

ALASKA STATE LEGISLATURE
SENATE LABOR & COMMERCE COMMITTEE

April 3, 2001
1:30 pm

MEMBERS PRESENT

Senator Randy Phillips, Chair
Senator Alan Austerman
Senator Loren Leman
Senator John Torgerson
Senator Bettye Davis

MEMBERS ABSENT

All Members Present

COMMITTEE CALENDAR

SENATE BILL NO. 66

"An Act relating to the authorizations for state financial institutions; relating to confidential financial records of depositors and customers of certain financial institutions; relating to the Alaska Banking Code, Mutual Savings Bank Act, Alaska Small Loans Act, and Alaska Credit Union Act; and providing for an effective date."

MOVED CSSB 66 (L&C) OUT OF COMMITTEE

SENATE BILL NO. 50

"An Act extending the termination date of the Board of Veterinary Examiners."

MOVED SB 50 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

SB 66 - See Labor and Commerce minutes dated 2/20/01, 3/15/01 and 3/29/01.

SB 50 - No previous action to consider.

WITNESS REGISTER

Mr. Terry Elder, Director
Division of Banking and Securities
Department of Community and Economic Development

P. O. Box 110807
Juneau AK 99811

POSITION STATEMENT: Commented on SB 66.

Ms. Lisa Bell
Alaska Bankers Association
2094 Jordan Ave.
Juneau AK 99801

POSITION STATEMENT: Supported SB 66.

Mr. Steven Conn, Executive Director
Alaska Public Interest Research Group (AKPIRG)
P.O. Box 101093
Anchorage AK 99510

POSITION STATEMENT: Opposed the opt-out provision in SB 66.

Ms. Deanna Jo Thornell, D.V.M.
Chair, Board of Veterinary Examiners
702 Peger Road
Fairbanks, AK 99709

POSITION STATEMENT: Supported SB 50.

ACTION NARRATIVE

TAPE 01-15, SIDE A

Number 001
#SB66

SB 66-FINANCIAL INSTITUTIONS

CHAIRMAN RANDY PHILLIPS called the Senate Labor & Commerce Committee meeting to order at 1:30 pm and announced SB 66 to be up for consideration. He said it was his understanding that both the department and the banking industry agree with the bill, minus the opt-in/opt-out provision.

MR. TERRY ELDER, Director, Division of Banking, Securities and Corporations, said that was correct. "We have no problem with any other part of the bill other than the privacy provision."

MS. LISA BELL, Alaska Bankers Association, said they are also comfortable with the bill and the privacy provision that is in it.

MR. ELDER said their specific objection is on page 2, lines 25 and 26, and they would want to delete (a)(3) which brings in the opt-out provision of GLBA.

MR. STEVE CONN, Executive Director, Alaska Public Interest Research Group, said:

Back when the stock market was making us all rich, it seemed like a great idea to break down the walls between the banks that are federally insured and the various companies and what these companies like to call their families, which is to say the insurance companies, the stock brokerages. But I can assure you that with the crash that is now upon us, there will be a revisitation of that. There are many negative ramifications to this, but most assuredly, one of these has to do with the subject of opt-out and opt-in. The material that most of us are receiving in the mail from our very fine financial institutions, and I received one from Key Bank which I shared with you, makes it impossible and improbable for the idea that any consumer will understand or be able to exercise their right to opt-out of information sharing amongst the various institutional families involved. This is a very negative thing, because the consumers, particularly those who are elderly, are still of the opinion that when they see something that's labeled Key Bank, Chase Bank, American Express, that that happens to be their banking instrument. Something that says Chase is a bank. Well, something that says Chase may well be a financial institution that has a high-risk instrument that is not federally insured or one that a year ago might not have been high risk, but today is with that company looking at skirting bankruptcy with diminished stock is high risk. All consumer advocates who are not connected to financial institutions are very much of the opinion that opt-in should be required and that opt-out is a choice without any true meaning.

MR. CONN said he shared with the Chairman the actual materials he received from Key Bank, especially when he heard a Key Bank official had testified. He asked the Chairman to share it with the committee members and have them try to figure out how to opt-out and call the 800 number, "when it's very deep in the bowels of that notice and when you call, the person will answer, 'What do you want?' You would have to actually affirmatively push them into the process whereby you are allowed to opt-out."

MR. CONN said, "Alaskans really need some protection. Our financial information does need protection, including families. These families that the corporations talked about are, in fact, massive conglomerates of financial institutions."

Number 700

MS. JULIE BAILEY, Northrim Bank, stated the non-deposit investment

products and non-insured products have very strict disclosures that are required. She said that Northrim is a very small state bank and doesn't have a lot of affiliates. They are able to take care of any calls that come in from anyone who wishes to opt-out easily.

CHAIRMAN TORGERSON moved to adopt the 22GS1026\LBanister10/2/01 CS to SB 66.

CHAIRMAN PHILLIPS declared a conflict of interest, because he works for a mortgage company that does some indirect business with Northrim.

SENATOR TORGERSON objected.

There were no objections to the committee substitute to SB 66 being adopted and it was so ordered.

SENATOR AUSTERMAN moved amendment #1 that deletes language on page 2, lines 25 - 26, relating to the opt-out issue. He said, "I think it should be the bank's responsibility to get us to give them the waiver rather than us having the responsibility of going to the bank and giving them our waiver [indisc]. I think it should be on the banks' back to do that rather than the citizens' responsibility to know what the bank is doing. They just pass laws and expect the public to know what's going on."

SENATORS DAVIS and AUSTERMAN voted yeah; SENATORS TORGERSON, LEMAN, AND PHILLIPS voted nay; and amendment #1 failed.

SENATOR TORGERSON moved to pass CSSB 66 (L&C) from committee.

SENATOR AUSTERMAN objected. SENATORS TORGERSON, DAVIS, LEMAN and PHILLIPS voted yeah; SENATOR AUSTERMAN voted nay; and CSSB 66 (L&C) pass from committee.

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#SB50

SB 50-EXTENDING BOARD OF VETERINARY EXAMINERS

SENATOR ELTON, sponsor, read from the Legislative Budget and Audit Report:

In our opinion the Board of Veterinary Examiners is operating in an efficient and effective manner and should continue to regulate veterinarians. We believe the Board is safeguarding a public interest by insuring the competence and integrity of those who hold themselves out to the public as practitioners of veterinary medicine.

MS. DEANNA THORNELL, Chair, Board of Veterinary Examiners, supported SB 50.

SENATOR TORGERSON moved to pass SB 50 from committee with individual recommendations along with whatever fiscal note that comes with it. There were no objections and it was so ordered.
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CHAIRMAN PHILLIPS adjourned the meeting a 1:48 pm.