

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

May 7, 2003

8:03 a.m.

MEMBERS PRESENT

Representative Bruce Weyhrauch, Chair
Representative Jim Holm, Vice Chair
Representative Nancy Dahlstrom
Representative Bob Lynn
Representative Paul Seaton
Representative Ethan Berkowitz
Representative Max Gruenberg

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 16

Encouraging the federal government to end the federal subsidy of ethanol, and requesting the Congress of the United States to mandate that land currently used to grow corn for the production of ethanol be returned to its natural state.

- MOVED SJR 16 OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 9

Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit and a spending limit.

- HEARD AND HELD

HOUSE BILL NO. 149

"An Act requiring nonprofit corporations under the Alaska Net Income Tax Act to provide prior public notice of lobbying expenditures and an annual report of lobbying expenditures to the Department of Revenue; providing for a civil penalty for failure to provide the notice; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 295

"An Act relating to the publishing and furnishing of certain public notices regarding regulations or rules of certain state agencies; relating to distribution of the Alaska Administrative Code, Alaska Administrative Register, and supplements to the code or register; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 40

"An Act relating to issuance of a driver's license."

- HEARD AND HELD

HOUSE BILL NO. 252

"An Act relating to the terms of members of boards and commissions that regulate businesses and professions and to the duties of the members of the State Board of Registration for Architects, Engineers and Land Surveyors."

- MOVED CSHB 252(STA) OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 14

Relating to urging that the 2006 National Veterans Wheelchair Games be held in Anchorage, Alaska.

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 230

"An Act relating to political signs on private property."

- SCHEDULED BUT NOT HEARD

PREVIOUS ACTION

BILL: SJR 16

SHORT TITLE: END FEDERAL ETHANOL SUBSIDY

SPONSOR(S): SENATOR(S) BUNDE

Jrn-Date	Jrn-Page		Action
04/07/03	0731	(S)	READ THE FIRST TIME - REFERRALS
04/07/03	0731	(S)	STA
04/22/03		(S)	STA AT 4:00 PM BELTZ 211
04/22/03		(S)	Moved Out of Committee
04/22/03		(S)	MINUTE(STA)
04/23/03	0931	(S)	STA RPT 3DP
04/23/03	0931	(S)	DP: STEVENS G, COWDERY, DYSON

04/23/03	0931	(S)	FN1: ZERO(S.STA)
04/25/03	0974	(S)	RULES TO CALENDAR 4/25/2003
04/25/03	0974	(S)	READ THE SECOND TIME
04/25/03	0974	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/25/03	0974	(S)	READ THE THIRD TIME SJR 16
04/25/03	0974	(S)	COSPONSOR(S): WILKEN, DYSON, COWDERY,
04/25/03	0974	(S)	TAYLOR, SEEKINS, WAGONER
04/25/03	0975	(S)	PASSED Y15 N4 A1
04/25/03	0975	(S)	ELTON NOTICE OF RECONSIDERATION
04/28/03	1015	(S)	RECONSIDERATION NOT TAKEN UP
04/28/03	1016	(S)	TRANSMITTED TO (H)
04/28/03	1016	(S)	VERSION: SJR 16
04/29/03	1176	(H)	READ THE FIRST TIME - REFERRALS
04/29/03	1176	(H)	STA
05/07/03		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HJR 9

SHORT TITLE: CONST AM: APPROPRIATION/SPENDING LIMIT
 SPONSOR(S): REPRESENTATIVE(S) STOLTZE

Jrn-Date	Jrn-Page		Action
01/31/03	0102	(H)	READ THE FIRST TIME - REFERRALS
01/31/03	0102	(H)	STA, JUD, FIN
02/11/03		(H)	STA AT 8:00 AM CAPITOL 102
02/11/03		(H)	Heard & Held MINUTE(STA)
03/28/03	0687	(H)	COSPONSOR(S): ROKEBERG
04/04/03	0797	(H)	W&M REFERRAL ADDED BEFORE STA
04/09/03		(H)	W&M AT 7:00 AM HOUSE FINANCE 519
04/09/03		(H)	Heard & Held
04/09/03		(H)	MINUTE(W&M)
04/17/03		(H)	W&M AT 7:00 AM HOUSE FINANCE 519
04/17/03		(H)	Heard & Held
04/17/03		(H)	MINUTE(W&M)
04/24/03		(H)	W&M AT 7:00 AM HOUSE FINANCE 519
04/24/03		(H)	Heard & Held
04/24/03		(H)	MINUTE(W&M)
04/29/03		(H)	W&M AT 7:00 AM HOUSE FINANCE 519

04/29/03		(H)	Heard & Held
04/29/03		(H)	MINUTE(W&M)
04/30/03		(H)	W&M AT 8:00 AM HOUSE FINANCE 519
04/30/03		(H)	Heard & Held
04/30/03		(H)	MINUTE(W&M)
05/02/03		(H)	W&M AT 7:00 AM HOUSE FINANCE 519
05/02/03		(H)	Moved CSHJR 9(W&M) Out of Committee MINUTE(W&M)
05/02/03	1271	(H)	W&M RPT CS(W&M) NT 3DP 2NR 2AM
05/02/03	1271	(H)	DP: HEINZE, WHITAKER, HAWKER;
05/02/03	1271	(H)	NR: MOSES, GRUENBERG; AM: KOHRING,
05/02/03	1271	(H)	WILSON
05/02/03	1271	(H)	FN1: (GOV)
05/06/03		(H)	JUD AT 5:30 PM CAPITOL 120
05/06/03		(H)	<Pending Referral> -- Meeting Canceled --
05/06/03		(H)	STA AT 8:00 AM CAPITOL 102
05/06/03		(H)	Scheduled But Not Heard
05/06/03		(H)	STA AT 5:30 PM CAPITOL 102
05/06/03		(H)	Scheduled But Not Heard
05/07/03		(H)	JUD AT 1:00 PM CAPITOL 120
05/07/03		(H)	<Bill Hearing Postponed>
05/07/03		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HB 149

SHORT TITLE: LOBBYING BY NONPROFITS
 SPONSOR(S): REPRESENTATIVE(S) WOLF

Jrn-Date	Jrn-Page		Action
03/05/03	0395	(H)	READ THE FIRST TIME - REFERRALS
03/05/03	0395	(H)	STA, JUD, FIN
03/05/03	0395	(H)	REFERRED TO STATE AFFAIRS
04/17/03		(H)	STA AT 8:00 AM CAPITOL 102
04/17/03		(H)	<Bill Hearing Postponed to 4/24/03>
04/24/03		(H)	STA AT 8:00 AM CAPITOL 102
04/24/03		(H)	Scheduled But Not Heard
04/29/03		(H)	STA AT 8:00 AM CAPITOL 102
04/29/03		(H)	Scheduled But Not Heard
05/01/03		(H)	STA AT 8:00 AM CAPITOL 102
05/01/03		(H)	Heard & Held

05/07/03 (H) MINUTE(STA)
STA AT 8:00 AM CAPITOL 102

BILL: HB 295

SHORT TITLE:REGULATIONS: NOTICE AND DISTRIBUTION

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
05/01/03	1236	(H)	READ THE FIRST TIME - REFERRALS
05/01/03	1236	(H)	TRA, FIN
05/01/03	1236	(H)	FN1: INDETERMINATE(GOV/ALL DEPTS)
05/01/03	1236	(H)	GOVERNOR'S TRANSMITTAL LETTER
05/01/03	1246	(H)	STA REPLACES TRA REFERRAL
05/07/03		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HB 40

SHORT TITLE:REQUIREMENTS FOR DRIVER'S LICENSE

SPONSOR(S): REPRESENTATIVE(S)LYNN

Jrn-Date	Jrn-Page		Action
01/21/03	0042	(H)	PREFILE RELEASED (1/10/03)
01/21/03	0042	(H)	READ THE FIRST TIME - REFERRALS
01/21/03	0042	(H)	TRA, STA
01/31/03	0106	(H)	COSPONSOR(S): CHENAULT
04/10/03		(H)	TRA AT 1:30 PM CAPITOL 17
04/10/03		(H)	-- Meeting Canceled --
04/15/03		(H)	TRA AT 1:30 PM CAPITOL 17
04/15/03		(H)	Heard & Held
04/15/03		(H)	MINUTE(TRA)
04/24/03		(H)	TRA AT 1:30 PM CAPITOL 17
04/24/03		(H)	Moved CSHB 40(TRA) Out of Committee MINUTE(TRA)
04/25/03	1117	(H)	TRA RPT CS(TRA) NT 2DP 3NR
04/25/03	1117	(H)	DP: FATE, MASEK; NR: OGG, KOHRING,
04/25/03	1117	(H)	HOLM
04/25/03	1118	(H)	FN1: ZERO(LAW)
04/25/03	1118	(H)	REFERRED TO STATE AFFAIRS
05/06/03	1374	(H)	JOINT PRIME SPONSOR: WEYHRAUCH
05/07/03		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HB 252

SHORT TITLE:OCC LICENSING: TERMS OF BD & CONT. EDUC
SPONSOR(S): REPRESENTATIVE(S)MCGUIRE

Jrn-Date	Jrn-Page		Action
04/08/03	0842	(H)	READ THE FIRST TIME - REFERRALS
04/08/03	0842	(H)	L&C, STA
05/02/03		(H)	L&C AT 3:15 PM CAPITOL 17
05/02/03		(H)	Moved CSHB 252(L&C) Out of Committee MINUTE(L&C)
05/05/03	1310	(H)	L&C RPT CS(L&C) NT 4DP
05/05/03	1310	(H)	DP: LYNN, DAHLSTROM, ROKEBERG, ANDERSON
05/05/03	1311	(H)	FN1: ZERO(CED)
05/07/03		(H)	STA AT 8:00 AM CAPITOL 102

WITNESS REGISTER

SENATOR CON BUNDE
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SJR 16.

GINGER BLAISDELL, Staff
to Representative Bill Stoltze
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Spoke on behalf of the sponsor of HJR 9,
Representative Stoltze.

REPRESENTATIVE KELLY WOLF
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of HB 149.

ANDY HARRINGTON
Arctic Alliance;
Executive Director, Alaska Legal Services Corporation
Anchorage, Alaska
POSITION STATEMENT: Testified in opposition to HB 149.

PATRICK LUBY, Legislative Representative
AARP
Anchorage, Alaska
POSITION STATEMENT: Testified in opposition to HB 149.

MATT FELIX, Director
Juneau Affiliate
National Council on Alcoholism and Drug Dependence (NCADD)
Juneau, Alaska
POSITION STATEMENT: Testified in opposition to HB 149.

LAUREE HUGONIN, Executive Director
Alaska Network on Domestic Violence & Sexual Assault (ANDVSA)
Juneau, Alaska
POSITION STATEMENT: Expressed concerns with HB 149.

ROBERT BRIGGS, Staff Attorney
Disability Law Center of Alaska
Juneau, Alaska
POSITION STATEMENT: Urged the committee not to pass HB 149 in its current form.

CRAIG TILLERY, Assistant Attorney General
Environmental Section
Civil Division (Anchorage)
Department of Law (DOL)
Anchorage, Alaska
POSITION STATEMENT: Presented HB 295 on behalf of the administration.

MARK DAVIS, Director
Division of Banking, Securities & Corporations
Department of Community & Economic Development (DCED)
Juneau, Alaska
POSITION STATEMENT: Provided comments during discussion of HB 295.

SARAH PALIN, Commissioner/Chair
Alaska Oil and Gas Conservation Commission [AOGCC]
Department of Administration
Anchorage, Alaska
POSITION STATEMENT: Provided comments during discussion of HB 295.

LINDA HALL, Director
Division of Insurance
Department of Community & Economic Development (DCED)
Anchorage, Alaska
POSITION STATEMENT: Provided comments during discussion of HB 295.

STAN RIDGEWAY, Deputy Director

Division of Insurance
Department of Community & Economic Development (DCED)
Juneau, Alaska

POSITION STATEMENT: During discussion of HB 295, responded to a question.

ROBERT PEARSON, Regulations/Online Public Notice
Office of the Lieutenant Governor
Juneau, Alaska

POSITION STATEMENT: During discussion of HB 295, offered comments regarding Sections 21 and 22.

CHARLES R. HOSACK, Deputy Director
Director's Office
Division of Motor Vehicles (DMV)
Department of Administration (DOA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 40 and responded to questions.

LAUREN WICKERSHAM, Staff
to Representative Lesil McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 252 on behalf of the sponsor, Representative McGuire.

SAM KITO III, Volunteer Lobbyist
for Alaska Professional Design Council (APDC)
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 252 and responded to questions.

ACTION NARRATIVE

TAPE 03-54, SIDE A

Number 0001

CHAIR BRUCE WEYHRAUCH called the House State Affairs Standing Committee meeting to order at 8:03 a.m. Representatives Weyhrauch, Holm, Seaton, and Dahlstrom were present at the call to order. Representatives Lynn, Berkowitz, and Gruenberg arrived as the meeting was in progress.

SJR 16 - END FEDERAL ETHANOL SUBSIDY

Number 0033

CHAIR WEYHRAUCH announced that the first order of business would be SENATE JOINT RESOLUTION NO. 16, Encouraging the federal government to end the federal subsidy of ethanol, and requesting the Congress of the United States to mandate that land currently used to grow corn for the production of ethanol be returned to its natural state.

Number 0040

SENATOR CON BUNDE, Alaska State Legislature, sponsor, relayed that he attended a conference at which one of the presenters was a gentleman from the Wilderness Society who asserted that the Wilderness Society stopped resource development in Alaska, specifically in the Arctic National Wildlife Refuge (ANWR). During the question-and-answer portion of that conference, Senator Bunde said, he rose and relayed that many in the audience seem to view stopping resource development in ANWR as positive, and he then posed a situation in which he had the influence in Congress to insist that Kansas take down all of its fences, get rid of all of its cattle, and let the land return to natural grass lands.

SENATOR BUNDE specified that in his hypothetical situation, this would be done just because he would feel better knowing that the grassland is there. Senator Bunde said, "That's basically what a lot of people are saying about Alaska; they would like us to be their penance for their environmental sins, or [because of] some feel-good-notion that there's this mythical Serengeti of the North that they get to feel good about but not have ... any ... financial responsibility for." He informed the committee that the Kansas example seemed to resonate with those at the conference.

SENATOR BUNDE informed the committee that he is originally from the Midwest and knew farmers that produced corn. He recalled that once a farmer was kidding him because he was an elected official who worked for the government, but the farmer then realized that with all the subsidies for corn he, too, was working for the government. Therefore, Senator Bunde said he has introduced SJR 16 to bring the discussion to a wider audience. He pointed out that in March Congress debated Senator Barbara Boxer's amendment, which suggested that ANWR couldn't be developed because "it is good for the soul of the country". To that, Senator Bunde suggested that if it's good for Alaska to keep portions of the state pristine, then perhaps other states should [do so as well].

SENATOR BUNDE said that this resolution is meant to help these other states accomplish just that. The resolution points out how those states with some of the largest, most influential industrial businesses that derive great profit from federally subsidized ethanol can restore their own wildlife and land, and in the process save billions in federal revenue. He clarified that he has nothing against farmers, but the main producers of corn used to make ethanol are huge conglomerates. These companies make an immense profit from the production of ethanol, the production of which takes as much fossil energy as it produces. Recent information indicates that Alaska doesn't really need the ethanol for its air quality. Therefore, he characterized ethanol subsidies as "pork barreling." Senator Bunde offered his hope that SJR 16 would highlight a different way of viewing [ANWR].

Number 0609

REPRESENTATIVE BERKOWITZ said he has two concerns with the approach of SJR 16. First, Alaskans receive more federal funds per capita than citizens of any other state. Second, the best approach to persuading someone is through logic and reason rather than insults and grabs at his/her pocketbook. He highlighted that California, Florida, Illinois, Michigan, North Dakota, and South Dakota are swing states in the battle to open ANWR. Therefore, if something is done that generates adverse public relations for Alaska, it will be more difficult to be persuasive in Congress and will thereby deal ANWR a greater blow. He concluded by predicting that although this resolution may be emotionally satisfying, it will have negative repercussions.

SENATOR BUNDE pointed out that logic has been tried for a number of years, but it hasn't seemed to counter what he said he views as very emotional arguments. Therefore, he said he doubted that Alaska would experience success continuing in its current manner.

REPRESENTATIVE BERKOWITZ highlighted that Alaska continues to send money to Arctic Power and Arctic Power continues to send Republicans to Washington, D.C., to talk with Republican legislators. Although the aforementioned has proven to be unsuccessful, it continues. Therefore, he said he would suggest changing one variable at a time and that this wouldn't be the variable he'd recommend changing.

SENATOR BUNDE informed the committee that he has worked with U.S. Senator Lisa Murkowski's office, which provided a great deal of the information detailed in SJR 16. He noted that he provided her with an initial copy of the resolution and her written comment was "Go get 'em, Con."

CHAIR WEYHRAUCH indicated that perhaps the Mississippi River, a wild and scenic river, and other [resource-related areas] should be included in the resolution. Chair Weyhrauch offered his belief that this should be part of a broader national campaign. He said he liked what Senator Bunde is doing.

REPRESENTATIVE HOLM surmised that when people talk about corn production and ethanol production, the use of urea formaldehyde, which comes from oil, isn't discussed. Furthermore, the fertilizers used are oil based. He indicated that the connection to oil in farming is pervasive.

SENATOR BUNDE remarked that it's easier to make decisions about policy when the impacts fall in someone else's backyard.

Number 1013

REPRESENTATIVE HOLM moved to report SJR 16 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, SJR 16 was reported from the House State Affairs Standing Committee.

HJR 9 - CONST AM: APPROPRIATION/SPENDING LIMIT

Number 1083

CHAIR WEYHRAUCH announced that the next order of business would be HOUSE JOINT RESOLUTION NO. 9, Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit and a spending limit.

Number 1100

GINGER BLAISDELL, Staff to Representative Bill Stoltze, Alaska State Legislature, pointed out, on behalf of Representative Stoltze, sponsor, that [CSHJR 9(W&M)] is before the committee. This resolution [proposes] an appropriations limit. Basically, CSHJR 9(W&M) has provisions that allow a 2 percent cumulative growth based on the prior two fiscal years, which, including the capital and operating budgets, equates to about \$31 million a year in state general funds.

CHAIR WEYHRAUCH asked whether the resolution would average the two prior years and take 2 percent of that.

MS. BLAISDELL clarified that it isn't an average. The two years would be based on the most recent final fiscal year (FY). For example, they are currently working on the FY04 budget, the state is operating in FY03 fiscal year, and the FY02 fiscal year is complete. In planning FY04, therefore, one would review FY02 because it is complete. She reiterated that the figures would include capital and operating appropriations. However, there are some exclusions, which are specified in the resolution under Section 1, subsection (a).

Number 1264

REPRESENTATIVE SEATON moved to adopt CSHJR 9(W&M) as the working document.

REPRESENTATIVE LYNN objected for discussion purposes.

CHAIR WEYHRAUCH said it would be helpful if Ms. Blaisdell could bring in an illustration of how HJR 9 actually works, how the formula is applied, and what the result of the formula would be. He noted that after recently meeting with the living delegates to the Alaska State Constitution, he would rather that amendments to the constitution be as clear and simple and grammatically correct as possible.

MS. BLAISDELL said that she reviewed FY00 and calculated what the budget limitations would be today had HJR 9 been in place. She then began to go through CSHJR 9(W&M) step by step. Page 1, line 6, specifies a 2 percent growth from the prior two completed fiscal years, which amounts to approximately \$31.8 million each year. On page 1, line 10, the exclusions begin. Ms. Blaisdell clarified that state spending is about \$3.4 billion.

REPRESENTATIVE SEATON surmised that 2 percent of \$3.4 billion would be \$68 million.

MS. BLAISDELL agreed, but pointed out that the state spending upon which the formula is based would be two years prior. She specified that \$67.1 million would be the first amount that would be used to grow from a two-year prior budget. She then returned to the exclusions from the 2 percent growth, which would also be excluded from the base budget from which the

growth would begin. She reviewed those exclusions as listed under Section 1, subsection (a)(1)-(10). She clarified that Section 1, subsection (a)(8) refers to appropriations appropriated in a prior year that weren't fully spent and were therefore reassigned. She pointed out that in Section 1, subsection (a)(9) is typically referred to as interagency receipts or duplicated expenditures, and that subsection (a)(10) refers to subsection (b), which allows an additional 2 percent growth upon a three-quarters vote of the legislature. She explained that in Section 1, subsection (b) specifies that the base calculation is always a 2 percent growth but in any year that 2 percent can be exceeded with a three-quarters vote. Therefore, the maximum growth that could be achieved is 4 percent.

Number 1734

REPRESENTATIVE SEATON surmised that since paragraph (10) is under subsection (a), which specifies: "This subsection does not apply to", then the 2 percent never becomes part of the base.

MS. BLAISDELL answered that actually it does because paragraph (10) refers specifically to subsection (b), which specifies that an additional 2 percent growth can be obtained. She added that in Section 1, subsection (a) doesn't apply to the second 2 percent growth, and therefore the base won't ever count the 3 and 4 percent growth. The 2 percent growth would be cumulative, while the exemptions would be the nine specified items plus the additional 2 percent.

CHAIR WEYHRAUCH posed a situation in which under Section 1, subsection (b), the legislature made a 4 percent [growth] in one year and a 3 percent [growth] in the second year. He asked if those would be included in the "look-back" calculation.

MS. BLAISDELL replied no.

CHAIR WEYHRAUCH offered his understanding, "So, it's only if you assume it was a 2 percent in the previous two years. So, all those increases above the 2 percent would be a fiction for purposes of calculating your budget increase."

MS. BLAISDELL replied yes, and specified that those increases above the 2 percent would be excluded from calculating the budget increase. She confirmed that the look-back years would only be based on the 2 percent, and that the legislature could

use a budget increase of less than 2 percent but not more than 2 percent.

Number 1871

REPRESENTATIVE SEATON surmised that 5 percent could never be used because of the 2 percent limitation in the normal appropriation process. Under Section 1, subsection (b), a three-quarter vote would only allow an additional growth of 2 percent.

CHAIR WEYHRAUCH posed a situation in which - all at the same time - the City of Anchorage was hit by an earthquake similar to that in 1964, the City of Fairbanks was hit by winds, and Southeast Alaska was subject to a Thanksgiving Day flood in addition to high tides similar to those of 1986. If the legislature was faced with such an extreme cumulative emergency, would the legislature be able to make the necessary appropriations to deal with those significant public emergencies, even if they far exceeded 6 percent.

MS. BLAISDELL replied yes, and specified that appropriations for the above scenario could be any amount because they fall into the emergency category, which is excluded from this appropriations limit. She informed the committee that when the first constitutional spending limit was implemented, there was fear of losing significant federal funds. Therefore, an allowance to declare an economic disaster was included. She noted that the governor has declared disasters such as that with the Bristol Bay fisheries. As long as the disaster declaration is in place, the legislature can appropriate as many funds as necessary and from whatever fund source it decides.

REPRESENTATIVE SEATON highlighted that although such funds could be appropriated, those funds would fall under the exclusions and thus wouldn't be taken into account when there is a recalculation of the base. He said he recalled that the original HJR 9 included a subsection (c) in Section 1 that directed the governor to reduce spending if the appropriations were above the limit. He asked Ms. Blaisdell for a copy of that language.

MS. BLAISDELL relayed that Section 1, subsection (c), of the original HJR 9 read:

If appropriations for a fiscal year exceed the amount that may be appropriated under (a) and (b) of this

section, the governor shall reduce expenditures by the executive branch for its operation and administration to the extent necessary to avoid spending more than the amount that may be appropriated under (a) and (b) of 20 this section.

MS. BLAISDELL said that the aforementioned provided the governor with clear instructions that spending would need to be reduced and that he/she shouldn't over spend an appropriation with the intention of declaring a disaster. The language holds the governor accountable within the 2 or 4 percent growth.

Number 2128

REPRESENTATIVE SEATON expressed concern with the removal of subsection (c). The purpose of this amendment to the constitution is to place a firm cap on spending that will be enforced, he opined. Already, the legislature routinely violates the constitutional mandate to spend one-third of all appropriations on capital expenditures. If the legislature appropriates money beyond the proposed limit, then it doesn't cap spending. Therefore, he suggested inserting the language found in subsection (c) of the original HJR 9. With that language, he predicted, this constitutional amendment can be presented as an effective spending cap. He indicated that he would be willing to offer the aforementioned as a conceptual amendment.

MS. BLAISDELL agreed to draft that language as an amendment.

REPRESENTATIVE HOLM directed attention to the memorandum from Tam Cook, Director, Legislative Legal and Research Services. He said that Ms. Cook's memorandum expresses concern that HJR 9 is unconstitutional because it would make a sweeping change to the way the legislature conducts its business.

CHAIR WEYHRAUCH pondered whether, if this is a constitutional amendment, it matters if it's unconstitutional. If an appropriations limit was adopted as a statute, it would be in conflict with the constitution but this proposes an amendment to the constitution, and would therefore be "constitutional."

REPRESENTATIVE HOLM pointed out, however, that Ms. Cook's concern is that there may be a determination that this resolution tells the governor what to do. He asked how the aforementioned would relate to the powers of the branches of

government, and whether it's legal for the legislature to establish upper [spending] limits.

REPRESENTATIVE SEATON said he viewed subsection (c) as analogous to telling the governor that if the appropriation exceeds the constitutional mandate, it merely requires the governor to use the power the position has, the line item veto.

Number 2327

CHAIR WEYHRAUCH said that he didn't see anything in the resolution that restricts the executive branch's authority to reduce the budget. This resolution merely restrains the legislature.

REPRESENTATIVE HOLM interpreted Representative Seaton's comments to mean that he wanted to restrain the governor as well.

REPRESENTATIVE SEATON clarified that he merely wanted to require that if the appropriation is above [the cap] the governor would be instructed to use his/her line item veto and make the necessary constitutional reductions in order to bring the budget in line with the constitution. He agreed that it would be a demand on the governor - a requirement that the governor act.

REPRESENTATIVE GRUENBERG expressed concern regarding whether the legislature's hands would be tied in a significant emergency situation. He explained that in the House Special Committee on Ways and Means meeting he'd expressed concern with regard to inflation, over which the legislature has no control, and with regard to unforeseen crises. At that meeting, he relayed, it was determined that the language on page 1, line 13, might provide "an out" because of the reference to "disaster." Although normally the definition of disaster would refer to a natural disaster, perhaps that definition could be expanded to include other crises.

REPRESENTATIVE GRUENBERG, referring to subsection (c) of the original HJR 9, noted that he has problems with that language because he questions whether it removes the legislature from the veto override process. He said he was glad that that language had been deleted.

Number 2579

REPRESENTATIVE BERKOWITZ asked why the word "spending" was dropped from the title.

MS. BLAISDELL said she wasn't sure, but noted that it occurred in the House Special Committee on Ways and Means.

REPRESENTATIVE GRUENBERG commented that he didn't recall any discussion about that.

REPRESENTATIVE SEATON offered that perhaps with the deletion of subsection (c), which contained the only reference to spending, that language was no longer necessary in the title. He pointed out that his suggested conceptual amendment would be to reinsert subsection (c), and therefore perhaps the reinsertion of "spending" into the title ought to be included as apart of that conceptual amendment.

CHAIR WEYHRAUCH announced that HJR 9 would be held over. [The motion to adopt CSHJR 9(W&M) as the working document was left pending.]

HB 149 - LOBBYING BY NONPROFITS

Number 2712

CHAIR WEYHRAUCH announced that the next order of business would be HOUSE BILL NO. 149, "An Act requiring nonprofit corporations under the Alaska Net Income Tax Act to provide prior public notice of lobbying expenditures and an annual report of lobbying expenditures to the Department of Revenue; providing for a civil penalty for failure to provide the notice; and providing for an effective date." [Before the committee was Version 23-LS0354\H. Although this document is entitled and referred to as a sponsor substitute, it was not officially such and thus the document only exists in the committee packet.]

Number 2733

REPRESENTATIVE KELLY WOLF, Alaska State Legislature, sponsor, informed the committee that in Alaska there are 5,366 501(c)(3) organizations that are considered domestic and a total of 5,700 domestic and foreign nonprofit organizations currently registered in the state. A foreign a corporation is considered to be one that is outside the borders of the Alaska. With regard to the request for a list of the nonprofits, there is a \$50 fee for the list for each corporation. He pointed out that the committee packet should include information regarding new disclosure [requirements] are incorporated in federal law, and

that the Internal Revenue Service (IRS) is encouraging that widely advertised information be disclosed.

REPRESENTATIVE WOLF emphasized that 501(c)(3) organizations are becoming an issue with regard to concerns over disclosure. He clarified that he didn't want to prohibit freedom of speech of the 501(c)(3) organizations in the state; instead, the legislation merely requests the disclosure of lobbying activities in order to provide accountability to constituents and contributors. He reminded the committee that lobbying activities of 501(c)(3) organizations are listed as "insubstantial" activities per the IRS code. He also reminded the committee that this legislation doesn't impact 501(c)(4) organizations because they are social welfare organizations specifically established to lobby.

[Chair Weyhrauch turned the gavel over to Vice Chair Holm.]

VICE CHAIR HOLM asked if Representative Wolf had seen the letter from the Fairbanks Native Association (FNA), which questions the timing of this legislation. He said that the letter expressed concern because one would need to contact a newspaper twice, waiting for as much as three weeks, "before you could be legally permitted to spend, hoping to affect legislation."

REPRESENTATIVE WOLF responded that the FNA must be referencing the original legislation, the sponsor substitute strictly removes that provision and specifies that [the organization must contact a newspaper] within 14 days before or after the lobbying activity. Therefore, there is a 28-day window.

TAPE 03-54, SIDE B

Number 2997

REPRESENTATIVE SEATON directed attention to page 2, line 6 - which read, "the notice not fewer than two times in eight days" - and asked what its purpose is.

REPRESENTATIVE WOLF noted that the above language was included by Legislative Legal and Research Services in order to provide a guideline with regard to when a posting would take place. Basically, the thought is that there would be one posting in each week of the 15-day period before or after the lobbying activity.

[Vice Chair Holm returned the gavel to Chair Weyhrauch.]

REPRESENTATIVE GRUENBERG asked if the sponsor would be willing to accept an amendment requiring newspapers to publish this without a fee.

REPRESENTATIVE WOLF replied yes and offered his belief that most radio stations and all public newspapers do allow nonprofit organizations to post this information free of charge.

REPRESENTATIVE DAHLSTROM asked whether it would be feasible for rural newspapers to provide this service free of charge.

REPRESENTATIVE WOLF relayed that currently, nonprofit organizations can send information regarding activities to local radio stations and newspapers, which will then post that information. Furthermore, some television stations also provide this service. He recalled that the Kenai Peninsula Clarion posted this type of public-notice information on page 3 of the paper.

Number 2698

REPRESENTATIVE SEATON remarked that as a free community service, newspapers provide announcements of nonprofit [sponsored] events. He characterized the notice required under this legislation as no longer being a public service notice, but rather as being an announcement notice. Therefore, he said, he doubted that the newspapers would offer that much free advertisement space.

REPRESENTATIVE WOLF, in response to a question, estimated that there wouldn't be more than 100 such advertisements.

REPRESENTATIVE SEATON turned attention to page 2, lines 17-23, which specifies that a nonprofit corporation exempt from tax liability under proposed AS 43.20.025 shall file an annual report of all lobbying expenditures. The aforementioned language says "all" lobbying expenditures, not just those over \$500. He said he recalled that Representative Wolf had an amendment to address that.

REPRESENTATIVE LYNN asked if there is a newspaper of public record for legal notices, and if so, would an organization have to pay for those advertisements.

REPRESENTATIVE GRUENBERG answered that a publication of general circulation, mentioned in Rule 4 of the Alaska Rules of Civil Procedure, would have to be used. The court system maintains a

list of those newspapers that qualify as a newspaper of general circulation. He confirmed that a fee would be paid for the advertisement.

REPRESENTATIVE DAHLSTROM asked Representative Wolf for his thoughts on an amendment that would require reporting of only those 501(c)(3) organizations with a gross income of \$5 million or \$10 million.

REPRESENTATIVE WOLF said he would be interested in reviewing such an amendment.

Number 2309

REPRESENTATIVE HOLM made a motion to adopt Amendment 1, labeled 23-LS 0354\H.1, Craver, 5/1/03, which read:

Page 1, lines 2 - 3:

Delete "and an annual report of lobbying expenditures to the Department of Revenue"

Page 1, lines 7-8:

Delete ", civil penalty, annual report"

Insert ", civil penalty"

Page 2, lines 17-23:

Delete all material.

Reletter the following subsections accordingly.

REPRESENTATIVE SEATON objected.

REPRESENTATIVE WOLF explained that Amendment 1 would remove the requirement of providing an annual report to the Department of Revenue. He said that he didn't want [nonprofits] to take on the additional burden of filing papers.

REPRESENTATIVE HOLM recalled from an earlier meeting that there was no fiscal note because there would not be active oversight by the state.

REPRESENTATIVE WOLF explained that currently, the IRS is the only agency that governs 501(c)(3) nonprofit organizations and he didn't intend to place an additional burden on the state. He reiterated that this legislation only attempts to provide disclosure to the constituency of the 501(c)(3) nonprofit

organizations. He noted that he would be willing to entertain an amendment such as that suggested by Representative Dahlstrom.

REPRESENTATIVE BERKOWITZ asked if this legislation would impact political parties.

REPRESENTATIVE WOLF pointed out that a political party is a 501(c)(4) organization [and therefore this legislation wouldn't impact political parties].

REPRESENTATIVE SEATON withdrew his objection.

Number 2041

CHAIR WEYHRAUCH ascertained that there were no further objections. Therefore, Amendment 1 was adopted.

REPRESENTATIVE GRUENBERG turned to the letter from Robert Briggs, Staff Attorney, Disability Law Center of Alaska, dated May 6, 2003. He pointed out that the Mr. Briggs has highlighted some potential constitutional problems involving free speech and equal protection issues. Therefore, Representative Gruenberg expressed the need to obtain a legal opinion regarding the constitutionality of whatever version moves out of the House State Affairs Standing Committee.

REPRESENTATIVE WOLF acknowledged that concerns over the issue of freedom of speech have been raised.

REPRESENTATIVE SEATON directed attention to page 1, lines 10-13, and relayed his belief that the requirement in that language will create a fiscal impact for the department.

REPRESENTATIVE WOLF acknowledged that point.

Number 1873

REPRESENTATIVE SEATON made a motion to adopt Conceptual Amendment [2], as follows:

Page 1, lines 10-13:

Delete "A corporation subject to this section shall send to the department a copy of the newspaper's certificate of publication with a copy of the notice published and the dates of publication within seven days after the last publication of the notice."

REPRESENTATIVE WOLF said he viewed that as a friendly amendment.

Number 1810

CHAIR WEYHRAUCH asked whether there were any objections to Conceptual Amendment [2]. There being no objection, Conceptual Amendment 2 was adopted.

REPRESENTATIVE SEATON said he is still concerned with regard to what appear to be conflicting requirements on page 2, line 6, and page 2, line 11.

REPRESENTATIVE DAHLSTROM relayed that she would like to work with the sponsor on an amendment tying the reporting requirement to a specific income level.

Number 1700

ANDY HARRINGTON, Arctic Alliance; Executive Director, Alaska Legal Services Corporation, announced that he is in opposition to HB 149. The IRS already heavily limits and regulates lobbying expenditures by 501(c)(3) organizations. Therefore, passing a state law that may establish standards that are inconsistent or unnecessary with the federal government's standards doesn't seem to be a good idea. He pointed out that any grantors already have lobbying-expenditure reporting requirements. Furthermore, most lobbying to the legislature is done by nonprofits that aren't 501(c)(3) organizations, but are exempt under other subsections of 501(c).

MR. HARRINGTON said that most 501(c)(3) nonprofits are more than willing to provide lobbying expenditure information to donors and grantors, upon request, because keeping donors informed and pleased with the product of the nonprofit is an important part of its mission. A move to burden nonprofits while the legislature simultaneously moves towards loosening some of the standards for all other individuals and agencies to be able to get their views to the legislature delivers the wrong message, he said. Moreover, he said he seriously doubted that newspapers would publish a legally required advertisement for free. Also, if the scope of the statute is too broad and the enforcement mechanisms are largely removed, then there is a situation in which the more conscientious of the nonprofits would be those most burdened.

MR. HARRINGTON, in response to Representative Gruenberg, agreed with the understanding that a nonprofit that isn't an Alaskan

nonprofit would be legally located in the home state of the specific nonprofit. He further agreed that per the language on page 2, line 8, an out-of-state nonprofit would be required to publish the notice in a newspaper in the nonprofit's home state.

REPRESENTATIVE SEATON inquired as to the number of 501(c)(3) nonprofits in Alaska that have over \$1 million in contributions each year.

MR. HARRINGTON said that he could obtain that information from the Arctic Alliance. Anecdotally, he relayed that any organization that does a significant amount of lobbying is apt to form an affiliated 501(c)(4). Mr. Harrington informed the committee that Alaska Legal Services [Corporation] has an overall budget of about \$3 million, that it provides the report to anyone interested, and that having to prepare a second report or publish and advertise would be more burdensome.

Number 1363

PATRICK LUBY, Legislative Representative, AARP, relayed that AARP is in opposition to HB 149, and that two letters sent to the committee have tried to address AARP's concerns. The legislation would make it more expensive for small nonprofit organizations to participate in the lobbying process. However, because many excellent legislative recommendations come from small, United Way organizations, such should be encouraged rather than discouraged.

MR. LUBY informed the committee that he has worked for AARP for over 30 years and has participated in the legislative process in several states. He noted that he has been able to brag to colleagues in other states regarding how open Alaska is for citizens to participate in the legislative process. He pointed out that nowhere else in the nation is there such a system of Legislative Information Offices (LIOs), which allow any citizen to come and share his/her views with elected officials. The spirit in Alaska is to welcome citizen participation by individuals as well as by nonprofits. However, HB 149 is counter to that spirit. Therefore, AARP requests a "No" vote on HB 149.

Number 1230

MATT FELIX, Director, Juneau Affiliate, National Council on Alcoholism and Drug Dependence (NCADD), informed the committee that the Juneau Affiliate is one of the oldest nonprofits in the

state. He relayed that the NCADD board requested that he register as a lobbyist because the nonprofit is located in Juneau and he testifies quite a bit on health care legislation for various agencies. He opined, however, that testifying on legislation isn't lobbying.

CHAIR WEYHRAUCH argued that testifying before a committee is considered lobbying.

REPRESENTATIVE BERKOWITZ clarified, "With the caveat that if the individual is invited to do so by members of the committee, it's not lobbying; it's only if they're doing it on their own."

MR. FELIX agreed that there is a subtle difference and remarked that there are many subtle differences with regard to what is considered lobbying versus merely providing information. He informed the committee that as a registered lobbyist he reports monthly to APOC when the legislature is in session and quarterly when the legislature isn't in session.

MR. FELIX indicated that the agency for whom he works reports quarterly each year and that an annual outside audit showing where the nonprofit's funds come from and where they go is sent to the state. Moreover, as a 501(c)(3), the organization has reporting requirements to the federal government. He characterized the current reporting requirements as onerous, and therefore he didn't see the need for HB 149 because there is already full disclosure for most nonprofit agencies under existing statutes.

REPRESENTATIVE WOLF asked how many individuals contribute to NCADD.

Number 1043

MR. FELIX answered that hundreds contribute an amount ranging from \$1 to \$10.

REPRESENTATIVE WOLF asked how NCADD shows its contributors where contributions go.

MR. FELIX explained that as a nonprofit agency, NCADD is required, through its bylaws, to have an annual meeting during which all income and expenditures are disclosed and a report and outside audit [is presented]. He added that only a small percentage of the membership attends the annual meeting, but all of the membership is sent a copy of the report. He asked if the

legislation will require the national organization to report, or just the Juneau Affiliate.

REPRESENTATIVE SEATON asked if Mr. Felix read the legislation to mean that even though he is a lobbyist, he would still have to publish two notices in the newspaper.

MR. FELIX replied yes, and informed the committee that the Juneau Empire doesn't publish legal notices free.

REPRESENTATIVE WOLF remarked that one shouldn't be required to pay for publishing legally required public notices

Number 0855

LAUREE HUGONIN, Executive Director, Alaska Network on Domestic Violence & Sexual Assault (ANDVSA), indicated her agreement with Mr. Felix's comments. She noted that ANDVSA files a federal report that lists all expenditures, projects, et cetera, and that it must be kept available in the office so that any member of the public can review it. Furthermore, federal audits are conducted annually. She noted that she reports to APOC on a monthly basis and that ANDVSA reports on a quarterly basis. The only expenditure that ANDVSA has that amounts to over \$500 is its legislative reception, which totaled \$778 this year. Therefore, the cost necessary to advertise in the Juneau Empire would be an additional cost. She added that the event is publicized.

MS. HUGONIN explained that ANDVSA doesn't have individual contributors, rather it's a membership organization agency and thus local rape crisis centers and shelters belong to ANDVSA as organizations. Most of the funds ANDVSA receives are federal grant funds. The ANDVSA, as an organization, doesn't receive state dollars and requires that membership dues not be paid with state dollars. She informed the committee that currently, ANDVSA's grants total about \$1.2 million; those grants are project specific and can't be used for any lobbying efforts. The ANDVSA has to sign disclosure forms regarding lobbying efforts that are then submitted along with the federal grants. Therefore, ANDVSA is already heavily regulated and the information is public for people to see, although the information is reported after the event has occurred.

Number 0665

ROBERT BRIGGS, Staff Attorney, Disability Law Center of Alaska, informed the committee that the Disability Law Center of Alaska is a 501(c)(3) nonprofit that operates four offices in the state. The Disability Law Center of Alaska is, through a series of federal grants, the protection and advocacy system for Alaskans with disabilities. The federal legislation authorizing the federal grants requires that the protection of the advocacy system be independent of any state agency. Furthermore, the federal legislation also requires that the advocacy system be able to provide for the education of policymakers. The Disability Law Center of Alaska is organized as a 501(c)(3) nonprofit, and in order to avoid questions regarding the organization's activities in the legislature, when the organization has decided to be active in [legislative] matters, Mr. Briggs has registered as a lobbyist.

MR. BRIGGS referred to a letter [dated May 7, 2003] in which he highlighted some of the federal rules that provide limitations on the operation of 501(c)(3) nonprofits. In particular, the letter relates that if a nonprofit elects to file a particular form with the IRS, it's possible for that organization to spend up to 20 percent of its budget on lobbying. In prior hearings there has been discussion of a 5 percent limit, but such would be vague legally with regard to whether it would be an absolute limit or not. There is a case from 1955 in which a court found that an organization that spent under 5 percent of its revenues on a similar activity prescribed by 501(c)(3), issuing propaganda, wasn't a substantial activity.

MR. BRIGGS said he wasn't aware of any published court opinion or regulation that defines what is considered to be substantial activity. However, Congress's passage of the Lobbying by Public Charities Act indicates that Congress feels that it's a good public policy to permit 501(c)(3) organizations to spend up to 20 percent of their budget on lobbying activities. Mr. Briggs urged the committee to not pass HB 149 in its current form. He noted that he has drafted a proposed amendment that might lessen the impact of the legislation.

MR. BRIGGS offered his opinion that HB 149 would cause extra expense for an organization or members of an organization that choose to engage in free speech and the right of free petition to communicate with legislators. One way to prevent the aforementioned is to lessen the expense of the reporting requirements. He said that the reporting requirement shouldn't get in the way of the communication that people want to have

with their legislator, and therefore he said he believes that the reporting should occur after the lobbying takes place.

REPRESENTATIVE GRUENBERG pointed out that the final [portion of] Mr. Briggs proposed amendment was already adopted as Amendment 1.

CHAIR WEYHRAUCH indicated that the HB 149 would be held over

HB 295 - REGULATIONS: NOTICE AND DISTRIBUTION

Number 0130

CHAIR WEYHRAUCH announced that the next order of business would be HOUSE BILL NO. 295, "An Act relating to the publishing and furnishing of certain public notices regarding regulations or rules of certain state agencies; relating to distribution of the Alaska Administrative Code, Alaska Administrative Register, and supplements to the code or register; and providing for an effective date."

Number 0110

CRAIG TILLERY, Assistant Attorney General, Environmental Section, Civil Division (Anchorage), Department of Law (DOL), presented HB 295 on behalf of the administration. He explained that the purposes of HB 295 are two-fold: to improve public notice for changes made to regulations; and to reduce the costs of public notice through the elimination of unnecessary actions by the state, the use of the Internet where appropriate, and by allowing briefer, more easily understood notices. Because the legislation impacts a broad number of statutes, he mentioned that his presentation might jump around a bit. The primary change, which is extensive and applies to most regulations, is found in Sections 23 and 24. Under this change, newspaper notices would be somewhat altered to include a statement of what is being changed; a briefer general description of the changes in the regulations; information on how to obtain more detailed information; and a statement of when hearings and other processes will take place.

TAPE 03-55, SIDE A

Number 0001

MR. TILLERY said that the administration anticipates that this change will reduce the size of a newspaper notice by about 75 percent; thus making it more noticeable, more easily understood,

and effecting a reduction in cost. Under HB 295, use of broadcasts for public notices would remain optional; the Alaska Online Public Notice System would continue to carry the current longer informative summary; and there would still be other methods of public notice such as mailings - if requested - and so forth. Importantly, HB 295 does not prohibit more notice, or a more detailed notice, if a particular situation calls for it. Finally, historically, the concept embodied in HB 295 is not new; rather, it has been around for a while. For example, six years ago, the Knowles Administration requested the introduction of a bill that sought to make similar changes. During the intervening six years, the availability of the Internet and the public's ability and willingness to use it has increased dramatically, making an even stronger case for reforming the state's methods of public notice by using newspapers where necessary to alert people to proposed changes while providing the details of those changes on the Internet or, if requested, through hard copy.

MR. TILLERY noted that the "second ... major area of this bill" reflects changes to the individual agency regulations where specific statutes may govern public notice rather than the more general statutes of the Administrative Procedure Act (APA). He elaborated:

Section 1 relates to the trust company Act, and what it does is it basically says that ... these agencies that are subject to the APA are not required to put notice of particular regulations ... [and] changes in the newspapers at all. And what we have done is, we've gone through the statutes ... [and] regulations, and tried to select those particular ones where, really, the user groups of those regulations - those people who are interested, those people who've historically commented or cared about those regulations - are very sophisticated users: typically industries and so forth. The first one is found in Section 1; it is the trust company Act. ...

Number 0256

MR. TILLERY continued:

Section 2 is electronic signatures, and this one that actually may be replaced by current pending legislation. Section 7 relates to insurance Section 10 relates to the Alaska Oil and Gas

Conservation Commission [AOGCC] Section 11 is for [Department of Natural Resources (DNR)] oil and gas leases. Sections 12 and 13 relate to state personnel rules. Section 16 is the Regulatory Commission of Alaska [RCA] with regard to the pipeline Act. Section 19 is the corporate income tax. Section 20 are our oil and gas taxes. Section 26 is securities And Section 27 is Medicaid, although it is ... specifically limited to three particular parts of the Medicaid provisions - none that really affect recipients of Medicaid services, but rather ... things like Medicaid rate determinations; systems for accounting, budgeting and reporting for health facilities; and time limits for rate appeals by health facilities.

The third major part of the bill ... is the one that actually deals with ... independent or separate provisions for public notices. Sections 3 and 4 relate to the teachers retirement board, and what this does is to change it from ... a requirement of one public notice in each judicial district, to simply one newspaper of general circulation. This brings this in line with the more general requirements of the [APA]. And I would also note ... [that] this is kind of a clean up [of what] ... we went through in 2000, where we changed a requirement of mailing to furnishing, which allows the state to use electronic mail where people prefer, but it also contains a requirement that if people ask, we will hard copy mail them. Some of the agencies were missed in that clean up, and this does also clean that up for the teacher retirement board.

In Section 5, [for] the Alaska Aerospace Development Corporation [AADC], [it] would change [the] requirement from three newspapers to one. In Section 6, [for] the Alaska Housing Finance Corporation [AHFC], [it] would change from three newspapers to one. Sections 8 and 9 relate to the judicial retirement system, and would change [the requirement] from one newspaper [in] each judicial district, to one. Sections 14 and 15 relate to the Public Employees' Retirement System [PERS], and would change [the requirement] from one newspaper in each judicial district, to one. ... Sections 17 and 18 relate to the Alaska Railroad - rules promulgated by the railroad -

and would change [the requirement] from three newspapers to one. And Section 25 ... relates to the [Alaska Industrial Development & Export Authority (AIDEA)], and would change [the requirement] from three newspapers to one.

Number 0540

MR. TILLERY concluded:

There is finally a fourth section of the bill - found in Sections 21 and 22; those sections ... [pertain to] a distribution of the Alaska Administrative Code [ACC] to municipalities. Currently, all municipalities get the [AAC] whether they want it or not, and frequently we are informed that they do not really want them ... [or] know what to do with them. This would allow the state to provide them only upon request and then also upon payment of cost; it would give us the option of ... people receiving them electronically. ... Mr. Chairman, that concludes my testimony.

REPRESENTATIVE BERKOWITZ noted that a number of the entities that are the subject of HB 295 are exempted from the abbreviated newspaper-notice requirements.

MR. TILLERY concurred, reiterating that a limited number of entities will be exempted because it is believed that the user groups of those entities are so sophisticated that they would not be looking in newspapers; instead, they are on e-mail lists or they use the Internet.

REPRESENTATIVE BERKOWITZ asked what evidence there is to show that the aforementioned user groups don't also include members of the general public; for example, on issues of oil and gas leasing, or those pertaining to the AOGCC, to personnel rules, or to the RCA.

MR. TILLERY, noting that individuals from some of the aforementioned entities are available to testify, suggested that others might be better able to respond to Representative Berkowitz's concerns. He pointed out that the part of the bill that relates to the RCA is limited to pipeline tariffs. In response to another question, he confirmed that the fiscal note dated 4/23/03 should be disregarded in favor of the one dated 5/6/03.

REPRESENTATIVE GRUENBERG asked that a sectional analysis be provided to the committee.

MR. TILLERY indicated that one would be provided.

CHAIR WEYHRAUCH asked whether there have been any court cases specifically dealing with the issue of notice as proposed by HB 295.

Number 0950

MR. TILLERY said no. He added that some federal agencies are moving totally towards a web-based system, which is an emerging area that depends upon a combination of factors such as user groups and the extent to which other means of notification are currently being provided. He opined that the changes proposed by Sections 23 and 24 are not problematic, and mentioned that the provisions which reduce notification from three newspapers to one newspaper are in line with aspects of the APA. The dramatic change, he offered, is that of completely eliminating newspaper notice; but in those situations, he observed, the administration believes that it is constitutional. He again noted that under HB 295, an entity/agency will retain the ability to go beyond the minimum notice requirements being proposed.

MR. TILLERY, in response to questions, relayed that current notice requirements for the Alaska Department of Fish and Game's (ADF&G) emergency orders are not affected by HB 295.

REPRESENTATIVE BERKOWITZ asked what happened to the bill introduced by the Knowles administration and what the differences are between it and HB 295.

MR. TILLERY explained that the previous legislation had a variety of regulatory reforms, one of which was very similar to that being proposed by Sections 23 and 24 of HB 295. He noted that the previous legislation simply did not receive a hearing.

REPRESENTATIVE BERKOWITZ opined that the changes proposed in Sections 23 and 24 make sense, but the exemptions granted in other portions of HB 295 seem to evince a pattern of disdain for public participation in the process. He added:

I balk, considerably, at the extent that this piece of legislation goes. I'm also concerned that ... requiring municipalities to pick up the tab for the

administrative codes [is] another part of pushing the cost of government from the state down to local governments and it's not being done in a systematic format. And I'm very curious, on account of these concerns, ... [to know] who in the administration is taking responsibility for this piece of legislation.

MR. TILLERY indicated that that those questions could be better addressed by others from the administration.

Number 1315

MARK DAVIS, Director, Division of Banking, Securities & Corporations, Department of Community & Economic Development (DCED), opined that HB 295 is consistent with the administration's attempt to reduce the cost of publication while using effective and efficient notification methods to reach people and entities with an interest in commenting on proposed regulations. He said that his division estimates a savings of approximately \$7,800, adding that there have been trends towards electronic notification, both in the federal government and in other states. For example, the U.S. Department of Labor makes its federal register notices available on the Internet, and California has enacted legislation which permits and encourages the use of electronic communication. He opined that electronic communication is at the heart of the bill.

MR. DAVIS said that the procedures set out in Sections 23 and 24 would apply to the division in its entirety, including the corporations and banking sections. The exemptions affecting the trust act and the securities Act are contained in Sections 1 and 26. He opined that user groups which routinely use electronic communication should continue to receive notifications via the means with which they are familiar, and used the revised trust Act as an example:

We have two trust companies in Alaska; the user list we have for regulation is partially made up of attorneys, and/or those trust companies, and banks. To my knowledge, all of those groups have electronic communication, and we receive electronic communication from them. That doesn't mean we wouldn't continue to use other means of notification such as a mailing list, but it would mean that we would not have to publish a notice in the newspaper.

MR. DAVIS said that similar circumstances apply with regard to the revised securities Act, adding that the "whole securities world" is quickly moving toward online notification, particularly with regard to securities registration through a national organization. He suggested that one possible exemption would be with regard to the requirements under AS 45.55.139, but offered that the division would continue to use a variety of publications for that particular statute.

REPRESENTATIVE BERKOWITZ asked whether any members of the public ever show up at any of the division's meetings and, if so, how many show up because of "the public notice."

MR. DAVIS indicated that according to his experience, members of the public have not shown up even though the meetings have been publicly noticed. In response to further questions, he noted that for the sections of his division that do not completely eliminate newspaper ads, the cost reduction, just under the general newspaper ad size reduction, is anticipated to be 75 percent. He observed that the question then becomes whether even that size ad is actually necessary for certain users such as trust officers and lawyers that do watch the division's web site and who get the division's electronic communications.

Number 1675

SARAH PALIN, Commissioner/Chair, Alaska Oil and Gas Conservation Commission [AOGCC], Department of Administration, said that HB 295 would provide a more cost effective notice process for the AOGCC. She elaborated:

We notice very specialized industry-interested parties, those who aren't perusing the classified section of a newspaper to read details of our regulations. And remember, our regulations ... pertain to things like well-plugging requirements, ... [the] underground injection process, ... production metering, equipment required for drilling monitoring of reservoir conditions - really specialized [regulations], of course. We give those to our customers, and they include the tech divisions of Oil and Gas companies, DNR, [U.S.] Department of the Interior, [Department of Revenue (DOR)], [Environmental Protection Agency (EPA)] - very, again, industry-interested parties.

It is important to remember that the Knowles Administration did take good steps towards becoming more efficient by publishing notices via electronics as sort of a progressive, sound, administrative theme. They, too, recognized the value of the Internet and the good tools we have now to notice the details of [regulation] changes, and our customers are already readily utilizing paperless technology and working with us via our web site and electronics to produce oil and gas for our state. The original practices of notification ... probably did make perfect sense 20, 10, maybe even 5 years ago, but you all know ... that the world has changed.

And Alaska can be really proud of our technological progress, and government can do its job better and more efficiently and at a lower cost by utilizing the technology that the private sector relies on and, as was pointed out, many branches of even the federal government are now relying on to publish detailed notices. We can do this via HB 295; it allows flexibility and, thankfully, it doesn't prohibit good judgment in publishing processes. Thank you.

Number 1828

REPRESENTATIVE BERKOWITZ asked how much AOGCC currently spends on [notice] publication.

MS. PALIN indicated that she did not bring those exact statistics with her, but estimated that they were perhaps similar to what previous speakers have testified to.

REPRESENTATIVE BERKOWITZ asked whether members of the public show up at the AOGCC meetings.

MS. PALIN noted that Theresa Obermeyer attends the AOGCC's public hearings; that she is the only public member to have done so; and that she does visit the AOGCC's office, which also posts notice of public hearings meetings. Ms. Palin added that Ms. Obermeyer is also on the AOGCC's mailing list.

CHAIR McGUIRE announced that the hearing on HB 295 would be recessed in order to take up HB 40. [The hearing on HB 295 was recessed until later in the meeting.]

HB 40 - REQUIREMENTS FOR DRIVER'S LICENSE

Number 1914

CHAIR WEYHRAUCH announced that the next order of business would be HOUSE BILL NO. 40, "An Act relating to issuance of a driver's license."

Number 1921

REPRESENTATIVE LYNN, speaking as the sponsor of HB 40, [made a motion to adopt CSHB 40(TRA) as the working document].

REPRESENTATIVE SEATON objected for the purpose of discussion.

REPRESENTATIVE LYNN, as an introduction to HB 40, remarked that having a driver's license is a privilege, not a right. That's why Alaska has established minimum qualifications for a driver's license. The purposes of HB 40, he explained, are to help strengthen homeland security, to help establish legal residency, to help prevent voter fraud, to help prevent identity theft, to enhance public safety, and to aid legal accountability. He assured members that nothing in HB 40 would affect the rights of legal aliens, and relayed that CSHB 40(TRA) defines "alien".

REPRESENTATIVE LYNN described Alaska driver's licenses as "breeder documents" that can be used to obtain other documents, and that can, in some cases, give someone the appearance of being a legal alien. He urged the committee to vote favorably on HB 40.

Number 2139

CHAIR WEYHRAUCH stated that CSHB 40(TRA) was before the committee.

CHAIR WEYHRAUCH announced that the hearing on HB 40 would be recessed in order to again take up HB 295. [The hearing on HB 40 was recessed until later in the meeting.]

The meeting was recessed at 10:11 a.m. to a call of the chair.

TAPE 03-56, SIDE A

Number 0001

CHAIR WEYHRAUCH called the meeting back to order at 4:14 p.m. Representatives Weyhrauch, Seaton, Lynn, and Berkowitz were

present at the call to order. Representative Dahlstrom arrived as the meeting was in progress.

HB 295 - REGULATIONS: NOTICE AND DISTRIBUTION

Number 0055

CHAIR WEYHRAUCH announced that the committee would resume the hearing on HOUSE BILL NO. 295, "An Act relating to the publishing and furnishing of certain public notices regarding regulations or rules of certain state agencies; relating to distribution of the Alaska Administrative Code, Alaska Administrative Register, and supplements to the code or register; and providing for an effective date."

Number 0131

LINDA HALL, Director, Division of Insurance, Department of Community & Economic Development (DCED), offered the following:

Newspaper publications as notices are not particularly effective communication for the Division of Insurance. Most of our regulations are very technical in nature and are directed at those people we regulate. Example: we have 1,200 registered companies; 2,500 registered licensees/agents; and over 12,000 nonresident licensed agents. With this large number of nonresident licensees and "non-domiciled in Alaska" companies, newspaper publications only have the potential to reach 16 percent of ... the people that we actually regulate.

I do feel that ... this bill does allow ... - when need arises, when we have an issue that is of public interest, of public concern - ... [us] to do a target-marketing type of newspaper advertisement, where we can make sure the public is aware of when it's in their interest. And I have an example of that. Last fall there were hearings on privacy regulations; those affect consumers as well as the people and companies that we regulate. Those types of public interest hearings, I believe, should have publication. When we talk about the amount of expenditures we have for newspaper advertisements, we can still ... be allowed to do some of that when it is in the public interest.

Number 0341

We have a fairly sophisticated group of people that we regulate; they're very technically advanced - they consult our web site on a regular basis. All of our regulations, notices, [and] bulletins are posted on our web site. We have a section that's called "What's New "; it has a calendar of things that are coming in the future, and that would include hearings, so it's very easy to check our web site and get that type of information. Last year, our charges for newspaper advertisements totaled roughly \$9,700. If we target 75 percent of that as our best estimate of what we would save under this bill, our division alone would save approximately \$7,300.

MS. HALL concluded:

We also do targeted mailings; when we have regulation changes, we do mailings in addition to the newspaper publications. For example, last year we had some surplus lines; regulatory notices go out to 9,000 of our licensed agents - we do some very large mailings. We had a mailing on the privacy regulations I ... referenced earlier that went to 10,000 people. We have particular members of the public who have asked, over the years, to be included on our mailing list, so those people automatically get notices when we are having regulatory hearings. And with that, I would support these changes and be willing to answer any questions anyone may have.

REPRESENTATIVE SEATON asked Ms. Hall whether the Division of Insurance uses the Alaska Online Public Notice System, which is referenced on page 5 of the bill.

MS. HALL indicated that the division does use that system in addition to posting notice on its own web site.

Number 0603

STAN RIDGEWAY, Deputy Director, Division of Insurance, Department of Community & Economic Development (DCED), in response to a question, indicated that he would find out whether the Alaska Online Public Notice System is listed as a link on the State of Alaska home page.

Number 0642

REPRESENTATIVE BERKOWITZ made a motion to adopt Amendment 1, to delete Sections 1, 7, 10, 11, 16, 19, 20, 26, and 27.

Number 0651

REPRESENTATIVE HOLM objected.

REPRESENTATIVE BERKOWITZ pointed out that the sections he is proposing to delete are the sections that are exempted from subsection (a)(7) of Section 23. Subsection (a)(7) of Section 23 requires an abbreviated form of newspaper notice, and this is the provision that the administration is proposing will save 75 percent of advertisement costs. He said that he does not see a need to exempt certain agencies/entities from the requirement laid out in subsection (a)(7). He elaborated:

There's problem enough in this state with people not knowing what government's going to do, and I'm increasingly leery ... of an administration that makes it harder and harder for the public to know what's going on and that wrests more and more control away from local government. You see it with coastal management, you see it on HB 69, ... I've seen it time and again, and, frankly, I don't like the direction that we're heading. I understand the need to save money, but we can save money - [a] considerable amount of money - and still retain the notice.

MS. HALL, in response to the question regarding the Alaska Online Public Notice System, indicated that the state's home page does have a link to that system.

CHAIR WEYHRAUCH, on the issue of Amendment 1, ventured that taking away the requirement to have some kind of notice in the newspaper does appear to somewhat diminish the public's ability to know what government is doing. He asked Representative Berkowitz whether that was his sentiment in offering Amendment 1.

REPRESENTATIVE BERKOWITZ said it was.

Number 0910

CRAIG TILLERY, Assistant Attorney General, Environmental Section, Civil Division (Anchorage), Department of Law (DOL), said:

I would concur that that does happen and, in fact, I think that recognition is implicit in this bill. As I believe Representative Berkowitz mentioned, the real guts of the bill, ... the focus of it, from my perspective, is in Sections 23 and 24. What happens in the sections that this amendment speaks to is, they are sort of the cutting edge of where this country, all states and the federal government, [is] headed, but they're very small steps. These have been areas and regulations that we believe are carefully targeted to not affect those people who are not generally online and who do not look for their notices online. But the fact that we actually have targeted it to these very fairly narrow exceptions I think does recognize that the newspapers continue to play a significant role in alerting the general public. We just believe that in these areas, it's not necessary and therefore they can be eliminated at some savings to the state.

CHAIR WEYHRAUCH suggested adding a specific effective date and language mandating that the state provide notice in newspapers explaining that after that effective date, for notice on certain issues, the public will have to start going to the state's web page. He asked Mr. Tillery whether the administration would be amenable to such a change.

MR. TILLERY asked whether the Chair's suggestion would be applied to Amendment 1.

CHAIR WEYHRAUCH said no, adding that he was just speaking conceptually.

MR. TILLERY indicated that he would be willing to "take that back and find out the answer." He added that conceptually, perhaps Sections 2, 12, and 13 ought to be added to Amendment 1.

REPRESENTATIVE BERKOWITZ thanked Mr. Tillery for his suggestion.

Number 1190

REPRESENTATIVE LYNN, after mentioning that he uses the computer all the time, observed that "Alaska is one of the most wired states in the union - and in the world, perhaps - and I think it's time to get past the horse and buggy and start moving into the modern era."

REPRESENTATIVE BERKOWITZ agreed that Alaska is one of the "most wired" states in the country, but pointed out that there are substantial parts of Alaska and substantial portions of Alaska's population that aren't yet "wired."

REPRESENTATIVE LYNN asked whether newspaper ads or direct mailings would still be used in areas of the state that don't have access to the Internet.

MS. HALL indicated that direct mailings would continue to be sent to those on her division's mailing list regardless of whether "they" have access to the Internet. She surmised that all HB 295 does, with regard to her division, is remove the requirement to do newspaper publications.

REPRESENTATIVE LYNN asked whether villages that don't have access to the Internet would still receive notice via newspaper ads.

MS. HALL indicated that she didn't have an answer to that question.

REPRESENTATIVE SEATON asked whether the division's mailing list includes all cities.

MS. HALL indicated that her division's mailing list includes people, companies, and entities that her division regulates, as well as anyone who requests to be on that mailing list, but does not ordinarily include cities.

REPRESENTATIVE SEATON noted that the language in the sections themselves doesn't let one know what it applies to.

REPRESENTATIVE BERKOWITZ remarked that that information would normally be included in the sectional analysis.

MS. HALL remarked that Section 7 refers to Title 21, which applies to the Division of Insurance.

MR. TILLERY noted that per Representative Gruenberg's earlier request, the administration is in the process of compiling a sectional analysis.

Number 1517

REPRESENTATIVE BERKOWITZ withdrew Amendment 1.

REPRESENTATIVE BERKOWITZ said that he intended to offer an Amendment 2, to delete Sections 21 and 22. He noted that these two sections require communities to pay for the Alaska Administrative Code (AAC). In response to a question, he said that he liked the provision that requires local governmental agencies to ask for the AAC, but does not like the provision that requires them to pay for it.

Number 1638

ROBERT PEARSON, Regulations/Online Public Notice, Office of the Lieutenant Governor, on the issue of Sections 21 and 22, said that currently, the state is required to provide copies of the AAC and quarterly supplements to every local government unit regardless of whether they want it. The total cost to the state for doing this is approximately \$22,000 per year, and the total cost to the state for publishing the AAC is approximately \$30,000. He offered that the AAC is available online, and relayed that the Alaska Municipal League (AML) has not yet raised any objection to the concept proposed in Sections 21 and 22. He mentioned that according to information provided by the Department of Community & Economic Development, many of the smaller municipalities do not make use of either the AAC or the supplements during the normal course of business. Because the AAC is available online, he offered, Sections 21 and 22 should not cause any hardship, and will instead provide the state with the flexibility to provide the AAC on compact disc to those government units that wish to receive it in that format.

CHAIR WEYHRAUCH announced that HB 295 would be held over.

HB 40 - REQUIREMENTS FOR DRIVER'S LICENSE

Number 1900

CHAIR WEYHRAUCH announced that the committee would resume the hearing on HOUSE BILL NO. 40, "An Act relating to issuance of a driver's license." [Before the committee was CSHB 40(TRA)]

Number 1908

REPRESENTATIVE LYNN, speaking as the sponsor of HB 40, said that HB 40 is needed for the number of different reasons that he'd highlighted earlier in the meeting.

Number 1948

CHARLES R. HOSACK, Deputy Director, Director's Office, Division of Motor Vehicles (DMV), Department of Administration (DOA), relayed that the DMV supports HB 40. He went on to say:

It puts a clause into the state law that requires legal presence, either a U.S. citizen or an alien lawfully admitted in to the United States, before we can issue a driver's license or an ID card. ... By policy, [the DMV] is essentially doing this now. The identity documents that we require before issuing a driver's license are usually only those that a U.S. citizen or a legal alien would have. So for us it's not too much of a change; there's no cost to implement this. [The] bill is important to us because this issue of legal presence has come to the forefront after ... [the terrorist attacks of September 11, 2001], and we are trying to follow many other states that do have a legal-presence law.

We want to do this before the federal government tries to enact some laws that might not be to the state's liking. And right now, according to our records, there are about 28 states that do have a legal-presence law, and some of them are very serious about the issue, even to the point where they are refusing to accept driver's licenses from states that do not have a legal-presence law. So this will avoid that problem for any Alaskans moving to another state. So we do support the bill; it is a low-cost option, and with that I'm available for any questions

REPRESENTATIVE LYNN mentioned that at one point he'd considered including a provision that tied the expiration date of a driver's license to that of a visa; however, that would have caused some problems.

REPRESENTATIVE BERKOWITZ asked Mr. Hosack to revisit the fiscal note. He added, "I know that other states have incurred relatively large fiscal notes in implementing this type of legislation, and [I] would like him to check perhaps with the California experience or the Virginia experience."

MR. HOSACK replied that although he has not checked with either California or Virginia, California has had a legal-presence law for some time. He said that he'd based his fiscal note on the fact that the DMV already requires proof that a person is a U.S.

citizen or a legal alien before being issued a driver's license or ID, and already lists, on the "driver record," the person's place of birth.

Number 2168

REPRESENTATIVE BERKOWITZ mentioned that according to his information, California paid \$1.8 million per year for its legal-presence law, and Virginia is anticipating a cost of \$5.5 million annually to implement such a law plus an additional \$200,000 in training costs. "Admittedly, Alaska is a much smaller place, but I'd certainly like to know what the basis is and if we're looking at large fiscal notes for implementing this," he added.

MR. HOSACK mentioned that the DMV already provides training on fraudulent documents, including having classes by Immigration and Naturalization Service (INS) agents for managers and employees.

REPRESENTATIVE BERKOWITZ reiterated his request that Mr. Hosack check with California and Virginia to find out more about how their experiences might relate to Alaska implementing such a law.

MR. HOSACK, in response to a question, explained that before a driver's license is issued, the DMV verifies a person's identity through two documents that show a person is in the country legally. Without two such documents, a person would not be issued a driver's license. In response to further questions, he reiterated that DMV employees do receive training regarding fraudulent documents, and relayed that statute - AS 28.15 - requires the DMV to determine a person's identity to its satisfaction. He mentioned that because a driver's license is considered a primary identity document, all states are now attempting to improve the safeguards that prevent someone from acquiring a driver's license when he/she should not have one.

REPRESENTATIVE BERKOWITZ opined that interfacing with the INS regarding fraudulent documents goes beyond the scope of what DMV is allowed to do.

MR. HOSACK relayed that such interfacing occurred before the events of 9/11/01. He noted that although the terrorists who participated in those events were lawfully in the country, they did obtain phony ID cards or driver's licenses. In response to another question, he indicated that HB 40 is based on model

legislation proposed by "our national association of motor vehicle administrators." To a large extent, he added, Canada and the U.S. are operating under the same procedures for providing proof of identity; in contrast, it is extremely difficult to verify the authenticity of any other country's document.

CHAIR WEYHRAUCH indicated that HB 40 would be held over.

HB 252 - OCC LICENSING: TERMS OF BD & CONT. EDUC

Number 2644

CHAIR WEYHRAUCH announced that the final order of business would be HOUSE BILL NO. 252, "An Act relating to the terms of members of boards and commissions that regulate businesses and professions and to the duties of the members of the State Board of Registration for Architects, Engineers and Land Surveyors." [Before the committee was CSHB 252(L&C)].

Number 2664

LAUREN WICKERSHAM, Staff to Representative Lesil McGuire, Alaska State Legislature, presented HB 252 on behalf of the sponsor, Representative McGuire. She said Representative McGuire introduced HB 252 at the request of the Alaska State Board of Registration for Architects, Engineers, and Land Surveyors ("AELS Board"). The bill essentially does two things. One, it modifies the existing statutory language regarding board members who serve partial terms. Currently, if a board member serves any portion of a remaining term, that service constitutes a full four-year term. The change proposed by HB 252 will allow a board member filling a partial term of less than two years to also serve up to two more full terms, for eight more years. The CSHB 252(L&C) version clarifies that this change applies only to the AELS Board.

MS. WICKERSHAM said that the second change proposed by HB 252 offers the AELS Board the statutory authority to adopt regulations concerning continuing education. An October 2000 audit conducted by the Legislative Audit Division recommended that the AELS Board be given the aforementioned authority in order to help implement and maintain high standards in the professions it oversees. The AELS Board would work closely with all relevant professional societies before developing any programs.

Number 2765

SAM KITO III, Volunteer Lobbyist for Alaska Professional Design Council (APDC), noted that the APDC represents architects, engineers, land surveyors, landscape architects, and other design professionals in Alaska. He relayed that the APDC supports HB 252 and is working with the AELS Board to make sure that the bill passes. In response to a question, he explained that no current board members would be impacted by HB 252. Instead, the issue encompassed within HB 252 is one that the board has discussed over the years, that of having people on the board who have developed a certain amount experience but who have served only a small portion of an initial term and are therefore not able to continue their work into a second full term. The AELS Board desires consistency within the board process, and sees HB 252 as way to achieve that.

CHAIR WEYHRAUCH noted that subsection 2 of Section 1 states that a person who serves for two years or more of a four-year term is considered to have served a full term.

MR. KITO pointed out that currently, if a board member serves even just one month of four-year term, he/she is considered to have served for a full four years and is thus precluded from serving two more four-year terms. House Bill 252 is intended to allow someone who has served less than two years of a four-year term to be appointed for an additional two four-year terms. In response to a question, he confirmed that HB 252 adds a new subsection to the "AELS Board" statute - rather than to the entire occupational licensing statute - thus ensuring that the provision only applies to the AELS board. In conclusion, he said that the AELS Board supports such a change for it but has not wanted to affect all occupational licensing boards.

REPRESENTATIVE SEATON suggested that what HB 252 is proposing makes sense and is not that unusual with regard to how partial terms are treated by other boards.

TAPE 03-56, SIDE B

[There was brief discussion regarding a prior version of the bill, which some members mistakenly thought was before them.]

The committee took an at-ease from 5:06 p.m. to 5:09 p.m.

Number 2845

REPRESENTATIVE SEATON moved to report CSHB 252(L&C) out of committee with individual recommendations and the accompanying zero fiscal note.

CHAIR WEYHRAUCH made a motion to adopt Conceptual Amendment 1, to remove "has" from page 1, line 10. There being no objection, Conceptual Amendment 1 was adopted.

CHAIR WEYHRAUCH asked whether there were any objections to reporting CSHB 252(L&C), as amended, out of committee. There being no objection, CSHB 252(STA) was reported from the House State Affairs Standing Committee.

ADJOURNMENT

Number 2814

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 5:12 p.m.