

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

January 13, 2004

8:00 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 40

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

- HEARD AND HELD

HOUSE BILL NO. 304

"An Act naming the Jack Coghill Bridge to the Interior."

- MOVED HB 304 OUT OF COMMITTEE

HOUSE BILL NO. 319

"An Act relating to the disposal of state land by lottery; and relating to the disposal, including sale or lease, of remote recreational cabin sites."

- HEARD AND HELD

HOUSE JOINT RESOLUTION NO. 3

Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund.

- HEARD AND HELD

HOUSE BILL NO. 221

"An Act making it a class C felony to knowingly make a false statement relating to citizenship or residency on an application for voter registration or reregistration."

- BILL HEARING POSTPONED

HOUSE BILL NO. 241

"An Act relating to optional exemptions from municipal property taxes on residential property."

- BILL HEARING POSTPONED

HOUSE BILL NO. 297

"An Act relating to wildfires and other natural disasters."

- BILL HEARING POSTPONED

HOUSE BILL NO. 329

"An Act relating to retirement incentive programs for the public employees' retirement system, the judicial retirement system, and the teachers' retirement system; relating to separation incentives for certain state employees; and providing for an effective date."

- BILL HEARING POSTPONED

PREVIOUS ACTION

BILL: HB 40

SHORT TITLE: REQUIREMENTS FOR DRIVER'S LICENSE

SPONSOR(S): REPRESENTATIVE(S) LYNN

01/21/03	(H)	PREFILE RELEASED (1/10/03)
01/21/03	(H)	READ THE FIRST TIME - REFERRALS
01/21/03	(H)	TRA, STA
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
04/24/03	(H)	MINUTE(TRA)
04/25/03	(H)	TRA RPT CS(TRA) NT 2DP 3NR
04/25/03	(H)	DP: FATE, MASEK; NR: OGG, KOHRING,
04/25/03	(H)	HOLM
05/07/03	(H)	STA AT 8:00 AM CAPITOL 102

05/07/03 (H) Heard & Held
05/07/03 (H) MINUTE(STA)
05/14/03 (H) STA AT 8:00 AM CAPITOL 102
05/14/03 (H) Scheduled But Not Heard
05/15/03 (H) STA AT 8:00 AM CAPITOL 102
05/15/03 (H) Scheduled But Not Heard
01/13/04 (H) STA AT 8:00 AM CAPITOL 102

BILL: HB 304

SHORT TITLE: JACK COGHILL BRIDGE TO THE INTERIOR
SPONSOR(S): REPRESENTATIVE(S) COGHILL

05/07/03 (H) READ THE FIRST TIME - REFERRALS
05/07/03 (H) TRA, STA
05/12/03 (H) TRA AT 5:30 PM CAPITOL 102
05/12/03 (H) Moved Out of Committee
05/12/03 (H) MINUTE(TRA)
05/13/03 (H) TRA RPT 5DP
05/13/03 (H) DP: FATE, OGG, KOHRING, MASEK, HOLM
01/13/04 (H) STA AT 8:00 AM CAPITOL 102

BILL: HB 319

SHORT TITLE: REMOTE REC.CABIN SITE SALES/LOTTERY SALE
SPONSOR(S): REPRESENTATIVE(S) FATE

05/14/03 (H) READ THE FIRST TIME - REFERRALS
05/14/03 (H) STA, RES, FIN
01/13/04 (H) STA AT 8:00 AM CAPITOL 102

BILL: HJR 3

SHORT TITLE: CONST. AM: PERMANENT FUND
SPONSOR(S): REPRESENTATIVE(S) CRAWFORD, CROFT

01/21/03 (H) PREFILE RELEASED (1/10/03)
01/21/03 (H) READ THE FIRST TIME - REFERRALS
01/21/03 (H) STA, JUD, FIN
02/07/03 (H) SPONSOR SUBSTITUTE INTRODUCED
02/07/03 (H) READ THE FIRST TIME - REFERRALS
02/07/03 (H) STA, JUD, FIN
01/13/04 (H) STA AT 8:00 AM CAPITOL 102

WITNESS REGISTER

DUANE BANNOCK, Director
Division of Motor Vehicles (DMV)
Department of Administration (DOA)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on behalf of the DMV during the hearing on HB 40.

ELLEN KRSNAK

Anchorage, Alaska

POSITION STATEMENT: Testified on behalf of Catholic Social Services (CSS) in opposition to HB 304.

JIM POUND, Staff

to Representative Hugh Fate

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 310 on behalf of Representative Fate, sponsor.

REPRESENTATIVE HARRY CRAWFORD

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as Co-sponsor of HJR 3.

REPRESENTATIVE ERIC CROFT

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as Co-sponsor of HJR 3.

ACTION NARRATIVE

TAPE 04-01, SIDE A

Number 0001

CHAIR BRUCE WEYHRAUCH called the House State Affairs Standing Committee meeting to order at 8:00 a.m. Representatives Holm, Seaton, Lynn, Coghill, Berkowitz, and Weyhrauch were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

HB 40-REQUIREMENTS FOR DRIVER'S LICENSE

Number 0200

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

Number 0380

REPRESENTATIVE LYNN explained that HB 40 would mandate that Alaska may not issue an Alaska driver's license to "anyone who is not legally present in the United States and, as a consequence, not legally present in Alaska."

REPRESENTATIVE LYNN said that [having] a driver's license is a privilege, rather than a right. A state has a right to mandate its own standards and qualifications for a driver's license, such as a satisfactory score on a written test and [passing] a driving test. The proposed legislation would merely add an additional qualification that an alien must be legally in the United States to obtain an Alaska driver's license. Nothing in [HB 40], he emphasized, would act against the rights and privileges of any legal alien in Alaska. He clarified that HB 40 would permit aliens with a residence in Alaska to obtain a driver's license if they are in possession of a valid green card, are [in Alaska] with an unexpired visa, or are here legally under President Bush's newly proposed legislation on foreign nationals residing in the United States.

REPRESENTATIVE LYNN noted that state residency is a legal requirement for anyone to get an Alaska driver's license. He stated that it is obvious that illegal aliens cannot be legal residents of any state, including Alaska. If Alaska knowingly or unknowingly provides illegal aliens with driver's licenses, the state enables false appearance of legal residence to an illegal alien who is by definition ineligible for a license and, by definition, [is] a lawbreaker. Representative Lynn asked his fellow committee members not to fall prey to the politically correct euphemism of calling illegal aliens "undocumented workers." He added, "Sugar-coated words don't change reality. Someone is either legally present in the United States, or they're not."

Number 0560

REPRESENTATIVE LYNN stated that, as the law is currently structured and interpreted, it is the job of the federal government to enforce national immigration laws. Notwithstanding that, he added that it is well within the purview of the State of Alaska to determine who does and does not qualify for driver's licenses.

REPRESENTATIVE LYNN said homeland security is a top priority of the President of the United States. He stated his belief that it [is also a top priority] of the governor of Alaska and all those in the Alaska State Legislature. He said, "We live in

very dangerous times, and we believe that HB 40 will help lessen some of those dangers." He stated that a driver's license is an essential tool that can be used by illegal aliens to "solidify their presence here and move about freely." He added, "This is a clear threat to our safety and economic security." Representative Lynn stated that Alaska must not become a loophole for terrorists. He illustrated, "To be blunt, we need to fix it so Osama bin Laden can't get an Alaska driver's license." He said, "We want Alaska to be a state of security, not a state of insecurity." Representative Lynn indicated there was a letter of support from the Alaska assistant commissioner of homeland security [included in the committee packet] that reads in part, "Your proposed House Bill No. 40 would provide an additional tool to improve the security of Alaska." He remarked that it is a sobering thought that most of the 19 hijackers of [the terrorist attacks of September 11, 2001] carried driver's licenses from Virginia, Florida, or New Jersey.

Number 0692

REPRESENTATIVE LYNN stated that HB 40 would help prevent voter fraud. He said, "An illegal alien with an Alaska driver's license would facilitate non citizens of Alaska to register to vote under the Motor Voter Act [the National Voter Registration Act of 1993]." Favorable action on HB 40, he said, will help protect the integrity of Alaska voter rolls.

REPRESENTATIVE LYNN turned to the subject of identity theft, which he said is becoming an increasing problem. The proposed legislation would help address the many dangers of identity theft. He said that state-issued driver's licenses have become the de facto primary identity document in the United States. In fact, he added, driver's licenses are so generally requested for purposes unrelated to driving that the motor vehicle administration also issues identity cards for non-drivers.

[Due to technical difficulty, a new tape starts here. The committee took an at-ease from 8:09 a.m. to 8:17 a.m.]

TAPE 04-02, SIDE A

8:17 a.m.

REPRESENTATIVE SEATON moved to adopt the proposed committee substitute (CS), Version 23-LS0262\H, as a work draft. There being no objection, Version H was before the committee.

REPRESENTATIVE LYNN described driver's licenses as "breeder documents" that provide access to many other documents that facilitate identity theft. Driver's licenses [are used as a form of identification] by law enforcers, retailers, lending institutions, and [airport security and personnel]. Currently, he noted, once a person gets a driver's license or state identification card in one state, that card can be used in any other state. Furthermore, that card can be exchanged for another state's license or identity card. A license exchange is faster and requires much less documentation than a newly issued card, which Representative Lynn said he thinks is scary. He posited that every constituent is a potential victim of identity theft, and HB 40 is "one step toward protecting our good names and our good credit."

REPRESENTATIVE LYNN noted that, in a newspaper article regarding HB 40, someone claimed that illegal aliens will be driving whether they are licensed or not, and a license would make them safer drivers, because they would have to pass a driving test. He asked, "Should we then issue licenses to 10-year olds, or some other obviously unsuitable group, merely because some of them will be driving anyway? Should we legalize marijuana, because maybe somebody will be smoking pot anyway? I think not." The aforementioned person also claimed that the federal government has sole authority over immigration, which applies to whom a state chooses to license as a driver. Conversely, Representative Lynn emphasized that the bill has nothing to do with immigration, but "has only to do with who's eligible for a driver's license, period." He remarked that the federal government has intruded a lot into independent states' rights, but hopefully Alaska can still decide who gets his/her drivers' license and who does not.

8:20 a.m.

REPRESENTATIVE LYNN noted that Governor Arnold Schwarzenegger disallowed driver's licenses for illegal aliens in California. He said he believes that as of April 2003, 30 states plus Washington, D.C. required a legal presence to obtain a driver's license. He said that he thinks more states have followed suit, and he hopes that Alaska will join that list.

REPRESENTATIVE LYNN stated the following for the record:

I believe from the bottom of my heart that 99.9 percent of all the illegal aliens who come to Alaska - or anywhere else in the United States - ... come to

Alaska to work, ... to better their lives, and they're decent human beings who broke immigration law in the popular theory that the end somehow justifies the means. Honestly, who among us here has not at one time or another in our lives used that theory that the end justifies the means.

I do believe in welcoming the stranger among us. Every one ... of our ancestors was a stranger in a strange land at one time or another. I believe there should be no unjust restriction of the natural right of individual persons to move freely, within their own nation, or from one nation to another, so long as reasonable rules are followed. In other words, when you're under Caesar, what is Caesar's, when you're under God, what is God's.

I also believe that the State of Alaska has a right to render the qualifications for driver's licenses, and [becoming] a legal resident of the United States should be one of those qualifications rendered.

REPRESENTATIVE LYNN summarized his previously stated points. He reemphasized that nothing in HB 40 would act against the rights of any legal alien in Alaska. He asked his fellow committee members for a favorable vote on HB 40.

8:22 a.m.

REPRESENTATIVE BERKOWITZ asked how many people would be effected by HB 40.

REPRESENTATIVE LYNN answered that it would effect everyone in Alaska, and he gave examples. In response to a follow-up question by Representative Berkowitz and clarification by Chair Weyhrauch, he said he does not know how many illegal aliens there are in Alaska and he ventures that no one else knows either.

REPRESENTATIVE BERKOWITZ said that Representative Lynn talked about the need for an honest voter roll, and he asked him in how many instances he has been able to discover that immigrants have voted improperly.

REPRESENTATIVE LYNN answered that he doesn't know how many people have voted illegally, and he stated that he suspects that none of the other 59 members of the legislature do either.

REPRESENTATIVE BERKOWITZ said:

The point is that you asserted something as a fact to this committee. You're presenting information. And I just wanted to know what the fact was, and if you're unable to tell us, you're, in essence, saying you don't know.

REPRESENTATIVE LYNN said he does not know how many illegal aliens there are in Alaska.

REPRESENTATIVE BERKOWITZ noted that Representative Lynn had previously referenced what had gone on in California. He said he had the California bill in front of him. He told Representative Lynn, "The immigrants that you would sweep up with your proposed piece of legislation is a far broader category than is swept up in the California legislation." He noted that there is a list of a dozen types of immigrants that may not have achieved green card [status] that are acceptable under the California law. He asked if Representative Lynn was aware of that.

REPRESENTATIVE LYNN stated that he does not think that the term "swept up" is appropriate. He said that this is not an immigration raid, but rather proposed legislation establishing qualifications for driver's licenses.

REPRESENTATIVE BERKOWITZ noted that HB 40 would include anyone who is not a citizen of the United States or is not an alien lawfully admitted into the United States. The California legislation is far more specific, citing a number of different categories, including petitions for alien relatives, immigrant petitions for alien workers, immigrant petitions by alien entrepreneurs, applications for asylum, and applications to adjust status from temporary to permanent residence. He asked Representative Lynn if he had looked at the California bill.

REPRESENTATIVE LYNN answered no.

CHAIR WEYHRAUCH asked Representative Lynn if there is a classification of an alien coming into the country who is awaiting legal status, who would be categorized as an illegal alien until that legal status had been obtained. He illustrated this idea by noting that there are a great number of people from Tonga or the Philippines who have relatives and friends in Alaska, and who want to work in fish processing, for example.

He stated, "They're here innocently, but they're also here because they love America, they want to work hard, they want a job, they want to be unfettered by the constraints in their own country where they don't have the opportunity we have here." He asked if those people would fall into a status of being illegal and not being able to get a driver's license, and if they would be stigmatized by the proposed legislation.

8:27 a.m.

REPRESENTATIVE LYNN answered, "You're either here legally or you're not here legally." He opined that if a person was here legally, there wouldn't be a problem. For example, he offered, many aliens are in the United States and have "a perfect right to be here."

REPRESENTATIVE BERKOWITZ asked Representative Lynn if he would consider someone who has come into the United States and [submitted] an asylum petition as being lawfully or unlawfully admitted.

REPRESENTATIVE LYNN answered that he thinks as long as the person had gone through the paperwork [he would be legally in the country].

REPRESENTATIVE BERKOWITZ clarified that the person in his example would not have gone through the paperwork, but would only just have submitted the petition.

REPRESENTATIVE LYNN offered his belief that a petition is paperwork.

REPRESENTATIVE BERKOWITZ clarified as follows:

My question is: Someone escapes some kind of tyranny - they've fought, for example, for the United States in a foreign land. They come over ... America's borders without proper documentation. Then they're in the United States - they make an asylum application. Would you consider that they have been lawfully admitted into the United States, or not?

REPRESENTATIVE LYNN responded, "If they have executed the paperwork that's required by the United States, or whoever is responsible for that, that would not be a problem, to me."

REPRESENTATIVE BERKOWITZ asked Representative Lynn if he thinks the people at the DMV would know all the ways that people have been or could be admitted into the United States, and if he feels that subsequent training might be necessary, in order for them to understand the full range of ways that people can gain lawful admissions into the country after those people have come in to the country, perhaps without documentation.

8:29 a.m.

REPRESENTATIVE LYNN surmised that if any education is required, it should probably be provided; however, he noted that that [question] is not in his area of expertise and suggested that the representative available from the DMV would be better suited to answer that question.

8:30 a.m.

REPRESENTATIVE COGHILL asked if the proposed legislation would make it unlawful to issue a driver's license to anybody who is not a citizen of the United States.

8:32 a.m.

REPRESENTATIVE GRUENBERG explained that, under HB 40, a person who is an alien legally admitted into the United States could [be issued a driver's license].

REPRESENTATIVE GRUENBERG mentioned a case in which a man from North Korea, named Daiil Park, found his way over the border into South Korea, went to Alaska, attended law school, and passed the bar. However, the bar refused to admit him, because he did not have the necessary paperwork, "since he was in the United States getting political asylum and had nothing from North Korea." Representative Gruenberg told the committee the man's case was taken to the [Alaska] Supreme Court. That body said the case was unconstitutional. Representative Gruenberg said that the man had a distinguished career and died recently. He added that he thinks this case should be looked at to be certain that the same problem does not surface regarding the proposed legislation.

REPRESENTATIVE BERKOWITZ stated that his focus is on who is not a citizen of the United States. He asked Representative Lynn what documents prove American Citizenship.

REPRESENTATIVE LYNN suggested a passport.

REPRESENTATIVE BERKOWITZ asked what people would do who don't have a passport.

REPRESENTATIVE LYNN answered [they could use] a birth certificate.

REPRESENTATIVE BERKOWITZ asked how a person who doesn't have a birth certificate or an American citizen who is born abroad would show [proof of citizenship].

REPRESENTATIVE LYNN suggested that those questions be deferred to the DMV.

REPRESENTATIVE BERKOWITZ stated that HB 40 is Representative Lynn's bill, and he opined that it could pose a hardship on a great number of American citizens. He explained that he just wants to know if Representative Lynn has done any research into that particular aspect of proof of citizenship.

REPRESENTATIVE LYNN responded that HB 40 is a simple bill. He told Representative Berkowitz that he thinks he is "playing games here, trying to obfuscate the simplicity of the bill." He explained that the simplicity of the bill is that a person needs to be an American citizen or be legally admitted to the United States [in order to legally hold a driver's license or identification]. He added that whatever qualifications there are for American citizenship, or to legally remain in the United States, would certainly apply [to this bill].

REPRESENTATIVE BERKOWITZ told Representative Lynn that it is inappropriate for him to apply any motive to his [questions]. He remarked that [the proposed legislation] might be simple in language, but it could be complex in execution. He continued as follows:

That's why, when I asked about how you prove citizenship of the United States, it's an important issue, because somebody's going to be able to go into the DMV one day and get a driver's license, and I want to know what requirements are in front of them. I want to know what Alaskans will have to do - people who are born in the state, perhaps never left the state - what they're going to have to do to show citizenship. And if you can't answer that, that can impose a serious hardship on people who are lawfully

here, who happen to be American citizens, but somehow are caught up in the requirements of this bill.

REPRESENTATIVE LYNN said his "own theory" is that he would use his birth certificate, his passport, and perhaps his military identification [as proof of citizenship]. He acknowledged a point made by Representative Berkowitz that a person could be a non-citizen and be a member of the military.

8:38 a.m.

REPRESENTATIVE SEATON asked how the provision regarding preventing illegal aliens from getting driver's licenses would prevent identity theft.

REPRESENTATIVE LYNN repeated that a driver's license is a breeder document. He opined that it is used more than it should be as a de facto national identification card. He gave an example of a people being asked to show their driver's licenses upon trying to cash checks. He said, "If you aren't who you say you are -- your driver's license is what is used to establish identity for all of us."

REPRESENTATIVE SEATON clarified that he is trying to figure out how somebody getting a driver's license as identification would cause identity theft. He said, "I mean, we've identified that person as that person, not as someone else." He asked Representative Lynn if he understood his quandary.

REPRESENTATIVE LYNN answered, "Not totally, sir." He explained that if a person has a driver's license, he/she can do anything with it, for example, board airplanes.

REPRESENTATIVE SEATON rephrased his question as follows:

I think the postulate here is, somehow, me getting the driver's license through DMV allows me to steal your identity. And I don't understand how that works. I don't understand how me getting a driver's license ... with my picture on it and everything else, then putting me in the state system...

REPRESENTATIVE LYNN interjected the following:

You have an illegal person getting a license when they should not get a license. They're law-breakers from

the get-go, and they have this license. Now they can do anything they want to with it.

REPRESENTATIVE SEATON said he understands some of where Representative Lynn is coming from. He said that a document he has would identify him as himself; it wouldn't give him an avenue to steal [Representative Lynn's] identity, for example. He stated his concern that [HB 40] not be "casting a wider net" than is actually [needed].

REPRESENTATIVE LYNN noted that a license procured in [Alaska] could be exchanged in another state.

REPRESENTATIVE SEATON asked how exchanging his Alaska driver's license for a Washington license would be stealing someone else's identity. He said he understands that identity theft is a real problem; however, he said he doesn't understand how having a driver's license issued with his picture on it steals another person's identity.

REPRESENTATIVE LYNN said he is not certain how to respond to that. He said, "Either you're the person you say you are, or ... you're not. You ... should be a legal person to get a legal driver's license. It's beyond me how to respond specifically to your question."

8:42 a.m.

REPRESENTATIVE BERKOWITZ asked Representative Lynn if he is aware that there are already criminal penalties for putting false information on a driver's license application.

REPRESENTATIVE LYNN answered yes.

REPRESENTATIVE BERKOWITZ asked if there is a higher incidence of immigrants using false names than non-immigrants using false names.

REPRESENTATIVE LYNN said he does not know.

REPRESENTATIVE BERKOWITZ asked, "So, what's the basis for your conclusion that identity theft is a problem, as a result of driver's license applications from immigrants?"

REPRESENTATIVE LYNN responded as follows:

If you have a false document to begin with - if it's based upon being in this country - you shouldn't be in the country to begin with. That's a whole other issue.

But if you are in this country, you should be here legally. And [if] you get a driver's license, you need to be the person that you say you are. You should be here under the laws of this country. And if you can't abide by laws (indisc.) to Alaska, I don't know how you expect to abide by any driving laws, or anything else.

REPRESENTATIVE BERKOWITZ told Representative Lynn that he had just imputed illegality to someone who has come over [to the United States] without documentation. He explained that Representative Lynn had said that those folks who come into [the United States] without proper documentation are more inclined towards identity theft and a whole host of other crimes that involve falsification of information on driver's license applications.

REPRESENTATIVE LYNN rebutted that he does not believe that he had said that any person who comes to this country legally or illegally is more inclined toward being a bad person. Furthermore, he recalled that he had said that 99.9 percent of [immigrants] are good, hard-working people who came [to the United States] under the theory that the end justifies the means. He added, "Some of these people are not good people." He explained that some people come to wreak terror on the United States; however, those people do not make up the majority. Representative Lynn pointed out that laws are usually not made for the majority, but rather "for the exception." He listed laws against murder and rape, for example.

8:45 a.m.

CHAIR WEYHRAUCH, regarding a comment previously made by Representative Lynn that illegal aliens are law-breakers, said he thinks that many people are in [the United States] because of terrorism in their own countries, and they are in the states because of the freedom that is available here. He mentioned [the terrorist attacks of September 11, 2001] and said he thought that the terrorism events is "what's lurking here."

REPRESENTATIVE LYNN said that is one of the [issues] that he had mentioned.

CHAIR WEYHRAUCH offered his understanding that the terrorists involved in those attacks were all in the United States legally.

REPRESENTATIVE LYNN noted, "Some of these people had driver's licenses when they should not have had driver's licenses. Some of [them] were here, I believe, ... under expired visas."

CHAIR WEYHRAUCH added, "Some were actually issued visas after they were dead."

8:46 a.m.

REPRESENTATIVE COGHILL asked if it was Representative Lynn's intent that anyone applying for driver's licenses would bring a birth certificate in, while anyone who is not a naturalized citizen would bring in whatever immigration papers necessary to the DMV.

REPRESENTATIVE LYNN stated that his intent is that the DMV establish what it needs to issue or not issue a license, "which could include the various things that you mention."

REPRESENTATIVE COGHILL said, "I was just wondering, in your research, if that was how you landed on it."

REPRESENTATIVE LYNN offered his understanding that the DMV has already made some changes. He specified that [the documents that could be required by the DMV in order to issue a license] would include that which would show that a person is who he/she claims to be and is in the country legally. He offered the example of his Canadian son-in-law who holds a green card and a California driver's license.

8:47 a.m.

REPRESENTATIVE GRUENBERG returned to the previously mentioned subject regarding the man from Korea and told the committee that the name of the case is Application of Park. He handed out copies of it [available in the committee packet]. He quoted a line from the case, which read, "There are better tests than alienage to determine these matters."

REPRESENTATIVE GRUENBERG stated that the ability to get an identification card and the ability to drive are fundamental to earning a livelihood, being mobile, raising a family, attending school, and receiving medical care.

REPRESENTATIVE GRUENBERG said it seems to him that the argument that Representative Lynn is making is that "these people" in some manner are potentially a threat. He stated, "In some ways, what Representative Seaton was saying troubles me also." He said a person's having a green card is in some cases a relationship to whether that person is a threat, but in other cases is of little relationship [to that possibility]. He opined that a person can be much more of a threat if convicted of heinous driving offenses, for example, than by coming over the border illegally or not being able to get a [green] card. He said he would like to see some way of dealing with the issue of the threat by "looking at something that has a little more direct ... evidence of the fact of whether they're a threat, if that's the basis of this bill." He asked Representative Lynn if he was misreading his intent.

REPRESENTATIVE LYNN questioned whether there can be a comparison between getting a license to practice law and getting one to drive a vehicle. He added, "You know, apples and apples here."

REPRESENTATIVE GRUENBERG, in response to a question by Representative Lynn, noted that the citation of the Parks case took place in 1971.

REPRESENTATIVE LYNN said he doesn't want to make comments about [Alaska's] court system; however, he added, "Suffice it to say that all of their decisions have not been wise."

8:50 a.m.

REPRESENTATIVE SEATON asked Representative Lynn if, under HB 40, people would have to show proof of citizenship before exchanging [one state's driver's license for another]. He clarified that he is not concerned about illegal aliens in this question, but wants to know how the bill would effect every person who goes into the DMV to exchange a driver's license. He continued as follows:

Every one of us is going to have to prove this, not just the aliens - every one of us that goes in. And so, we have a person that comes up here that has a driver's license, but it's not from a state that requires proof of citizenship; therefore, under your bill, as I understand it, he can't exchange his driver's license and get an Alaska driver's license.

REPRESENTATIVE LYNN responded that he thinks anybody who comes "up here" for a driver's license should be able to show that they are either a United States citizen or are here as a legal alien.

8:52 a.m.

REPRESENTATIVE HOLM asked how reciprocity would work if the requirements in California are different than those in Alaska, for example.

REPRESENTATIVE LYNN answered that some people have recommended against reciprocity "for those very reasons."

REPRESENTATIVE HOLM pointed out that Representative Lynn had previously mentioned that several perpetrators of [the terrorist attacks of September 11, 2001] held legal driver's licenses. He said because of that they also had legal (indisc.). He recommended that the issue of reciprocity be addressed.

8:53 a.m.

REPRESENTATIVE GRUENBERG noted that Section 2 of the bill also addresses the renewal of licenses. He said, for example, that under HB 40, a person who has lived in the Alaska Bush for many years and already has a driver's license, but for some reason doesn't have a birth certificate or other proof of citizenship, would not be able to renew his/her license.

REPRESENTATIVE LYNN said he supposes that person would have an original application on file with the DMV.

TAPE 04-02, SIDE B

8:56 a.m.

REPRESENTATIVE GRUENBERG said he thinks that [the original application] would not be enough, because under HB 40, the person would have to prove that he/she is a citizen or has a green card [in order to renew a driver's license]. In response to a comment by Representative Lynn, Representative Gruenberg pointed to page 1, line 10, which reads "nor renew", which he explained is where the bill stipulates this requirement.

REPRESENTATIVE LYNN, in response to a question by Representative Coghill, reiterated that, as of April 2003, 30 states have "essentially the same bill."

REPRESENTATIVE COGHILL asked if Representative Lynn has researched how those states have addressed the proof of identity issue.

REPRESENTATIVE LYNN stated that he believes there may be information in the committee packet regarding that; however, he told Representative Coghill that he is not prepared to answer that question directly.

REPRESENTATIVE COGHILL suggested that [the issue of proof of identity upon renewal of a driver's license] is an issue that the committee should address before moving the bill. He also commented that the expiration dates of licenses or green cards may not exactly be in synch, and he said he would be interested to see how the other states worked out that problem.

REPRESENTATIVE LYNN noted that some students in the United States are here with a student visa, and the expiration of their driver's licenses extend beyond the visa period. He stated that this is a potential problem. He said he had contemplated putting "that" in the bill; however, he did not want to put too much into the same bill. He conceded that that might have been an error on his part.

REPRESENTATIVE COGHILL suggested that this may be a subject for an amendment to the bill.

REPRESENTATIVE LYNN said, "If we were to amend it along that line, it would be a friendly amendment as far as I'm concerned."

8:58 a.m.

CHAIR WEYHRAUCH suggested to Representative Gruenberg that it may be worthwhile to ask Legislative Legal and Research Services to address the issue.

REPRESENTATIVE GRUENBERG opined that HB 40 should be referred to the House Judiciary Standing Committee.

REPRESENTATIVE SEATON noted that an Alaska driver's license currently does not prove citizenship; therefore, according to the bill's stipulations for renewal, every person in Alaska will have to go down to the DMV to prove United States citizenship before being allowed to renew a current Alaska driver's license [or identity card].

REPRESENTATIVE LYNN opined that security and safety would probably increase if that were done.

8:59 a.m.

REPRESENTATIVE GRUENBERG asked, "If you could show proof that you're a citizen by showing you were born in the U.S., why couldn't people just forge a birth certificate?"

REPRESENTATIVE LYNN suggested that may be an issue for another bill.

9:00 a.m.

DUANE BANNOCK, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), told the committee that he was available to answer questions regarding HB 40. In response to a question by Chair Weyhrauch regarding the recent dynamic of the DMV offices, he informed the committee that the DMV closed a total of two offices - one in Anchorage and one in Juneau - and reassigned the scheduled operating hours of several very small offices into less hours, but including evenings and weekends to allow for greater accessibility.

MR. BANNOCK stated that the DMV supported the bill last year and will support it again [currently].

CHAIR WEYHRAUCH pointed to two fiscal notes in the committee packet - one by the Department of Law and one by the Department of Administration.

MR. BANNOCK confirmed that he prepared the [Department of Administration's] fiscal note, which reflects Version H, currently before the committee.

CHAIR WEYHRAUCH noted that according to the testimony that has been heard on the bill, there are a couple of things that would affect the DMV. First, he noted, the DMV would establish what it needs to issue a license. He asked Mr. Bannock if his fiscal note anticipates the promulgation of regulations to establish what the DMV needs for its staff in order to issue licenses.

MR. BANNOCK answered yes. In response to a follow-up question by Chair Weyhrauch, he stated that the DMV has not been able to identify any fiscal impact. He said that, currently, the DMV goes through training specific to identification of documents, and [recognizing both] fraudulent and acceptable documents. The

training is done through a national organization called the American Association of Motor Vehicle Administrators (AAMVA). One person from the DMV is sent at least once a year to take trainer courses, and "a large chunk of that [training] is dedicated to this particular issue."

CHAIR WEYHRAUCH asked Mr. Bannock if the training of the DMV personnel on finding ways to prove citizenship is also incorporated in his fiscal note.

MR. BANNOCK responded that he thinks it would be safe to say that that's ongoing training. He explained that the training is, therefore, not being reinvented.

9:04 a.m.

REPRESENTATIVE GRUENBERG asked if the DMV would be making an independent determination of citizenship, or whether it would "rely on the good will and the honesty of the applicant."

MR. BANNOCK told Representative Gruenberg that his frontline counter staff are the recipients of the DMV's direct training regarding documents; therefore, the applicant would bring proof of said requirements to that staff. He revealed that there are times when a supervisor or even the registrar may be summoned to make a verification.

REPRESENTATIVE GRUENBERG asked if an "independent determination" would be made, or if the DMV would "rely simply on the eyeball examination of the document."

MR. BANNOCK answered sometimes both. In response to a follow-up question by Representative Gruenberg, he confirmed that there will not be a procedure requiring "an independent examination of that fact." He gave an example as follows:

If I brought in my birth certificate, then my front counter staff would know exactly what that birth certificate looks like, understand that it's a real birth certificate, and issue based on that document.

REPRESENTATIVE GRUENBERG asked what procedures [the DMV] would take to protect against counterfeiting.

MR. BANNOCK reiterated that the staff attends training at least on an annual basis on fraudulent documents. In response to a question by Representative Gruenberg as to whether there will be

an appeal process, he said all actions of the DMV are subject to a hearing.

REPRESENTATIVE GRUENBERG explained that he is examining Mr. Bannock's zero fiscal note. He asked him if he has checked with other states to find out what percentage of rejected applicants are appealed and what the cost is for these states on an ongoing basis.

MR. BANNOCK answered he has not checked.

REPRESENTATIVE GRUENBERG asked Mr. Bannock if he thought it wise to do so before standing by a zero fiscal note.

MR. BANNOCK responded that he doesn't know how to answer that question.

REPRESENTATIVE GRUENBERG requested through the chair that the DMV provide a written answer to that question.

MR. BANNOCK agreed to do that.

9:10 a.m.

REPRESENTATIVE BERKOWITZ asked if there is an implicit understanding that there are a certain number of people who are now receiving driver's licenses, who would not receive them under HB 40.

MR. BANNOCK answered that he thinks that is a fair assessment.

REPRESENTATIVE BERKOWITZ offered his understanding that those individuals would be paying license application fees, and perhaps other fees associated with getting a license. He asked if that is reflected in the zero fiscal note. He said it seems to him that if fewer people are getting licenses, then there would be a loss of revenue to the state.

MR. BANNOCK answered that that is not reflected in the fiscal note. In response to a request by Representative Berkowitz that that information be provided in the course of doing the research requested by Representative Gruenberg, he stated that it would be very difficult to assume with any scientific certainty what that number may or may not be today.

REPRESENTATIVE BERKOWITZ opined that there is a big difference between assigning a zero fiscal note and an indeterminate fiscal note. He stated that there is a fiscal impact to [HB 40].

CHAIR WEYHRAUCH asked Mr. Bannock to take a look at [Representative Berkowitz' request].

9:14 a.m.

REPRESENTATIVE SEATON reiterated his understanding of the stipulations for renewal of driver's licenses, included in the bill. He stated his concern is in regard to those people who may not have access to a birth certificate, for example. He questioned what the impact may be if those people do not renew their licenses.

MR. BANNOCK told Representative Seaton that he is 100 percent correct; if HB 40 passes as written, then the DMV will not automatically renew people's driver's licenses as it has done in the past. However, in less than 60 days [from bill passage] the DMV would begin an entirely new process of issuing driver's licenses, and it would behoove the division to get people to come in to its station to apply for what is called the digital driver's license, he said. Upon reissuing that digital driver's license and upon verification that the DMV has any necessary documents, that driver's license will then be assigned, "Okay to renew." He said, "At this very minute, the division does not know if I am a legal citizen or not, ... based on my driver's license." Mr. Bannock revealed that one of his goals in less than 10 full years is to get digital licenses out on the market.

9:17 a.m.

REPRESENTATIVE BERKOWITZ asked Mr. Bannock if taking more time simply to renew someone's license and retaining information about citizenship would impact the zero fiscal note.

MR. BANNOCK replied that he does not think it would.

REPRESENTATIVE BERKOWITZ said, "In other words, it's going to take more time, costing more labor, and you're going to have more storage, and you're going to be able to do it for free?" To clarify, he illustrated that it would take more work on the part of the DMV to check for proof of citizenship, as well as to keep the records produced for that proof. He said, "Unless the good folks at the DMV are doing their work for free, it seems to me there's going to be a cost involved here."

MR. BANNOCK submitted to Representative Berkowitz that most of what he had just described is currently being done by the DMV. For example, he noted that people with licenses greater than 5 years old probably have a sticker on the back of those licenses. The people sent in \$15 each, and the DMV mailed the stickers to them. He noted that that entire process is disappearing "regardless."

REPRESENTATIVE BERKOWITZ indicated that there would be more work. He said, "When people are working they've got to be charging something for it."

9:20 a.m.

REPRESENTATIVE COGHILL stated that he appreciates the line of questioning; however, he suggested that the answers being sought will come forth through the information the committee has already requested from the DMV.

CHAIR WEYHRAUCH announced that the committee would hold HB 40 until later in the meeting.

HB 304-JACK COGHILL BRIDGE TO THE INTERIOR

9:22 a.m.

CHAIR WEYHRAUCH announced that the next order of business was HOUSE BILL NO. 304, "An Act naming the Jack Coghill Bridge to the Interior."

REPRESENTATIVE JOHN COGHILL, Alaska State Legislature, as sponsor of HB 304, prefaced his remarks by stating his intent is to honor his father and he means no self-aggrandizing. The purpose of the bill, he explained, is simply to name the bridge over the Nenana River at Rex the Jack Coghill Bridge to the Interior.

REPRESENTATIVE COGHILL revealed that the story behind this is that when the Parks Highway was being surveyed to connect Anchorage and Fairbanks, Jack Coghill got an appropriation through the legislature that actually preceded the money for the highway; therefore, the bridge was actually built before the highway got to it. He said his father "took a little bit of ribbing" as the author to "the bridge to nowhere."

REPRESENTATIVE COGHILL noted that this year his father will be one of the oldest members of the Alaska State Constitutional Convention, he was in the territorial legislature, and he served as lieutenant governor. He said he knows that naming things for people is generally done after they die; however, he explained that his son, Joshua, who heard the story of the bridge from someone in Healy, asked him to author this piece of legislation. Representative Coghill mentioned spending time with his father after his mother, Frances, died a couple of years ago, and he said he has come to think that [naming the bridge after his father] is an appropriate thing to do. He said he thinks this will honor Alaska, generally, as well as those who cross that bridge who know his father personally.

9:24 a.m.

CHAIR WEYHRAUCH suggested that the bridge be named after Representative Coghill's father and mother.

REPRESENTATIVE COGHILL said he would not want to do that, because his mother already has a foundation in her name for children who have speech impediments, which was something that was "part of her heart" and probably more appropriate. Since the bridge is a legislative matter dating back to the early 1960s, he said he thinks it appropriate to name it after his father.

9:26 a.m.

REPRESENTATIVE GRUENBERG moved to report HB 304 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 304 was moved out of the House State Affairs Standing Committee.

HB 40-REQUIREMENTS FOR DRIVER'S LICENSE

9:27 a.m.

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

ELLEN KRSNAK, testifying on behalf of Catholic Social Services (CSS), informed the committee that CSS operates 12 programs, primarily in Anchorage, but also in Kodiak, Delta Junction, and throughout the state. In the last fiscal year, she noted, CSS served over 26,000 Alaskans. She stated that although some of

her testimony will mirror what has already been spoken by the committee, it is important for CSS to go on record in opposition to HB 40.

MS. KRSNAK stated that [the terrorist attacks of September 11, 2001] brought a heightened vigilance in [the United States] and it is wise to pay more attention to those who would threaten the safety of the U.S. She emphasized the importance of insuring that the response of the United States to [the terrorist attacks of September 11, 2001] and increased threats to the well being of the country are addressed effectively and thoroughly.

MS. KRSNAK stated that people need the means to go to work, feed their families, and take their children to school or to the doctor. Whether someone has a driver's license will not prevent him or her from making certain that these daily necessities are met, she said. By refusing to license and, therefore, to properly regulate drivers, public safety continues to be threatened, she said.

MS. KRSNAK stated that, with all due respect to Representative Lynn, HB 40 does nothing to achieve the goals it sets out to achieve. For example, she said it does not strengthen homeland security. Furthermore, HB 40 undermines public safety, by making certain that many drivers on the roads will not be able to get a license or insurance. Finally, she noted, if enacted, HB 40 would impose a huge cost to the state at a time when every dollar is scarce.

MS. KRSNAK stated that many, if not all of the terrorists involved in [the terrorist attacks of September 11, 2001] were in the U.S. lawfully at the time of the tragedy. Therefore, they would have been able to receive an Alaska driver's license if HB 40 had been enacted at the time. Furthermore, a driver's license is not necessary to board a plane, she said. Ms. Krsnak also stated that HB 40 would not prevent identity theft. She said that by providing driver's licenses to all eligible Alaskans, we minimize the use of fraudulent or forged documents, because we take away the need to use such documents.

MS. KRSNAK stated that HB 40 will not prevent voter fraud; there is already a federal statute penalizing such behavior. In addition, she noted, it is a basis for almost automatic removal or deportation from the United States. She stated that HB 40 would threaten public safety and increases cost to insurance companies and to insured motorists. Licensed drivers are tested and insured, while unlicensed ones are not. Nationally,

uninsured motorists cost about \$1.4 billion per year, and an average of 14 percent of all accidents are caused by unlicensed drivers. One in five drivers involved in fatal crashes are unlicensed, she said. Ms. Krsnak stated that [CSS] feels that HB 40 has the potential to be costly.

MS. KRSNAK stated that because of the difficulty in reliable and proper implementation of such a law, particularly regarding confusing terminology relied on in the bill, there will undoubtedly be litigation over its application, causing the state precious time and dollars. Ms. Krsnak listed the following benefits to licensing all eligible Alaskans: Increase in state revenue from increase in applications for licenses; improved public safety and safety on roads and highways, because more drivers will be licensed, therefore insured and tested; and reduced cost to the state and to licensed and insured drivers.

MS. KRSNAK stated that CSS respectfully urges the committee to vote against HB 40.

9:31 a.m.

REPRESENTATIVE SEATON asked if a problem exists where people arrive at shelters without identification.

MS. KRSNAK noted that CSS operates three emergency shelters, two in Anchorage, and one in Kodiak. She stated that it is true that many of the clients who come to the shelters do so with only the clothes on their backs and without documentation. She said, "We want to help them transition out of homelessness to independent living, and we feel that this is another obstacle."

MS. KRSNAK, in response to a follow-up question by Representative Seaton, noted that CSS does have an immigration and refugee services program that works directly with people who are pursuing legal residency. She indicated that someone who comes to the shelter with just the clothes on his/her back "will not have that documentation in the event that they don't have a driver's license, in the event that they need one to secure employment."

9:34 a.m.

REPRESENTATIVE LYNN disclosed that he is a practicing Catholic, and he said he applauds CSS for its good work. Regarding the people who show up with only the clothes on their backs, he said, "Hopefully they could attain some kind of legal residency

and at that point be able to get a driver's license." He stated that although everyone is entitled to be loved, he can love his neighbor abundantly even though they may or may not be qualified for a driver's license.

CHAIR WEYHRAUCH announced that HB 40 was heard and held.

HB 319-REMOTE REC.CABIN SITE SALES/LOTTERY SALE

CHAIR WEYHRAUCH announced that the next order of business was HOUSE BILL NO. 319, "An Act relating to the disposal of state land by lottery; and relating to the disposal, including sale or lease, of remote recreational cabin sites."

9:36 a.m.

JIM POUND, Staff to Representative Hugh Fate, Alaska State Legislature, presented HB 319 on behalf of Representative Fate, sponsor. He told the committee that HB 319 is partly a result of the Alaska Constitution, Article VIII, Section 1, which read as follows:

SECTION 1. Statement of Policy. It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

MR. POUND noted that the State of Alaska has held on to approximately 90 acres. He said that HB 319 relates to the American dream of owning a piece of property. The land being held by the state is essentially nonproductive and is exempt from local taxation. He opined that that land is only an asset when it is passed on to the private sector.

MR. POUND said this remote recreational cabin site bill is designed to make it easier for individuals to find a perfect location for a weekend escape, or a hunting or fishing trip, hopefully near their own homes. It means that local residents will be building structures in parts of the state where no one currently lives.

MR. POUND noted that a trickle down effect would occur, because building materials, fuel, and remote transportation would be purchased. He also noted that organized boroughs would then be allowed to have property tax bases they currently do not have. Mr. Pound concluded by saying that owning land in Alaska is

economic in basis, because land is forever - it is not something that has to do with a "boom or bust."

9:40 a.m.

REPRESENTATIVE SEATON referred to page 3, line 5, which read as follows:

Sales under this section may be at public or private sale.

REPRESENTATIVE SEATON said that he would like some explanation whether this language refers to private sales that only occur after [land] has gone out to a public sale and is a leftover parcel, or whether it could refer to sales that are not competitively available to all Alaskans. [Regarding the language] he added, "I'm hoping there'll be a little cleanup in there."

MR. POUND offered his understanding that, under the current policy, a person can walk in after the open process is closed and say, "Okay, I want that little plot of land right there," and that can be negotiated privately, "without it going back out to public."

REPRESENTATIVE SEATON recommended that the word "private" be clarified to mean a private sale after it has been offered for public sale.

9:44 a.m.

REPRESENTATIVE GRUENBERG turned to [page 2, line 3] where "38.05.600" shows as new text added to HB 319. He offered his understanding that the State of Alaska retained the mineral rights to virtually everything. He asked, "Now on these remote parcel sales, do they pass the mineral rights away?"

MR. POUND answered no. He indicated that [that portion of statute] was added [to the language in the bill] to clarify that there would not be a different set of rules.

9:46 a.m.

CHAIR WEYHRAUCH asked Mr. Pound to explain his previous comment regarding land only being an asset when it's in the private sector. He remarked that the University [of Alaska] has land

that is not in the private sector, which is certainly considered an asset.

MR. POUND noted that the land that makes up the university and the railroad is exempt from local taxation; therefore, there is no tax base. He stated his belief in local taxation, and said that, regarding possession of an appraised value, one finds more of an appraisal in a private sector piece of property than in government owned [property].

[HB 319 was heard and held.]

HJR 3-CONST. AM: PERMANENT FUND

CHAIR WEYHRAUCH announced that the next order of business was HOUSE JOINT RESOLUTION NO. 3, Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund.

TAPE 04-03, SIDE A

9:49 a.m.

REPRESENTATIVE HARRY CRAWFORD, Alaska State Legislature, as Co-sponsor, told the committee that he believes this is one of the most controversial subjects the legislature will deal with. He shared that the permanent fund dividend (PFD) has benefited his family by providing the funds for the down payment on the house he lives in, for his son to attend the University of Alaska Fairbanks, and for his daughter to attend school after she graduates this year.

REPRESENTATIVE CRAWFORD offered his belief that the PFD program was started for two reasons: First, to enlist the public's support in protecting the fund itself, which has been successful. Second, to provide benefits to the citizens of the state, which has also been very successful. He said he sees no reason to change the "payout." He explained that if the method of payout is to be changed, it is necessary to have "buy-in" by the citizens of the state. He told the members that he believes the only way to get permission [to make changes] is to take [the issue] before the people for a vote. That is what HJR 3 is all about, he said.

REPRESENTATIVE ERIC CROFT, Alaska State Legislature, as Co-sponsor, told the committee that he had nothing more to add, because Representative Crawford had spoken eloquently on the subject.

9:51 a.m.

CHAIR WEYHRAUCH said that the public must realize that any amendment to the constitution must first pass the legislature and be voted on by the public; therefore, any change in the constitutional scheme dealing with the payout of the dividend which affects the constitution has to be voted on by the public. He emphasized that the legislature, in itself, could not make this change. The same is true of the percent of market value [POMV] issue that is being debated. Any change must be voted on by the people, he said.

REPRESENTATIVE CRAWFORD explained that the only thing that is protected in the constitution right now is the principal of the permanent fund. The payout from the earnings is only protected by statute.

CHAIR WEYHRAUCH asked for clarification that the intent of this resolution is to "constitutionalize" the dividend payout.

REPRESENTATIVE CROFT replied that is absolutely correct.

9:53 a.m.

REPRESENTATIVE SEATON commented that the discussion of the POMV and the issue of earnings reserve is due to the fact that there is a conflict in the way the permanent fund is managed. He explained that when the permanent fund was first created the investments were in bonds and it was an interest-bearing account. There was a steady flow of interest and earnings. After about 10 years the permanent fund managers changed their basis of investing in the fund to an asset-based account, including investing in real estate and stocks. He explained that [an asset-based account] doesn't generate income until it is sold.

REPRESENTATIVE SEATON explained that his problem with HJR 3 is that it institutes the old way that no longer works with the current way that we invest the permanent fund. He clarified that he does not have a problem with having the dividend secured, rather with this particular way of doing it. He asked Representative Crawford to explain why the legislature should insert into the constitution an earnings formula that is no longer consistent with the way the funds are managed.

REPRESENTATIVE CRAWFORD responded that [HJR 3] would not preclude "changing the way we deal with the fund," but will "protect the way we do a payout." He stated that he has nothing against a POMV approach as it relates to the process and "the way rates deal with it." He indicated his concern is in regard to "what the ... payout is after that." He stated that he thinks there needs to be a vote of the people before it is decided whether there will be any earnings that go to the state.

CHAIR WEYHRAUCH offered his understanding that there has to be a vote of the people, no matter what.

REPRESENTATIVE CRAWFORD answered that that applies to a change to the POMV approach, which would be a constitutional change. He reminded the committee that, currently, there only has to be a majority vote in the legislature to take money out of the earnings reserve. That, he said, is the issue that is being addressed in [HJR 3].

CHAIR WEYHRAUCH asked if it wasn't true that in the entire history of the earnings reserve, the legislature has never taken money out.

REPRESENTATIVE CRAWFORD said that's true. However, he added, "We haven't gotten to the point where we have no money. And we're getting closer and closer to that day when the constitutional budget reserve runs out and we'll be forced by the courts to go to the earnings reserve account." Representative Crawford said he wants to head that day off.

CHAIR WEYHRAUCH asked Representative Crawford to confirm that there is nothing in [HJR 3] that addresses the money that would go to the government to run government programs "when we reach that so-called rainy day," but only addresses the payout of dividends.

REPRESENTATIVE CRAWFORD replied that [HJR 3 deals] with the payout from the earnings reserve account, whether it goes to government or to dividends.

CHAIR WEYHRAUCH questioned whether this proposal really protects dividends if it can go to government as well.

REPRESENTATIVE CRAWFORD responded that [HJR 3] would protect where the payout goes.

CHAIR WEYHRAUCH said, "If we stay true to your philosophic base of ensuring that the permanent fund dividend benefits the people who need it most for ... mortgages, food, housing, ... and education, wouldn't it be best to ... treat the permanent fund like a true trust, and pass out the entire value of the trust to the people to let them spend it the way they want?"

REPRESENTATIVE CRAWFORD replied that that doesn't take into account the generations to come.

9:56 a.m.

CHAIR WEYHRAUCH suggested that people right now can invest that [money] for their own generations. He indicated that that would vest the power of the permanent fund to the people. He asked, if buy-in is desirable, then wouldn't that be a way to do it?

REPRESENTATIVE CRAWFORD said that that doesn't address, for example, people who decide to come live in Alaska in the future and "some that may leave that may take that with them."

CHAIR WEYHRAUCH said, "If you trust the people, let them invest it for their own future generations to come."

REPRESENTATIVE CRAWFORD noted again that there will be other generations of people who travel to Alaska [and stay]. He told the committee that he moved to Alaska for the pipeline and decided that Alaska was the place that he wanted to live and raise his family. He stated his belief that there will be other new Alaskans who find their way to the state the way he did. He said he does not want to "close that door."

CHAIR WEYHRAUCH remarked, "When I and many other people came to Alaska, there was no PFD, and we came to pitch a hand in, rather than looking for a handout."

9:56 a.m.

REPRESENTATIVE CRAWFORD told Chair Weyhrauch that that is a good point. He stated that he has never felt that the PFD was a handout. He told the committee that he receives a small payment from ExxonMobil Corporation about 4 times a year, because his grandfather owned 40 acres in south Texas that had oil and gas on it. Nobody has ever called that a handout from ExxonMobil Corporation, because it is an inheritance. Representative Crawford stated his belief that everyone can pitch a hand in to

Alaska; the PFD is the royalty that Alaskans get from the value of [the state's] oil, not a handout.

REPRESENTATIVE CRAWFORD continued:

Three quarters of all the oil revenues that [have] come into the state since we established the permanent fund went to government; one quarter went to the people - for direct benefit to the people. And I don't think that I want to be responsible for taking ... the people's quarter away, without ever giving the people the right to speak on it.

CHAIR WEYHRAUCH joked, "I just wanted to find what button I could push that would get you ... to the heart of what you're really after." He told Representatives Crawford and Croft that the committee is not through hearing HJR 3. He stated that he cannot predict the chances of it moving anywhere, but he would give the co-sponsors the honor of hearing it in committee and listening to the public's feelings about it.

[HJR 3 was heard and held.]

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:58 a.m.