

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

April 15, 2004

8:01 a.m.

**MEMBERS PRESENT**

Representative Bruce Weyhrauch, Chair  
Representative Jim Holm, Vice Chair  
Representative John Coghill  
Representative Bob Lynn  
Representative Paul Seaton

**MEMBERS ABSENT**

Representative Ethan Berkowitz  
Representative Max Gruenberg

**COMMITTEE CALENDAR**

CS FOR SENATE BILL NO. 309(JUD) am  
"An Act relating to testing the blood of prisoners and those in  
custody for bloodborne pathogens."

- MOVED HCS CSSB 309(STA) OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 26  
Relating to investments in Alaska by corporate America in which  
the permanent fund invests.

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 309

SHORT TITLE: BLOOD PATHOGENS TESTING OF PRISONERS

SPONSOR(S): SENATOR(S) WAGONER

Jrn-Date	Jrn-Page		Action
02/09/04	2114	(S)	READ THE FIRST TIME - REFERRALS
02/09/04	2114	(S)	STA, JUD
03/04/04		(S)	STA AT 3:30 PM BELTZ 211
03/04/04		(S)	Moved SB 309 Out of Committee
03/04/04		(S)	MINUTE(STA)
03/05/04	2428	(S)	STA RPT 3DP

03/05/04	2428	(S)	DP: STEVENS G, COWDERY, STEDMAN
03/05/04	2428	(S)	FN1: ZERO(COR)
03/17/04	2536	(S)	JUD RPT CS 4DP SAME TITLE
03/17/04	2537	(S)	DP: SEEKINS, FRENCH, OGAN, THERRIAULT
03/17/04	2537	(S)	FN1: ZERO(COR)
03/17/04		(S)	JUD AT 8:00 AM BUTROVICH 205
03/17/04		(S)	Moved CSSB 309(JUD) Out of Committee
03/17/04		(S)	MINUTE(JUD)
03/19/04	2569	(S)	RULES TO CALENDAR 3/19/2004
03/19/04	2569	(S)	READ THE SECOND TIME
03/19/04	2569	(S)	JUD CS ADOPTED UNAN CONSENT
03/19/04	2569	(S)	ADVANCED TO THIRD READING UNAN CONSENT
03/19/04	2570	(S)	READ THE THIRD TIME CSSB 309(JUD)
03/19/04	2570	(S)	RETURN TO SECOND FOR AM 1 UNAN CONSENT
03/19/04	2570	(S)	AM NO 1 ADOPTED UNAN CONSENT
03/19/04	2570	(S)	AUTOMATICALLY IN 3RD READING
03/19/04	2570	(S)	PASSED Y18 N- E2
03/19/04	2570	(S)	WAGONER NOTICE OF RECONSIDERATION
03/19/04	2577	(S)	COSPONSOR(S): DYSON
03/22/04	2604	(S)	RECON TAKEN UP - IN THIRD READING
03/22/04	2604	(S)	RETURN TO SECOND FOR AM 2 UNAN CONSENT
03/22/04	2604	(S)	AM NO 2 ADOPTED UNAN CONSENT
03/22/04	2604	(S)	AUTOMATICALLY IN THIRD READING ON RECON
03/22/04	2604	(S)	PASSED ON RECONSIDERATION Y19 N- E1
03/22/04	2604	(S)	COSPONSOR(S): LINCOLN
03/22/04	2607	(S)	TRANSMITTED TO (H)
03/22/04	2607	(S)	VERSION: CSSB 309(JUD) AM
03/24/04	3043	(H)	READ THE FIRST TIME - REFERRALS
03/24/04	3043	(H)	STA, JUD
04/08/04		(H)	STA AT 8:00 AM CAPITOL 102
04/08/04		(H)	Heard & Held MINUTE(STA)
04/15/04	3343	(H)	CROSS SPONSOR(S): HOLM
04/15/04		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HCR 26

SHORT TITLE:PFUND: ENCOURAGE INVESTMENTS IN ALASKA

SPONSOR(S): REPRESENTATIVE(S) WOLF

Jrn-Date	Jrn-Page		Action
01/20/04	2340	(H)	READ THE FIRST TIME - REFERRALS
01/20/04	2340	(H)	STA
04/08/04		(H)	STA AT 8:00 AM CAPITOL 102
04/08/04		(H)	Heard & Held MINUTE(STA)
04/15/04		(H)	STA AT 8:00 AM CAPITOL 102

**WITNESS REGISTER**

SENATOR TOM WAGONER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 309.

REPRESENTATIVE KELLY WOLF

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As sponsor of HCR 26, offered an overview of the proposed resolution.

BOB BARTHOLOMEW, Chief Operating Officer

Alaska Permanent Fund Corporation (APFC)

Department of Revenue

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HCR 26.

**ACTION NARRATIVE**

**TAPE 04-63, SIDE A**

Number 0001

**CHAIR BRUCE WEYHRAUCH** called the House State Affairs Standing Committee meeting to order at 8:01 a.m. Representatives Holm, Seaton, Lynn, and Weyhrauch were present at the call to order. Representative Coghill arrived as the meeting was in progress.

SB 309-BLOOD PATHOGENS TESTING OF PRISONERS

Number 0058

CHAIR WEYHRAUCH announced that the first order of business was CS FOR SENATE BILL NO. 309(JUD) am, "An Act relating to testing the blood of prisoners and those in custody for bloodborne pathogens."

[Although no formal motion was made, the House committee substitute (HCS) for CSSB 309, Version 23-LS1597\H, Luckhaupt, 4/7/04 was treated as adopted and before the committee as a work draft.]

Number 130

REPRESENTATIVE HOLM asked if [the proposed legislation] is available for cross-sponsorship.

Number 0136

SENATOR TOM WAGONER, Alaska State Legislature, testifying as sponsor of SB 309, answered yes.

Number 0149

REPRESENTATIVE LYNN indicated that he thinks [SB 309] is an excellent idea that benefits all parties.

Number 0172

REPRESENTATIVE HOLM moved to report HCS CSSB 309, Version 23-LS1597\H, Luckhaupt, 4/7/04, out of committee with individual recommendations and the accompanying fiscal notes.

Number 0196

REPRESENTATIVE SEATON objected. He reminded the committee that at the last hearing on SB 309, there were some questions regarding notification of the spouse. He offered his understanding that, according to current law, if a guard was inspected [for bloodborne pathogens, for example], and didn't notify his/her spouse, then that would be a felony if he/she had unprotected sex with his/her spouse.

REPRESENTATIVE SEATON removed his objection.

Number 0268

SENATOR WAGONER, with respect to concerns regarding confidentiality, expressed by the committee during the previous

hearing, clarified that "there doesn't have to be an identification for a third party to be notified that the second party has been, possibly, contaminated."

Number 0291

CHAIR WEYHRAUCH announced that, there being no further objection, HCS CSSB 309(STA) was reported out of the House State Affairs Standing Committee.

HCR 26-PFUND: ENCOURAGE INVESTMENTS IN ALASKA

Number 0300

CHAIR WEYHRAUCH announced that the last order of business was HOUSE CONCURRENT RESOLUTION NO. 26, Relating to investments in Alaska by corporate America in which the permanent fund invests.

Number 0316

REPRESENTATIVE HOLM moved to adopt the committee substitute (CS) for HCR 26, Version 23-LS1469\Q, Cook, 4/8/04, as a work draft.

CHAIR WEYHRAUCH objected. He turned attention to page 1, lines 8-10 [in Version Q], which read as follows:

**WHEREAS** investments made by the permanent fund in corporations are of substantial value, and, therefore, it is understood that corporate America also has an interest in the economic well-being of the permanent fund; and

Number 0365

REPRESENTATIVE SEATON proffered that the intent [of the language] is to leverage companies that the permanent fund has invested in to make investments in Alaska.

CHAIR WEYHRAUCH concurred. He stated that he thinks corporations beyond America have an interest in the economic well being of the permanent fund. He suggested that "corporate America" has somewhat of a pejorative connotation in some circles; therefore, he would like to make the language more neutral.

Number 0535

CHAIR WEYHRAUCH [moved to adopt Amendment 1], as follows:

On page 1, line 9

Between "that" and "also"

Delete "corporate America"

Insert "corporations in which the permanent fund invests"

Between "also" and "an interest"

Delete "has"

Insert "have"

CHAIR WEYHRAUCH clarified that, with Amendment 1, page 1, lines 8-10 read as follows:

**WHEREAS** investments made by the permanent fund in corporations are of substantial value, and, therefore, it is understood that corporations in which the permanent fund invests also have an interest in the economic well-being of the permanent fund; and

CHAIR WEYHRAUCH announced that, there being no objection, Amendment 1 was adopted.

Number 0557

CHAIR WEYHRAUCH directed the committee's attention to page 1, line 11, which read as follows:

**WHEREAS**, because the economic well-being of the permanent fund is inexorably tied to the economic well-being of the state as a whole, each corporation that the fund invests in has an interest in a strong and stable Alaska economy; and

CHAIR WEYHRAUCH read a definition of "inexorable" as follows: "Relentless; not to be moved by entreaty." He said he thinks that the permanent fund, through its prudent investment rules and various policies, can buy and sell based on management, without entreaty, and "they can be moved." He offered his understanding that the intent of the language is that there is a connection between the health of the permanent fund and the health of the state as a whole.

Number 0642

REPRESENTATIVE HOLM suggested deleting "inexorably".

CHAIR WEYHRAUCH stated, "So, the conceptual Amendment [2] is [to] delete 'inexorably'. Is that all right with the committee?"

CHAIR WEYHRAUCH announced that, hearing no objection, [Amendment 2] was so ordered.

Number 0699

REPRESENTATIVE KELLY WOLF, Alaska State Legislature, as sponsor of HCR 26, offered an overview of the proposed resolution. He noted that the value of the permanent fund is nearly \$28 billion. There are 2,000 corporate stocks in America and over 1,000 corporate stocks overseas in which the permanent fund is invested. He stated that, as a grant writer and businessperson, he knows that seeking funds for non-profit organizations and encouraging contracts with businesses is an ongoing occurrence. He indicated that [HCR 26] would give non-profit organizations "the tool to go to corporate America and ask them for a contribution." He indicated that it would help the organizations free themselves from having to depend on the government's handout of money. He also pointed out that it would mean less funds that the state has to provide for those organizations; therefore, it would help the state. He offered examples of how the corporations that Alaska supports could support Alaska in return. The proposed legislation, he explained, would show that the legislature supports this.

Number 1015

REPRESENTATIVE SEATON directed attention to page 2, [beginning on line 1], which read as follows:

**WHEREAS**, by adopting this resolution, the member's [sic] of the legislature recognize that we are providing an opportunity for Alaska's nonprofit and for profit sectors to declare their independence through encouraging those sectors to recognize the powerful buying support the \$24,000,000,000 permanent fund represents;

REPRESENTATIVE SEATON suggested a change in the language as follows:

**WHEREAS**, by adopting the resolution, the legislature encourages Alaska's nonprofit and profit sectors to seek financial support from the companies in which the permanent fund invests \$24 billion

Number 1055

REPRESENTATIVE COGHILL offered his understanding that the sponsor's intent is to encourage the corporations in which Alaska invests to invest in [nonprofit organizations] in Alaska, rather than having the nonprofit [organizations] seek out the corporations.

REPRESENTATIVE WOLF clarified that the intent is to get the two entities together.

REPRESENTATIVE SEATON asked for clarification of the permanent fund corporation's and legislature's roles in the resolution.

Number 1140

REPRESENTATIVE WOLF said the resolution is not asking the permanent fund dividend corporation to "ask corporations that they invest in to do anything." He continued:

This is the sole discretion of the business sector in Alaska and the nonprofit sector in the state of Alaska to do this. We as the legislature -- there's a line here that we can't cross, and we wouldn't want to cross, because then it would become very, very political.

REPRESENTATIVE WOLF indicated that the resolution provides for a letter to be given to the permanent fund corporation.

Number 1250

CHAIR WEYHRAUCH, in response to questions from Representative Seaton, clarified that the letter would just be sent to the Board of Trustees of the Alaska Permanent Fund Corporation and that corporation has no duty to provide the letter to corporations, but would make it "available to the public on request". He noted that the public could be broadly defined as an individual or a corporate entity.

REPRESENTATIVE WOLF concurred.

Number 1303

CHAIR WEYHRAUCH suggested that the last "WHEREAS" on page 2, lines 1-4 could be changed to read as follows:

**WHEREAS** corporations that the permanent fund invests in have an opportunity to invest in Alaska's nonprofit and profit sectors in order to flourish and grow those sectors by encouraging the corporations invested in by the permanent fund recognize the powerful buying power that is represented by the permanent fund.

REPRESENTATIVE WOLF indicated that although the intent of the resolution was simple, what came back from Legislative Legal and Research Services was a lot different. He suggested deleting "by adopting this resolution, the member's [sic] of the legislature recognize that", thereby abbreviating the language.

Number 1452

REPRESENTATIVE HOLM referred to [a one page handout included in the committee packet] entitled, "Grant Stocks." He asked what grant stocks are.

REPRESENTATIVE WOLF explained that the list is comprised of names of corporations in the U.S. that issue grants to nonprofit [organizations] and have a community relations contribution program. He noted that the columns on the handout show the number of shares, the cost at purchase, and the market value. He added, "And this is as of last year."

Number 1488

REPRESENTATIVE COGHILL questioned how the legislature would encourage something that is probably already happening to a large degree. He said he is struggling not only with the wording, but also with the concept, because many [corporations] "may see this as an affront, because some of them do heavily support many nonprofit organizations in Alaska." He noted that many corporations have shown support of Alaska by coming up to the state to do business and have been heavily involved in the communities. He offered examples. He said he understands that "there are companies that are invested in by the permanent fund who aren't in Alaska who may be large organizations that issue grants." He cautioned against making a negative statement.

REPRESENTATIVE WOLF related that, during the last Alaska gubernatorial inauguration, the Safeway Corporation presented a check to the governor and first lady for \$105,000 for a portable mammogram unit. Representative Wolf noted that many large corporations set aside budgets for community giving. He indicated that a legislator had given him the idea for this resolution six years ago, and it has taken years to develop the idea and explain it to corporate America. He said many nonprofit organizations struggle to find funds every day. He told the committee that, in 2002, he came across a report showing that over a hundred million corporate dollars had gone unasked for. He added that he cannot substantiate the report, but he said he found it to be "absolutely appalling."

Number 1797

REPRESENTATIVE LYNN suggested adding language to the resolution thanking those corporations that are "already doing this." He suggested that may remove some of the objections voiced by Representative Coghill.

REPRESENTATIVE WOLF said he would have no problem with that.

Number 1825

REPRESENTATIVE HOLM noted that when Fred Meyer opened in Fairbanks in 1984, 222 small businesses went out of business over the next three years. He stated, "I don't have a great desire to tell corporate America how wonderful they're doing when you can go into Wall Mart and almost everything you see is from China." He said, "I can assure you the percentage of grant money given by the large corporations compared to a corporation my size is absolutely infinitesimally small."

Number 1935

BOB BARTHOLOMEW, Chief Operating Officer, Alaska Permanent Fund Corporation (APFC), Department of Revenue, in response to a remark by Chair Weyhrauch, confirmed that the current amount of the fund, as of yesterday, was \$27.9 billion.

Number 1947

REPRESENTATIVE SEATON asked if the grant stocks [listed on the previously mentioned sponsor's handout] are something that are made available to nonprofit [organizations] in the state.

MR. BARTHOLOMEW answered no. He explained, "We haven't done any research as far as which corporations have a giving program, so I think this was prepared by the sponsor."

Number 1964

CHAIR WEYHRAUCH stated that he thinks it's probably prudent to bring another committee substitute before the committee the next time it hears the resolution.

Number 1982

REPRESENTATIVE SEATON said he has a problem with some of the assumptions that are being made in the language on page 1, lines 8-10 [text provided previously]. He expressed, "I'm not sure that the corporations that I buy stocks in really are looking at me as an investor and saying that they're reliant or they're really interested in my economic health beyond the stock value that they're supposed to maintain or dividends that they may provide." He asked that that "jump in logic" be considered when making a new committee substitute.

Number 2036

REPRESENTATIVE HOLM said there's a disconnect between what the permanent fund corporation managers can do regarding how they can affect the policies of the corporation they're buying [stocks from].

Number 2051

CHAIR WEYHRAUCH opined that the entities that have the most significant stake in the management of the permanent fund and how the money's invested are really the money managers, as opposed to the corporations that they invest in.

Number 2069

REPRESENTATIVE WOLF said he doesn't disagree with Chair Weyhrauch; however, the legislature can't cross the line and dictate to the permanent fund corporation where to invest. In response to Representative Seaton's concern, he listed several corporations and indicated that there is a connection. He clarified, "If the State of Alaska's in an economic downturn, people don't buy," thus, the corporations do depend on economic well being.

[HCR 26 was heard and held.]

**ADJOURNMENT**

Number 2137

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 8:45 a.m.