizations to disclose contributions made to them and expenditures made by them; requiring disclosure of the true source of campaign contributions; and providing for an effective date."

- MOVED CSHB 177(STA) OUT OF COMMITTEE

PREVIOUS ACTION

BILL: HJR 2

SHORT TITLE:BIENNIAL STATE BUDGET

SPONSOR(S): REPRESENTATIVE(S)MURKOWSKI

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 01/08/01 | 0018 | (H) | PREFILE RELEASED 12/29/00 |
| 01/08/01 | 0018 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/08/01 | 0018 | (H) | STA, JUD, FIN |
| 01/08/01 | 0018 | (H) | REFERRED TO STATE AFFAIRS |

03/22/01 (H) STA AT 8:00 AM CAPITOL 102

BILL: HJR 1

SHORT TITLE:CONST AM: 90 DAY LEGISLATIVE SESSION

SPONSOR(S): REPRESENTATIVE(S)ROKEBERG

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 01/08/01 | 0018 | (H) | PREFILE RELEASED 12/29/00 |
| 01/08/01 | 0018 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/08/01 | 0018 | (H) | STA, JUD, FIN |
| 01/08/01 | 0018 | (H) | REFERRED TO STATE AFFAIRS |
| 02/28/01 | 0472 | (H) | COSPONSOR(S): KERTTULA |
| 03/22/01 | | (H) | STA AT 8:00 AM CAPITOL 102 |

BILL: HJR 3

SHORT TITLE:CONST AM: SESSION LIMIT/INTERIM COMMITTE

SPONSOR(S): REPRESENTATIVE(S)HALCRO

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 01/08/01 | 0018 | (H) | PREFILE RELEASED 12/29/00 |
| 01/08/01 | 0018 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/08/01 | 0019 | (H) | STA, JUD, FIN |
| 01/08/01 | 0019 | (H) | REFERRED TO STATE AFFAIRS |
| 03/22/01 | | (H) | STA AT 8:00 AM CAPITOL 102 |

BILL: HJR 5

SHORT TITLE:CONST AM: 90 DAY LEGISLATIVE SESSION

SPONSOR(S): REPRESENTATIVE(S)LANCASTER

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 01/08/01 | 0019 | (H) | PREFILE RELEASED 12/29/00 |
| 01/08/01 | 0019 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/08/01 | 0019 | (H) | STA, JUD, FIN |
| 01/08/01 | 0019 | (H) | REFERRED TO STATE AFFAIRS |
| 03/22/01 | | (H) | STA AT 8:00 AM CAPITOL 102 |

BILL: HB 162

SHORT TITLE:ABSENCES UNDER LONGEVITY BONUS

SPONSOR(S): HEALTH, EDUCATION & SOCIAL

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 03/09/01 | 0515 | (H) | READ THE FIRST TIME - REFERRALS |
| 03/09/01 | 0515 | (H) | STA, FIN |

03/22/01 (H) STA AT 8:00 AM CAPITOL 102

BILL: HB 177

SHORT TITLE: CAMPAIGN FINANCE: CONTRIB/DISCLOS/GROUPS

SPONSOR(S): RLS

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 03/12/01 | 0543 | (H) | READ THE FIRST TIME - REFERRALS |
| 03/12/01 | 0543 | (H) | STA, JUD |
| 03/22/01 | | (H) | STA AT 8:00 AM CAPITOL 102 |

WITNESS REGISTER

JOHN DAPCEVICH, Appointee
Alaska Public Offices Commission
3758 Glacier Avenue
Juneau, Alaska 99802

POSITION STATEMENT: Testified as appointee to Alaska Public
Offices Commission.

RONALD OTTE, Appointee
Personnel Board
2750 Greenscreek Circle
Anchorage, Alaska 99516

POSITION STATEMENT: Testified as appointee to Personnel Board.

REPRESENTATIVE LISA MURKOWSKI, Alaska State Legislature
Capitol Building, Room 406
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HJR 2.

REPRESENTATIVE NORMAN ROKEBERG
Alaska State Legislature
Capitol Building, Room 118
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HJR 1.

KEVIN HAND, Staff to Representative Andrew Halcro
Alaska State Legislature
Capitol Building, Room 414
Juneau, Alaska 99801

POSITION STATEMENT: Testified on behalf of Representative
Andrew Halcro, sponsor of HJR 3.

REPRESENTATIVE KEN LANCASTER
Alaska State Legislature

Capitol Building, Room 421
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HJR 5.

REPRESENTATIVE FRED DYSON
Alaska State Legislature
Capitol Building, Room 104
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HB 163.

REPRESENTATIVE GRETCHEN GUESS
Alaska State Legislature
Capitol Building, Room 112
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HB 163.

ALLISON ELGEE, Deputy Commissioner
Department of Administration
P.O. Box 110200
Juneau, Alaska 88911-0200

POSITION STATEMENT: Spoke to the fiscal note for HB 162.

REPRESENTATIVE PETE KOTT
Alaska State Legislature
Capitol Building, Room 204
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HB 177.

BROOKE MILES, Director
Public Offices Commission
Department of Administration
2221 E. Northern Lights, Room 128
Anchorage, Alaska 99508-4149

POSITION STATEMENT: Testified on HB 177.

HUGH BROWN III, Volunteer
Alaska Conservation Voters
4314 Penguin, Number 2
Anchorage, Alaska 99503

POSITION STATEMENT: Testified on HB 177.

STEVE CONN, Executive Director
Alaska Public Interest Research Group
P.O. Box 101093
Anchorage, Alaska 99510

POSITION STATEMENT: Testified on HB 177.

PAMELA LaBOLLE, President
Alaska State Chamber of Commerce
217 Second Street, Number 201
Juneau, Alaska 99801
POSITION STATEMENT: Testified in favor of HB 177.

ACTION NARRATIVE

TAPE 01-27, SIDE A
Number 0001

CHAIR JOHN COGHILL called the House State Affairs Standing Committee meeting to order at 8:05 a.m. Representatives Coghill, Fate, Stevens, Crawford, and Hayes were present at the call to order. Representatives James and Wilson arrived as the meeting was in progress.

Number 0215

CHAIR COGHILL announced that the first order of business would be confirmation hearings for appointees to the Alaska Public Offices Commission and the Personnel Board.

CONFIRMATION HEARINGS:

Alaska Public Offices Commission

Number 0278

JOHN DAPCEVICH, Appointee to the Alaska Public Offices Commission, came forward to testify. He had forwarded a copy of his resume to the committee in advance.

CHAIR COGHILL began by thanking Mr. Dapcevich for his long service to Alaska.

MR. DAPCEVICH introduced himself as a 72-year resident of Alaska who has served in many elected official capacities including six terms as mayor of Sitka and has served every elected governor on some board, commission, or committee. He currently is on the Pioneer Homes Advisory Board. He is a veteran of World War II and the Korean War.

CHAIR COGHILL asked about his appointment to the Alaska Public Offices Commission.

MR. DAPCEVICH explained that the Democratic Party had wanted a representative from Southeast Alaska and asked him to serve because of his background and understanding the law as a consequence of having had to abide by it for many years.

Number 0382

CHAIR COGHILL recalled the timing problems the state had faced in the last gubernatorial election. He asked Mr. Dapcevich if he foresaw any changes that might or should be made because of that.

MR. DAPCEVICH said he thought APOC needed to have tighter control and that the APOC staff has to do the homework for the members to make sure that candidates for office are clean as far as the law is concerned and abide by the law. He does not think any exceptions should be made. He remembered making a minor mistake that cost him \$10, and said the minor things should be treated as what they are, as honest mistakes. But the deliberate or serious infractions of the law definitely should be dealt with "severely and harshly" because it is embarrassing to elected officials when somebody gets away with an infraction and the people see it as the "good old boy system," or "politics as usual," he said.

Number 0544

REPRESENTATIVE FATE asked if Mr. Dapcevich anticipated making any sweeping changes.

MR. DAPCEVICH replied, "Not at all. I plan on seeing how the law works first." He noted that he had been on the other side of campaign law, and now wants to look at it from the inside to see if it is meeting the requirements that the legislature wants it to meet.

Number 0573

REPRESENTATIVE STEVENS noted that Mr. Dapcevich has a great history of service to the state. He asked him to describe the organization and operation of APOC.

MR. DAPCEVICH said the commission meets three times a year, once every three months, and usually in Anchorage. The members include two Democrats, two Republicans, and one nonpartisan.

Number 0640

REPRESENTATIVE JAMES asked Mr. Dapcevich to describe his attitude toward elected officials. "Do you think they are generally honest and sincere or do you think that they have a tendency to be sneaky?" she asked.

MR. DAPCEVICH said in working with members of the legislature for many years, he has found in almost every instance that they are very respectable. He noted that he once had run for the legislature himself (losing to Senator Robin Taylor), "and I wouldn't want to become part of you if you were sleazy."

REPRESENTATIVE JAMES explained that what prompted her question was something she has felt from the public in general. When she was first running, everybody was excited and thought she was a nice person, but after she was elected, it was as if she had "jumped over a fence of some sort" and become suspect. She expressed concern that "once we get down here, there's the attitude [on the part of]the general public ...[that] we're not trustworthy any more."

MR. DAPCEVICH told her that when he served on the Alaska Statehood Commission, there were 2.5 years of hearings throughout Alaska. He found from that testimony "that there is a large voice out there that doesn't like politicians, period; doesn't trust them, thinks they're all crooks -- but I'm surely not one of them...", "neither one of the crooks nor one of the critics."

CHAIR COGHILL observed that APOC was set up to provide accountability. When he began filling out the APOC forms as a candidate running for the legislature, he felt like he was a criminal under scrutiny. The degree of accountability to that board is very high, he said. "I think that's one of the things that we'd like to voice to you who are now going to be a member of the board."

REPRESENTATIVE JAMES said she was impressed by Mr. Dapcevich's response and agrees that it is just a few people in public office who are suspect. She voiced concern that focusing on the little mistakes perpetuates distrust, and said she thinks that APOC and the media could help that situation. A lot of good people don't want to run for office just because they don't want to be put in front of this controversy, she said.

MR. DAPCEVICH said the good-thinking people who really care about good government know we make lots of mistakes, and it is

fine to let APOC staff take care of the little things. It is the APOC board's job to deal with the serious things like the Lindauer campaign to show that "we don't want that in our government."

Number 1069

REPRESENTATIVE FATE said in the Lindauer instance, it seemed to him that there was a lot of delay. "There were a lot of things that were really hanging on the decision of APOC and that decision never came down," he said. "And so do you think that you might want to speed up the process a little bit, especially where important decisions depend on the outcome of your deliberations?"

MR. DAPCEVICH said he would like to see the process speed up, adding that he was known as having the fastest in the West when he was mayor of Sitka. He does not like unnecessary delay or backlogs of work he said; however, "you have to get all your facts and sometimes it takes [your investigators] time to get the facts."

CHAIR COGHILL thanked Mr. Dapcevich for coming before the committee and commented on his excellent credentials for the position.

Number 1169

REPRESENTATIVE JAMES recommended that the House State Affairs Standing Committee forward the recommendation to confirm Mr. Dapcevich's appointment to the Alaska Public Offices Commission. There being no objection, the confirmation was advanced. [CONFIRMATION ADVANCED]

CHAIR COGHILL declared a brief at-ease at 8:20 a.m. The meeting was called back to order at 8:32 a.m.

Personnel Board

Number 1446

RONALD OTTE, appointee to the Personnel Board, testified by teleconference.

CHAIR COGHILL opened the hearing by asking Mr. Otte what he thought he might bring to the Personnel Board.

MR. OTTE noted that he has been involved in government work for most of his professional career. For the past 20 years, he has held management positions with law enforcement agencies, "which oftentimes, I think, present some of the most challenging personnel kinds of issues." I am fairly familiar with the personnel process both from a management and from the labor side. I think I have a pretty good balanced perspective that I could bring to the table and I really enjoy public service."

CHAIR COGHILL thanked Mr. Otte for his service in Alaska.

Number 1548

REPRESENTATIVE JAMES said, "First of all, Ron, we miss seeing your face around here."

MR. OTTE replied, "I didn't think I'd ever say this, Representative James, but I really miss you guys a lot too."

REPRESENTATIVE JAMES said her background in business has led her to the conclusion that an employee's top priority is to be appreciated and also to feel like he or she is part of a team and in the know. She asked Mr. Otte to comment on that assessment.

MR. OTTE said he concurred and supported her views. He mentioned that one of his greatest assets over the years has been his respect for the work force.

Number 1657

CHAIR COGHILL asked Mr. Otte about his views on things coming up before the Personnel Board that might affect public policy.

MR. OTTE said he had not yet seen an agenda to give him a good sense of the kinds of issues coming before the board, and could not give more than a "hazy" response to the question.

Number 1730

CHAIR COGHILL explained that what prompted his question was a presentation the State Affairs Committee recently heard on work force planning. That presentation raised some interesting points on alignment and on work force review and asset review. The committee is trying to bring this to the administration, and although the committee cannot take the lead on it, he sees it on the horizon.

MR. OTTE said he would love to see it. He characterized himself as a person who is "always looking for ways to improve what we do or how we do business." He said he is looking for ways to improve and streamline the state's work force, and if there are innovations or ideas out there that need to be considered, those are the kinds of challenges he would enjoy.

CHAIR COGHILL said he would like the House State Affairs Committee to get together with the Department of Administration personnel to see if the committee can be part of that, and he wanted to give Mr. Otte a "heads up" on that.

CHAIR COGHILL expressed appreciation for Mr. Otte's service to Alaska.

MR. OTTE said he is the one who owes thanks to the State of Alaska.

Number 1971

REPRESENTATIVE JAMES recommended that the House State Affairs Standing Committee forward the recommendation to confirm Mr. Otte's appointment to the Personnel Board. There being no objection, the confirmation was advanced. [CONFIRMATION ADVANCED]

HJR 2-BIENNIAL STATE BUDGET

Number 1892

CHAIR COGHILL announced that the next order of business would be HOUSE JOINT RESOLUTION NO. 2, Proposing amendments to the Constitution of the State of Alaska relating to the duration of regular sessions of the legislature and to a biennial state budget.

Number 1937

REPRESENTATIVE LISA MURKOWSKI, Alaska State Legislature, came forward to testify as sponsor of HJR 2. She said HJR 2 is different from the other resolutions before the committee that relate to shortening the length of the legislative session. House Joint Resolution 2 focuses on a biennial state budget and provides the added bonus of a shortened session in the second year.

REPRESENTATIVE MURKOWSKI noted that the idea of a biennial budget is not new. The idea has been "floating around" the state legislature for years. The federal government is constantly looking at going to a biennial budget process. Twenty-odd states have either a full biennial budget process or some mixed version of it. She suggested that the change is necessary, appropriate, and would allow for greater efficiency.

Number 2000

REPRESENTATIVE MURKOWSKI observed that the legislature is now 70 days into the session, and:

All of us have been totally immersed in the budget process. None of us in this room is sitting on [the] Finance [Committee], and yet we're all involved in that process. The agencies have been involved with the budget nine months out of their productive work cycles.... We spend so much of our time in the budgetary process that we don't have the time to do the oversight We've got these great missions and measures that we've implemented, but how much time do we actually have to take a look and see is this working, do we need to do something different Well, I'm here to tell you [that in] the 120 days that we have, we're not very efficient with the time that we spend. So what I'm proposing is that during the ... first year of the legislative session, the governor proposes a two-year budget, we review that, and sign off on a budget that will have a two-year cycle.

REPRESENTATIVE MURKOWSKI said that would let legislators spend the second year of the session on other issues. It now is impossible to focus on other substantive issues because "we're interrupted by the budget all the time," she said.

Number 2136

REPRESENTATIVE MURKOWSKI said several states have phased in a biennial budget rather than implementing "the whole enchilada at once," and she thinks a phased process is worth considering. She suggested that the committee not roll HJR 2 in with other proposals for shortening the legislative session because the shortened session is not the focus, but "just a bonus" of HJR 2. She said the idea of a biennial budget makes good, common sense and has strong public support.

Number 2188

CHAIR COGHILL said his intent in assigning HJR 2 to the subcommittee studying similar bills was not intended to thwart any of those bills, and any one of them that stands alone can be dealt with separately. He recognized that the biennial budget is a "stand-alone topic."

REPRESENTATIVE MURKOWSKI said she understood that the legislature did not want to "load up the ballot" next year with a dozen resolutions for the voters to consider. "I think that you're absolutely right in attempting to do some consolidation here," she stated.

Number 2254

REPRESENTATIVE JAMES said she wanted to put it on the record that she has historically supported the biennial budget as a way to minimize the effort and maximize the results of the budget process. However, she thinks a biennial budget is part of a long-range fiscal plan. Putting the session-shortening bills in a subcommittee is a good way to discuss those ideas, but she would prefer that those bills all become options in a long-range plan. She said she is "not ready to vote on any one of these until I see how we're going to fund ourselves over the long term."

CHAIR COGHILL said one of the reasons he wanted to put the bills in a subcommittee is to begin that discussion. "It is not my intention to put these into the black hole that they never come out of," he said, but rather "to try to discover similarities or dissimilarities and then proceed from there."

Number 2351

REPRESENTATIVE WILSON observed that there are a lot of things Alaska has that are better than those in the state from which she came, but the biennial budget process they had there was much more efficient and gave legislators time to think about a lot of other things.

HJR 1-CONST AM: 90 DAY LEGISLATIVE SESSION

Number 2439

CHAIR COGHILL announced that the next item of business before the committee would be HOUSE JOINT RESOLUTION NO. 1, Proposing an amendment to the Constitution of the State of Alaska relating to the duration of a regular session.

Number 2446

REPRESENTATIVE NORMAN ROKEBERG, Alaska State Legislature, came forward to testify as sponsor of HJR 1. House Joint Resolution 1 simply shortens via constitutional amendment the session term from 120 days to 90 days. He said he thinks it is one of the things the legislature needs to do in terms of legislative reform. He observed that the legislature now is subject to an application of Parkinson's Law, which says that work expands to fill the time available for its completion. "We don't really get out of the blocks [very] quickly, particularly at the start of a two-year session," he said.

REPRESENTATIVE ROKEBERG then called attention to what he views as a structural problem under the Uniform Rules that inhibits the ability to do work on a year-round basis. He noted that he also has introduced HCR 3, which is a change in the Uniform Rules to allow standing committees to deal with bills. They currently can meet during the interim, but they cannot pass a bill out of the committee and on to another committee of referral. Making that change would not require a constitutional amendment. He noted that wording regarding changes in the Uniform Rules does not need to go before the people for their approval, but is something the legislature could take action on itself. He said HCR 3 also allows for electronic voting over the teleconference lines. You can't really have a shortening of the session without looking at the ability of the standing committees to meet in the interim and to be able to conduct business," he said. "I think that's an important factor and something that the subcommittee needs to be aware of."

REPRESENTATIVE ROKEBERG estimated that HJR 1 would save \$1.5 million in per diem costs and would help in recruiting candidates to serve in the legislature. He thinks the legislature's work could be done in 90 days. Most Western states have shorter sessions. He added that Washington and Oregon [sessions] also are biennial.

REPRESENTATIVE ROKEBERG concluded by saying that he does not think HJR 1 and HJR 2 are compatible to present to voters. "They are two different concepts," he said. "They have a common thread of shortening ... the gross number of legislative days

during a two-year session." He said he thought there is less controversy over a 90-day annual session than there is over a long session one year and a short one the next.

CHAIR COGHILL asked the subcommittee to consider not only similarity but also compatibility of the bills assigned to it.

REPRESENTATIVE ROKEBERG noted that he had been very skeptical of the biennial budget concept, but that he "has sort of warmed up" to it because he thinks the bureaucracy spends most of its time budget building instead of running the state.

HJR 3-CONST AM: SESSION LIMIT/INTERIM COMMITTEE

Number 2763

CHAIR COGHILL indicated that the next order of business before the committee would be HOUSE JOINT RESOLUTION NO. 3, Proposing amendments to the Constitution of the State of Alaska relating to terms of legislators, to meetings of legislative committees, and to the length of regular sessions of the legislature.

Number 2788

KEVIN HAND, Staff to Representative Andrew Halcro, Alaska State Legislature, came forward to testify on behalf of Representative Halcro, sponsor of HJR 3. He explained that HJR 3 is a constitutional amendment that would limit the length of the legislative session to 90 days. Under HJR 3, newly elected members would be sworn in in mid-December (as opposed to January), and the session would begin in the second week of February (instead of in January). One of the main provisions is the authorization of interim committees, so after members are sworn in, committees could meet on pre-filed legislation.

MR. HAND said HJR 3 would bring committee meetings to legislators' home districts so there could be more constituent contact. It also would allow hearings in the areas affected by particular legislation. The greater access provided to citizens would be very beneficial, he said. There is no question but what it would bring greater efficiency to the legislature in the use of time in Juneau, he continued. "The legislature is much like water," he said. "It will fill the space that it is given, so there is definitely efficiency to be garnered from our legislative session."

MR. HAND said HJR 3 would foster a so-called citizens' legislature because uprooting family and careers to come down to Juneau for 120 days every year has an effect on people's lives and acts as a deterrent to running for political office. Projected savings from HJR are about \$1.5 million, or about \$30,000 a day for every day the legislature is not in session. Other states with much larger populations and budgets can do their legislative work in consistently shorter sessions, some of them as short as 60 days.

MR. HAND commented on the "proliferation of ideas" with a number of bills on related topics. He said he thinks the legislature "may be turning a corner on a time in which some of these ideas might become feasible."

HJR 5-CONST AM: 90 DAY LEGISLATIVE SESSION

Number 2959

CHAIR COGHILL indicated that the next order of business before the committee would be HOUSE JOINT RESOLUTION NO. 5, Proposing an amendment to the Constitution of the State of Alaska relating to the duration of a regular session.

Number 2972

REPRESENTATIVE KEN LANCASTER, Alaska State Legislature, came forward to testify as sponsor of HJR 5. He said he thinks there are efficiencies to be gained [through it].

TAPE 01-27, SIDE B

Number 0001

REPRESENTATIVE LANCASTER mentioned that he likes some of the other ideas such as a biennial budget and interim committee meetings, and said he regards shortening the legislative session to 90 days as a piece of the long-range fiscal plan to which Representative James had alluded.

CHAIR COGHILL noted that efficiency is what everyone is seeking.

Number 2943

CHAIR COGHILL asked three committee members to serve on the subcommittee: Representatives Stevens, Crawford, and Fate. He asked if any of them would like to refuse the appointment or if

any other members wished to join the committee. Representatives James and Wilson volunteered. Representative Fate agreed to chair the subcommittee.

CHAIR COGHILL asked the committee to submit a written report. He asked them to return with recommendations to the full committee on Thursday, March 29. He also asked the committee to meet with the bill sponsors or at least with their staff.

CHAIR COGHILL declared a brief at-ease at 9:58 a.m. The committee was called back to order after 30 seconds.

HB 162-ABSENCES UNDER LONGEVITY BONUS PROGRAM

Number 2763

CHAIR COGHILL announced that the next order of business would be HOUSE BILL NO. 162, "An Act relating to absences from the state under the longevity bonus program." Representatives Dyson and Guess came forward to testify as sponsors of HB 162.

REPRESENTATIVE FRED DYSON, Alaska State Legislature, explained that HB 162 is being sponsored by the House Education and Social Services Standing Committee. House Bill 162 removes an inadvertent restriction that makes it difficult for senior citizens to receive their longevity bonuses while doing such things as going Outside to visit family, he said. The bill extends the time they can be Outside from 30 days to 60 days. In addition, it extends the allowable time for those who take an unpaid "sabbatical" for medical treatment or education and now find themselves having to pay for a flight home to Alaska every 90 days so as not to lose their eligibility for the bonus.

Number 2650

REPRESENTATIVE GRETCHEN GUESS, Alaska State Legislature, explained that the purpose for the first change, extending the time a person can be gone from 30 to 60 days, is to make it possible for lower-income seniors to drive Outside to visit family. The second change extends the allowable sabbatical from 90 days to five years. She explained that a senior who was out of state more than 60 days would not receive a monthly bonus, but would remain eligible for the program when he or she returned to Alaska. Currently, a person has to return after 90 days and receive the bonus for one month before leaving again. Also, seniors who are out of state for allowable reasons (such as for medical treatment) now must file burdensome paperwork to

remain Outside for more than 90 days without losing their eligibility. She said that extending the sabbatical will save the state money in bonuses now paid those who return and file for a month's bonus just to maintain their eligibility, and also by cutting down on eligibility paperwork.

Number 2550

REPRESENTATIVE JAMES declared a conflict of interest, as she and her husband receive the longevity bonus. Beyond that, she said, the longevity bonus is a "very touchy" subject to her. Some of the general public, particularly those who are pioneers of Alaska who will never receive the bonus [because the program is being phased out], are unhappy about some other people getting it. In 1992, 40 percent of the people drawing longevity bonuses had not been in the state more than three years. She said that was a result of a court ruling that the state could only require a year's residency before people qualified.

REPRESENTATIVE JAMES recalled that one option considered at that time was to drop the program altogether; another was to phase it out and grandfather those who already had qualified. The latter was done, and the amount the state spends goes down every year because of the decrease in the number of people drawing the bonus. Another idea discussed at that time was to make the bonus means-tested, so that any individual with income over \$60,000 (or \$80,000 for a couple) would not be entitled to the longevity bonus. That brought "huge hue and cry" from those in the program because it had not been designed as a welfare program. They also objected to providing financial information that they felt was private.

REPRESENTATIVE JAMES said she thinks HB 162 will attract "all sort of amendments" and cautioned that a lot of people (including some in the legislature) would like to have the longevity bonus program go away. So she was not enthusiastic about going forward with HB 162. "However, it does make a lot of sense," she acknowledged. She concurred that the 30-day allowable absence is very limiting to seniors who are driving out of state, but said extending the unpaid sabbatical from 90 days to five years struck her as excessive.

Number 2293

REPRESENTATIVE DYSON said he thought Representative James had very accurately encapsulated the history of the longevity bonus, which was established by the legislature to reward the people

who had built Alaska and to help "keep our elders here amongst us" rather than watching them leave to live in cheaper places. He called it unfortunate that the court ruled that under federal law, the state could not discriminate against newcomers.

REPRESENTATIVE DYSON directed attention to the fiscal note, explaining that extending the unpaid sabbatical to five years actually saves money as well as helping to clarify the records.

Number 2153

REPRESENTATIVE FATE declared that he, too, had a conflict of interest.

Number 2131

REPRESENTATIVE HAYES said he thought HB 162 was a very good idea. He asked if it had letters of support from any organizations.

REPRESENTATIVE GUESS said sponsors are in the process of gathering letters of support. She added that she thought there also is some opposition.

Number 2094

REPRESENTATIVE CRAWFORD said he supported HB 162 without equivocation.

Number 2062

ALLISON ELGEE, Deputy Commissioner, Department of Administration, came forward to speak to the fiscal note. She explained that the effects of the two aspects of HB 162 had been broken out separately. The cost of Section 1, which extends the allowable absence during which a person could continue to receive a longevity bonus check from 30 to 60 days, was estimated at \$288,400 based on last year's figures. Yet the fiscal note is a negative one because Section 2, lengthening the sabbatical, would save money. In attempting to address that in the fiscal note, the Department of Administration estimated that if 10 percent of current recipients were Outside for one month longer than they are currently allowed, and they were not receiving a check for that month, the state would save up to \$435,100 a year. She emphasized that those on sabbatical are not disqualified from the program, but simply suspended during their absence from the state.

CHAIR COGHILL invited further testimony. There was none.

Number 1892

REPRESENTATIVE JAMES moved to report HB 162 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HOUSE BILL NO. 162, "An Act relating to absences from the state under the longevity bonus program" was moved from the House State Affairs Standing Committee. [HB 162 MOVED OUT OF COMMITTEE]

HB 177-CAMPAIGN FINANCE: CONTRIB/DISCLOS/GROUPS

Number 1865

CHAIR COGHILL announced the next order of business would be HOUSE BILL NO. 177, "An Act placing certain special interest organizations within the definition of 'group' for purposes of Alaska's campaign finance statutes; providing a contingent amendment to take effect in case subjecting these organizations to all of the statutory requirements pertaining to groups is held by a court to be unconstitutional; requiring certain organizations to disclose contributions made to them and expenditures made by them; requiring disclosure of the true source of campaign contributions; and providing for an effective date." He noted that Representative Kott also had a committee substitute to offer.

REPRESENTATIVE PETE KOTT, Alaska State Legislature, came forward to testify as sponsor of HB 177.

REPRESENTATIVE JAMES moved to adopt the CS for HB 177 [22-LSO406/P Kurt] as the working document before the committee.

REPRESENTATIVE KOTT explained that the original HB 177 contained contingency language. The CS removes the contingency language, which was not felt to be necessary. That is the only change, he said.

REPRESENTATIVE KOTT said HB 177 is a relatively simple piece of legislation. It does two things. In Section 2, the "contributor" is defined as "the true source of funds, property, or service being contributed." This comports with federal law, he said.

REPRESENTATIVE KOTT said the language added to Section 3 is "probably the heart of the matter." It defines "a special interest organization" as "a person other than an individual that cannot participate in business activities, does not have shareholders who have a claim on corporate earnings, and is independent from the influence of business corporations." This spells out what a "special interest organization" is and what it can and cannot do. This provision also comports with federal law, he said.

REPRESENTATIVE KOTT said the purpose of HB 177 is to keep nonprofit organizations like the Alliance, the Resource Development Council, and "others of that nature" from making unlimited contributions to political campaigns. They could not make any greater contribution than \$1,000.

Number 1516

REPRESENTATIVE HAYES asked about the motivation for HB 177. He wondered if the intent was to prevent something that has gone on.

REPRESENTATIVE KOTT said he thinks the motivation is primarily to close a loophole in the law; and whether something has gone on or not is somewhat irrelevant.

Number 1416

CHAIR COGHILL noted that there was testimony to come from at least two groups.

Number 1384

BROOKE MILES, Director, Public Offices Commission (APOC), participated by teleconference. She said she was available to answer questions and that the commissioner would review HB 177 next week. She thought the CS removing the contingency sections makes HB 177 a more legible piece of legislation for reviewing.

MS. MILES said the APOC staff anticipates that HB 177 will result in a proliferation of groups. Under current regulations, APOC has restricted the definition of "special interest organization" to not-for-profit corporations and has described a process by which those corporations can qualify to participate. Also, she said, although this would mean all these groups could only give up to \$1,000 to a candidate in the form of a direct

contribution, it would not limit independent expenditures or non-coordinated expenditures.

Number 1256

HUGH BROWN III, Volunteer, Alaska Conservation Voters, came forward to testify. He said he was concerned about HB 177 and not certain it was necessary. He liked the CS better than the bill itself. Alaska Conservation Voters is one of the special interest groups that participated in the last election. He has heard some comments that cause him concern, including that Alaska Conservation voters had a lot of Outside money. But Outside money can be good for Alaska, he said, noting that oil money is Outside money. As to closing a loophole in the campaign laws, he thinks "that if we are doing campaign finance reform, we should do it across the board," not just incrementally. As campaign laws are written now, there is a level playing field. He supports full disclosure, and thinks the current system works.

MR. BROWN said participating in the election process is a right everyone has. It discourages him when he sees Alaska Conservation Voters described as "some extreme Outside group." He is a 26-year Alaska resident. "I care about clean water. I care about clean air. I care about development," he said. "I don't like to be characterized as an Outside extremist."

Number 1008

REPRESENTATIVE JAMES said she, too, supports full disclosure. She would rather have full disclosure than limits on contributions. "That doesn't seem to be an option for us because the general public thinks that we should keep a lid on the spending," she stated. She asked Mr. Brown where he works and about the various levels of funding for Alaska Conservation voters.

MR. BROWN said he did not know about levels of funding or where the funds come from. He said he is a volunteer. He is from Anchorage and is in Juneau on vacation, taking some paid leave from his job and getting involved with the legislature as his civic duty. To the best of his knowledge, everything has been above board and Alaska Conservation Voters has qualified as a non-group entity. He is concerned about the issues, such as clean air and clean water.

REPRESENTATIVE JAMES said she agreed with him about clean air, clean water, clean soil. (However, she noted, she parts company with those in conservation groups when it comes to visual impact.) She said she does not know much about Alaska Conservation Voters but has heard that the money comes in through different organizations that contribute funds that may or may not be used in political campaigns. She said HB 177 would let people know where the money comes from, and she thinks that information should be disclosed.

MR. BROWN observed that it healthy to have both sides talking about issues.

Number 0683

REPRESENTATIVE FATE asked Mr. Brown how he thinks HB 177 would impact Alaska Conservation Voters.

MR. BROWN said he understands that Alaska Conservation Voters is the only 501C-4, which is a qualified non-group entity. So HB 177 would only affect Alaska Conservation Voters. He said that causes him concern.

MR. BROWN explained that his concern was not just for Alaska Conservation Voters, but also for other non-group entities. The definition, "does not have business activities, doesn't have shareholders or corporate earnings, and is independent of business influences" to him described parents, he said. He is concerned about parents because of some of the current education proposals. "When we start giving out diplomas with endorsements and different types of diplomas for different children, parents are going to want to respond to that in the legislature or in the election process," he said. He envisioned parents whose children are going to be getting "inferior diplomas" coming together, forming a non-group entity, and seeking Outside money to help them.

Number 0513

REPRESENTATIVE FATE clarified that he did not want to know what the Alaska Conservation Voters was, but how HB 177 would affect them.

MR. BROWN said he thought that to participate in the 2002 elections, they would have to list all the people who contributed. He also thinks HB 177 might put a limit on how much a person contributes.

CHAIR COGHILL asked Mr. Brown if he would object to that.

MR. BROWN said he did not have an objection to knowing where the money came from.

Number 0422

STEVE CONN, Executive Director, Alaska Public Interest Research Group (AKPIRG), testified by teleconference. He reminded the committee that the Alaska Supreme Court ruled in 1999 that ideological nonprofit corporations have a right to participate in the political process. He said:

Those ideological nonprofit corporations that are formed to promote political ideas and that are independent from the influence of business have a unique status because their political expenditures don't pose the same "dangers" as those of corporations. It would appear even in the amended substitute that this bill is directed at replacing that court opinion with a statute that re-encompasses that sort of entity. The focus ... seems to be [on] the issue of political ideas and political beliefs. That is to say, my "read" of this is that with the disclosure that is being asked for, that some individuals [such as] a high-placed executive in one of the oil companies or in an oil service company like VECO [Corporation] who wants to participate monetarily in this sort of alliance ... would fear that they would suffer some sort of retribution

This brings me to ... the thrust of my testimony and that is that I think we need to determine whether or not this bill effectively institutionalizes a kind of intolerance of the free flow of political ideas. In other words, I think Alaskans believe that their beliefs should be set in motion in the political process without fear of retribution and that we are served, as the previous witness said, by a free, open discourse. I think in the issue of development versus non-development, the Alaska population is really a blend of ideas, and this is what surveys seem to show, and I don't think that ... most people are deeply on one side or the other, but what they want to see is that all of these ideas are introduced and developed in the political process. And so it would seem to me

that this bill is perhaps overreaching and would ultimately be found unconstitutional, but that is a matter for another day and another time.

More important is that in this period of time when I know the legislature is quite concerned about an emerging intolerance in our society that they should step back from this ... as a bill that seems to be targeted and [word indisc.] revisit this from the standpoint of the belief that political beliefs should be practiced, there should be a free flow of ideas however unpopular whether about development or non-development, or other forms of civil libertarian belief, and I think this is what ... the logic of the court's decision was about

TAPE 01-28, SIDE A

Number 0040

REPRESENTATIVE JAMES asked Mr. Conn, "Don't you think that Alaska's public ... needs to know where the money is coming from to sell these ideas?" She went on to say the whole issue of campaign finance reform and the ability to have money be your voice and the efforts to actually keep down so much money in different areas, the whole gist of everything seems to be, "It's OK for you to put your money where your mouth is, but the rest of the people need to know whose money it is." Don't you want that in all of the people who are working on the other sides of the issue from you, she asked.

MR. CONN returned to what he thinks is the basic logic of the court decision that excluded a particular category of group.

In an ideal world, that would be precisely what I would want to see happen. But in the real world, tainted by the possibility of retribution for political expression, some people and some forms of belief are in the minority and are always going to be unpopular. And the court's point of view was that to allow the exercise of political expression, there needed to be a shield for the practice of political activity in some instances, and they carved out a particular area that deals with ... matters of ideology and nonprofits. Now it might be something about parents going up against the educational establishment; it might be in this instance something

about how much we develop or don't develop, where, how, and what, but that's the nature of things. And so this is a kind of shield and ... it's a balancing act, and that's the best ...[way I can] put it.

Number 0286

REPRESENTATIVE JAMES responded:

"It is a shield, and that is the problem with the whole thing. It is a shield and so you have somebody you're talking about who is in the minority, wants to make their voice louder, gets money from people who are not disclosed, who take no blame or no credit for getting the message out. That is the issue and let me tell you as a campaigner for the legislature, I can tell you ... a long list of people who refused to give me more than \$100 because they don't want their name disclosed. So certainly there are people out there that don't want their name disclosed but ... in this whole issue of the greater good for the public interest, if you want to participate, you've got to let people know who you are. That's the point

CHAIR COGHILL observed that there were just 15 minutes remaining in the committee meetings. "Certainly, some of the substance of the bill has been brought to light" along with different points of view, he said.

Number 0406

PAMELA LaBOLLE, President, Alaska State Chamber of Commerce, came forward to testify. She said the Alaska State Chamber of Commerce supports HB 177. 1. The special interest group that is being addressed in this legislation is a creation of the court. The courts are creating policy that the State Chamber feels is the purview of the legislature. The Alaska State Chamber of Commerce has a political action committee and must follow the APOC rules and declare who gives money and where that money is coming from. "It's like signing your name on a letter to the editor," she said. "If you believe in it, if you're willing to give any money to the cause, what's wrong with saying who you are and what you believe in?" The State Chamber is not an industry-oriented organization, she said. "We represent people from all [kinds of] businesses across the state. The point is, we have no problem with complying with this law but why because we are a 501C-6 [as opposed to a 501C-4] should we

be the only ones who have to say what we believe in. We don't have any problems with putting our money up and then saying who we are and what we believe in, and we don't think any other group in this state that is formed for the purpose of advancing their philosophies or their thinking in the political arena that they should have any problems with saying who they are and where their money is coming from."

Number 0632

CHAIR COGHILL noted that HB 177 has a referral to the Judiciary Committee. He then reminded the committee that "the policy of the State of Alaska resides within the legislature and the courts follow suit from that, instead of us following suit from them." Whether or not these [non-group entities] should be subject to the full disclosure requirements, as other groups are required by law to be is the policy decision he thinks the State Affairs Committee is being asked to make.

Number 0688

REPRESENTATIVE FATE commented, "I do not know of any court determination that compels an ideology to be based on how much money is spent in a campaign. An ideology ... can be promulgated by a campaigner or by a person who is supporting a campaign, but the dollar amount -- I've never heard of the court ...[doing] any adjudication of that."

CHAIR COGHILL observed that people have the right to associate with an organization or group, but if they exercise that right of association by contributing to an organization or group, their names should be on the list of contributors for disclosure to the public.

Number 0782

REPRESENTATIVE JAMES moved to report CS FOR HOUSE BILL NO. 177(STA), "An Act placing certain special interest organizations within the definition of 'group' for purposes of Alaska's campaign finance statutes; and requiring disclosure of the true source of campaign contributions," out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 177(STA) was moved from the House State Affairs Standing Committee. [CSHB 177(STA) MOVED FROM COMMITTEE]

Number 0830

CHAIR COGHILL announced that there would not be a meeting of the full committee on Tuesday, March 27, but the time would be held for the subcommittee meeting on bills related to shortening the legislative session.

REPRESENTATIVE HAYES asked if it would be possible for the Committee of the Whole to meet in executive session "to find out what our money is being spent for for Arctic Power. I think that as 60 members of this body who are elected to represent the people of Alaska ...[indisc.] I feel very uncomfortable putting almost \$2 million into an organization and I do not know what that money is being used for. That has been troubling me since we've discussed it. I've voted for it, I've supported it, but I really don't feel comfortable not knowing where we're spending that money."

CHAIR COGHILL observed that that may be an issue for the Finance Committee, although ... talking about public policy ... on the national level representing Alaska may be something that the State Affairs [Committee] would be [indisc.]

REPRESENTATIVE JAMES voiced her personal opinion on executive sessions: "You have to sign in blood that says anything that's in that executive session you'll never mention. I don't trust myself, [Laughter] so many times when there's an executive session, I don't stay. I just wanted to put that on the record."

Number 0967

CHAIR COGHILL told Representative Hayes, "You want to discover something that I think ... the public needs to discover. It's something we as Alaska are doing as a matter of policy. What I'll do is I'll commit to you that I'll check in to see what my purview is on that as a chairman, and if there's something we can discuss in committee properly, under our purview, then we'll do it. If it's something that the Finance Committee has reserved for itself, then we'll have to discuss it with them, but I have no problem bringing that up. What's going on in the State of Alaska is the people's business; they should know. Certainly it will be a political issue, but it is probably an issue warranting discussion."

Number 1017

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:53 a.m.