

HOUSE FINANCE COMMITTEE
April 22, 2005
2:48 P.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [2:48:43 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Eric Croft
Representative Richard Foster
Representative Mike Hawker
Representative Jim Holm
Representative Reggie Joule
Representative Mike Kelly
Representative Carl Moses
Representative Bruce Weyhrauch

MEMBERS ABSENT

None

ALSO PRESENT

Representative Max Gruenberg; Representative Harry Crawford; Pete Ecklund, Staff, Representative Kevin Meyer; Devon Mitchell, Executive Director, Alaska Municipal Bond Bank Authority, Department of Revenue; Rynnieva Moss, Staff, Representative John Coghill; Tammy Sandoval, Acting Director, Offices of Children's Services, Department of Health & Social Services; Stacy Kraly, Assistant Attorney General, Department of Law; Heather Beaty, Staff, Representative Harry Crawford; Bill Kramer, Chief, Unemployment Insurance, Division of Employment Security, Alaska Department of Labor and Workforce Development; Pat Shier, Employment Security Tax, Division of Employment Security, Alaska Department of Labor and Workforce Development; Anne Carpeneti, Assistant Attorney General, Legal Services Section-Juneau, Criminal Division, Department of Law; Kelly Huber, Self, Juneau; Heather Nobrega, Staff, Representative Norm Rokeberg; Wayne Stevens, President, Alaska State Chamber of Commerce

PRESENT VIA TELECONFERENCE

Michael Barton, Commissioner, Department of Transportation and Public Facilities, Anchorage; Dick Cattanach, Executive Director, Associated General Contractors of Alaska, Anchorage; Pat Luby, Alaska Association of Retired Persons

(AARP), Anchorage; Tami Elder, Network Coordinator, Volunteers of America (VOA), Anchorage; Scott Calder, Fairbanks

SUMMARY

HB 7 An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date.

CS HB 7 (FIN) was reported out of Committee with a "do pass" recommendation and with a new note by the Department of Administration, a new zero note by the Department of Labor & Workforce Development and fiscal note #2 by the Department of Administration.

HB 12 An Act relating to televisions and monitors in motor vehicles.

HB 12 was HEARD and HELD in Committee for further consideration.

HB 53 An Act relating to child-in-need-of-aid proceedings; amending the construction of statutes pertaining to children in need of aid; relating to a duty and standard of care for services to children and families; amending court hearing procedures to allow public attendance at child-in-need-of-aid proceedings; establishing a right to a trial by jury in termination of parental rights proceedings; reestablishing and relating to state and local citizens' review panels for certain child custody matters; amending the duty to disclose information pertaining to a child in need of aid; establishing a distribution age for permanent fund dividends held in trust for a child committed to the custody of the Department of Health and Social Services; mandating reporting of the medication of children in state custody; prescribing the rights of grandparents related to child-in-need-of-aid cases and establishing a grandparent priority for adoption in certain child-in-need-of-aid cases; modifying adoption and placement procedures in certain child-in-need-of-aid cases; amending treatment service requirements for parents involved in child-in-need-of-aid proceedings; amending Rules 3 and 18, Alaska Child in Need of Aid Rules of Procedure; and providing for an effective date.

HB 53 was HEARD and HELD in Committee for further consideration.

HB 101 An Act relating to sex trafficking and tourism.

CS HB 101 (JUD) was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Administration, zero note #2 by the Department of Corrections, zero note #3 by the Alaska Court System, zero note #4 by the Department of Law and zero note #5 by the Department of Public Safety.

HB 275 An Act authorizing financing for certain public transportation projects; giving notice of and approving the entry into, and the issuance of revenue obligations that provide participation in, lease-financing agreements for those transportation projects; and providing for an effective date.

HB 275 was HEARD and HELD for further consideration.

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#HB275

HOUSE BILL NO. 275

An Act authorizing financing for certain public transportation projects; giving notice of and approving the entry into, and the issuance of revenue obligations that provide participation in, lease-financing agreements for those transportation projects; and providing for an effective date.

PETE ECKLUND, STAFF, REPRESENTATIVE KEVIN MEYER, explained that HB 275 would fund \$115 million of highway projects around the State, using Grant Anticipation Revenue Vehicle (GARVEE) bonds.

Since 1998, eighteen states have leveraged federal highway money by using GARVEE bonds. Those transactions accounted for more than \$12 billion dollars par value. As a result, the GARVEE approach is now an accepted method of financing needed transportation infrastructure projects.

To be eligible for inclusion in a GARVEE bond package, projects must qualify for federal highway aid and appear on the Statewide Transportation Improvement Program (STIP). All of the projects listed in HB 275 qualify for federal highway aid.

Future federal highway funds would be used to repay the bonds. The interest earnings on the bonds would be used to pay for the federal highway match, saving the State approximately \$15 million in general fund match.

Mr. Ecklund highlighted the factors taken into consideration when placing a project into GARVEE consideration.

- A large project that might take more years to do, could save the inflation costs over time. The average cost for heavy construction projects has risen 15% per year. Before that, rises were between 2-3% per year.
- Other states that have GARVEEs have received authorization for 3x coverage, which gives them authorization to pledge up to 33% of their federal highway aid for the repayment of that debt. The current program is at \$300 million dollars per year and the State is paying back \$13 million per year on current GARVEE. The State has been conservative up to this time and has not leveraged a very large portion of the GARVEE program.

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Co-Chair Meyer requested an explanation of the fiscal note. Mr. Ecklund explained that if the State bonded for \$150 million dollars worth of projects, it would create a payment schedule for 15 years with an interest rate of 5.4%. There are four states recently doing GARVEE issuance. They received a AA rating by pledging their federal highway receipts for repayment. At current rates, a GARVEE could be issued at a 4% rate per day; 5.4% used in preparing the note is high. In order to issue \$116 million dollars worth of bonds, the State would be paying back about \$11.4 million dollars at the 5.4% interest. Inserting the current 4% interest rate, the annual payment drops by \$1 million dollars per year.

DEVON MITCHELL, EXECUTIVE DIRECTOR, DEBT MANAGER, ALASKA MUNICIPAL BOND BANK AUTHORITY, DEPARTMENT OF REVENUE, acknowledged that the Department did use the high-end interest rate when preparing the note.

Co-Chair Meyer asked if the fiscal note would be adjusted or if the Department anticipated interest rates to increase. Mr. Mitchell explained that the note is an estimate and when the Department prepares a note, they address the worst-case scenario under which they are borrowing. There is uncertainty regarding interest rates and he was reluctant to revise the note.

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Co-Chair Meyer asked the last time the State sold GARVEE bonds. Mr. Ecklund replied 2002. Mr. Mitchell clarified that they had been authorized in 2002, but sold in 2003.

Mr. Ecklund added, the principle amount was \$102 million dollars.

Co-Chair Meyer pointed out that the roads included in the list, were ones included in the Governor's funding request proposal from the Amerada Hess monies.

Representative Kelly asked the anticipated longest term. Mr. Ecklund explained it would make most sense to use the 6-year increments, following similar terms of the federal reauthorization bills. At present time, Alaska is a year and a half into that deal. There are four and half years left on the current reauthorization. Given two more-six year periods, would provide around 16 years. The bill is written for a 15-year repayment.

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Representative Joule referenced the number of projects transferred from the Amerada Hess component, pointing out that the numbers were different. Co-Chair Meyer interjected that a couple of the projects would not fit into the program. Mr. Ecklund added that the project amounts different from those in the Amerada Hess. If the Department of Transportation & Public Facilities used the Amerada Hess or other State funds, it would cost less for the entire package and would not go through the federal process. Under the GARVEE bond bill, all projects have to fall within federal guidelines. Each has a different requirement, which adds time and cost.

Mr. Ecklund anticipated discussion regarding whether or not the GARVEE bonds would affect the State's credit rating. The under-writers believe it could be structured so that it would not be affected.

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Representative Hawker referenced comments from the sponsor statement indicating that interest earnings on the bonds could be used to pay the federal highway match. He understood that bonds are a debt obligation and that the State would have expense on bonds, not interest earnings. Mr. Ecklund stated that it would result from investing the bond proceeds.

Representative Hawker explained what really would be happening is that the State would be investing the unused portion of the bond proceeds and use that interest to offset the cost of the bonds and pay the highway match. Mr. Mitchell replied that the Federal Highway Administration (FHA) allows the State to use all investment earnings on the construction fund as a State match. The projects would not be completed quickly. All the earnings would accrue to the

benefit of the State. Historically, low short-term interest rates have resulted.

Representative Hawker asked the possibility of the State saving money on the match. Mr. Mitchell did not know. He expected that with those assumptions, the State could possibly achieve around \$13 million dollars.

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MICHAEL BARTON, (TESTIFIED VIA TELECONFERENCE), COMMISSIONER, DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES, ANCHORAGE, testified in opposition to using GARVEE bonds. He pointed out that the State has identified over \$10 billion dollars in transportation needs, provided by the Statewide Transportation Improvement Program (STIP). He stated that GARVEE could have a negative impact on future programs and that the GARVEE debt service would need to be subtracted from the annual STIP.

GARVEE bonds are federal funds and must follow a federal process, which adds time and dollars. The project time could be extended 1 to 3 years with the project costs increasing 10-30%.

Commissioner Barton pointed out that federal funding is not clear at this time given the U.S. Senate reauthorization. It needs to be considered what Alaska can expect to receive from that program in future years. There has been discussion in Washington D.C. regarding continued funding. Future reauthorizations will need to be achieved without the benefit of Congressmen Young and Stevens chairing their respective committees.

Commissioner Barton pointed out that the Governor had proposed using the Amerada Hess match for the federal aid program. GARVEEs cannot be used for that. He reiterated his serious concerns with using GARVEE and urged that the Committee look elsewhere for a funding source.

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Co-Chair Meyer pointed out that the roads already chosen for the GARVEE bond funding are ones currently being recommended by the Governor. Commissioner Barton did not oppose the roads chosen but the vehicle used to fund that construction.

Co-Chair Meyer asked if using the GARVEE's could create delays on other projects on the STIP list. Commissioner Barton said yes. The roads listed are all part of the need and those Governor's package deals with getting transportation infrastructure needs addressed. The goal is to have everything in place for the structure of the

pipeline by 2009. Currently, there is an effort to expand the transportation needs throughout the State.

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Co-Chair Meyer noted that the GARVEE proposal was a back up if the Amerada Hess was not possible or did not make it through the Legislative process. Commissioner Barton disagreed with the statement that the roads would never get addressed and acknowledged that it would take longer and require the State to move the timeline further out.

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Vice-Chair Stoltze asked if Commissioner Barton's position was a "political preference" and requested clarification about the funding source.

Commissioner Barton advised that the first priority is not GARVEE bonding and that Amerada Hess would be the logical choice.

- The GARVEE bonds would extend the project time from 1 to 3 years.
- It would increase the project costs 10-30%.
- It would impact the STIP and projects currently on the STIP would be delayed.
- The State does not know how much money there will be in the future against which the GARVEE debt payment would be based.

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In response to comments by Commissioner Barton regarding "anything except GARVEE" for the funding of the projects, Co-Chair Meyer asked if that would include using the general fund. Commissioner Barton replied it does.

DICK CATTANACH, (TESTIFIED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, ASSOCIATED GENERAL CONTRACTORS OF ALASKA, ANCHORAGE, testified against the use of GARVEE bonds. GARVEE bonds are not the way to go if building Alaska infrastructure. GARVEE bonds do not increase the number of dollars going into the hiring fund. They will only change the timing. Future projects would be accelerated and there would be fewer. If inflation were under control, there would be fewer projects because interest would need to be paid. It is important to recognize that Alaska currently gets \$5.37 for every dollar that they send into the Highway Trust Fund.

Mr. Cattanach continued, when our U.S. Congressmen Young and Stevens leave, the likelihood of continued funding at the

current level will be greatly diminished. The amount referenced when combined with current GARVEE payments, would indicate that 15% to 20% is used to payoff GARVEE bonds. He recommended that the State look at alternative ways to increase the highway program. That was what initially enticed the State's builders about the Governor's recommendation, using Amerada Hess funds for adding to the highway program.

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Co-Chair Meyer acknowledged that the Legislature is looking for alternatives for getting the roads built. Mr. Cattnach responded that GARVEE bonds represent \$9 dollars of federal money for each dollar the State puts in. That does not add to the road funds because the State would get those same dollars anyway. Considering the needs of the State as addressed by Commissioner Barton with \$10 billion dollars worth of projects, would take more than 25 years and does not consider maintenance.

Mr. Cattnach stressed that Alaska is the only State without a State road program. Alaska's State road program is entirely supported by the federal government. Every other state supports their roads.

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Co-Chair Meyer agreed, however, commented that it is difficult to compare Alaska to other states when including aspects as the Alaska Marine Highway System (AMHS).

Representative Hawker reaffirmed that Alaska is the wealthiest State in the Nation. Co-Chair Meyer echoed those sentiments, recommending that Alaska come up with a road funding system. Mr. Cattnach concurred that the State does need a program to address infrastructure concerns and that the State can no longer wait for the federal government.

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AT EASE: [3:27:04 PM](#)
RECONVENE: [3:28:18 PM](#)

Co-Chair Meyer indicated a new committee substitute would be forthcoming and that HB 275 would be HELD in Committee for further consideration.

[3:29:42 PM](#)

#HB53
HOUSE BILL NO. 53

An Act relating to child-in-need-of-aid proceedings; amending the construction of statutes pertaining to children in need of aid; relating to a duty and standard of care for services to children and families; amending court hearing procedures to allow public attendance at child-in-need-of-aid proceedings; establishing a right to a trial by jury in termination of parental rights proceedings; reestablishing and relating to state and local citizens' review panels for certain child custody matters; amending the duty to disclose information pertaining to a child in need of aid; establishing a distribution age for permanent fund dividends held in trust for a child committed to the custody of the Department of Health and Social Services; mandating reporting of the medication of children in state custody; prescribing the rights of grandparents related to child-in-need-of-aid cases and establishing a grandparent priority for adoption in certain child-in-need-of-aid cases; modifying adoption and placement procedures in certain child-in-need-of-aid cases; amending treatment service requirements for parents involved in child-in-need-of-aid proceedings; amending Rules 3 and 18, Alaska Child in Need of Aid Rules of Procedure; and providing for an effective date.

Vice-Chair Stoltze MOVED to ADOPT work draft #24-LS0251\N, Mischel, 4/21/05, as the version of the bill before the Committee. There being NO OBJECTION, it was adopted.

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RYNNIEVA MOSS, STAFF, REPRESENTATIVE JOHN COGHILL, stated that the bill is a "family's right act". The proposed bill would open child-in-need-of-aid (CHINA) proceedings to the public. HB 53 provides placement and adoption preference to relatives. It establishes in statute a grievance procedure, a citizen's review panel and that school interviews are done discretely. The legislation encourages the use of child advocacy centers and the use of videotaping. Current language is mandatory; Representative Coghill has agreed to an amendment making it permissive. HB 53 eliminates language in AS 47.10.960, which states there is no duty or standard of care for children in State custody.

Ms. Moss noted that HB 17 was rolled into HB 53 with regard to the confidential information. It will extend the relationship with Office of Child's Service (OCS) beyond the termination of parental rights. The legislation gives preference to adoption by a family member who has cared for the child during the previous 12 months.

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Representative Weyhrauch referred to an abuse situation in Wasilla and asked if provisions in the bill addressed that specific case.

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HEATHER NOBREGA, STAFF, REPRESENTATIVE NORM ROKEBERG, related that portions of the bill resulted from that case and relate to adult family members of the children that have been adopted. She pointed out that their office had worked to help assert their rights into the process.

Representative Weyhrauch questioned if provisions in the bill could have prevented the situation. Ms. Nobrega explained that the abuse happened after the kids were adopted. She added that family members had contacted the Office of Child Services before they had been adopted. The bill attempts to help adult family members early on to get more active in placement of children in adoption.

Vice-Chair Stoltze commented the bill could offer relief to the appropriate family members.

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Ms. Moss opined that the bill could not have prevented that situation and that no legislator was contacted until after the abuse had occurred. There was no way to prevent it.

Representative Croft thought that it could have been avoided if the Division of Family and Youth Services (DFYS) had been given more consideration during placement of the children. If preference had been given to an adult relative, it could have possibly been addressed.

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Representative Croft requested information about the fiscal note. Ms. Moss explained that changes in the committee substitute impacted the fiscal note. Representative Croft wondered if some of the problems in the fiscal note were caused by biological preference.

STACY KRALY, ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, replied that the federal government required that OCS only disclose confidential information with a parent. There was a previous version in the bill that allowed a broader exposure. If the bill were passed as previously amended, it could have meant about a \$30 million dollar federal loss. Representative Croft questioned if that had been addressed in the proposed version. Ms. Kraly replied it had and that there no longer was a problem with preference with respect to placement, but the issue of disclosure of confidential information remains.

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Representative Holm remembered a case in which grandparents wanted custody of their grandchildren; he asked if that was one of the current cases. Ms. Moss provided details about that case and noted that one of the provisions included in the bill resulted from that case. The State has a right to stay involved as long as the child is in State custody.

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TAMMY SANDOVAL, ACTING DEPUTY COMMISSIONER, OFFICES OF CHILDREN'S SERVICES (OCS), DEPARTMENT OF HEALTH & SOCIAL SERVICES, related that HB 53 addresses changes in the child-in-need-of-aid statutes. The bill focuses on accountability for professionals involved in those cases. It should improve practice and allow for detecting transparency in the children's system. HB 53 incorporates identical language from the Governor's bills, HB 113 and HB 114. The Department supports passage of HB 53 with recommendation of a few small changes.

Representative Kelly inquired if the attached four amendments addressed Ms. Sandoval's concerns. Ms. Sandoval replied they did.

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PAT LUBY, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, ALASKA ASSOCIATION OF RETIRED PEOPLE (AARP), ANCHORAGE, testified in support of HB 53. He pointed out that AARP is an organization of grandparents. Unfortunately, there are situations that put a parent's right at risk. HB 53 puts other family members, including grandparents as the priority order for guardianship and adoption rights. Often times, placement with a grandparent would be in the best interest of a minor child. AARP encourages the Committee to pass HB 53.

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TAMI ELDER, (TESTIFIED VIA TELECONFERENCE), NETWORK COORDINATOR, VOLUNTEERS OF AMERICA (VOA), ANCHORAGE, shared stories of the importance of being raised by grandparents. Grandparents usually attempt to keep their families in tact and provide a safe and loving home for their grandchildren. Most families in those situations have not had involvement with OCS. Ms. Elder spoke in favor of HB 53.

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SCOTT CALDER, (TESTIFIED VIA TELECONFERENCE), FAIRBANKS, expressed disappointment that certain sections had not been included in the bill:

- Chapter 117, SLA 19.90 language, which established the citizen review panel for planning, an act never permitted to be implemented on the duty of the standard of care language;
- Construction language regarding the fact that parents possesses inherent individual right to direct and control the education of their child.

Mr. Calder acknowledged that grandparents needed greater recognition in the system, as do the parents. He added that the Department would control all the information that people have on a child, which worried him. Mr. Calder highlighted concerns regarding the review panel and spoke in opposition to the legislation.

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KELLY HUBER, SELF, JUNEAU, spoke in support of the bill. She noted that she was a Court appointed special advocate and worked as a volunteer for the State for children-in-need-of-aid cases and from children removed from their homes. She encouraged members to consider the needs of these children.

The bill helps young children in Alaska. Child protective services are "under a microscope right now". She pointed out that the bill would open up court hearings and requested that the Committee consider the ramifications that would have on the child.

Ms. Huber addressed the generational abuse that some children experience. She urged that the best interest of the child always be considered. She added her support that notification is given to living relatives if parental rights are terminated. In a traditional-type family setting that could be wonderful, however, many of these children do not live in that type environment, compounded with alcohol and drug abuse. She hesitated that all living relatives should be notified and recommended sidebars be given for some of the requirements.

Ms. Huber pointed out that foster homes had been left out of the preference list on Page 20. She reiterated that consideration of the child be the highest priority and that sidebars be added for the protection of those children.

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Representative Kelly inquired if Ms. Huber had spoken with the sponsor regarding her concerns. Ms. Huber noted that she had been working with the sponsor. She hoped that Representative Hawker would also help address the concerns, reiterating the importance of "open hearings". Ms. Huber reminded members that these kids are fragile; they have had a rough life.

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Representative Kelly requested further information on the amendments.

Representative Holm inquired if there had been training involved representing the children. Ms. Huber replied that there is a training program provided by the court, with an additional 12 hours per year continued education. She pointed out that it is the only volunteer service within that system. Ms. Huber stated that she reports directly to the guardian ad litem, who works for Office of Public Advocacy (OPA).

Representative Holm inquired if they were certificated to be advocates for children. Ms. Huber did not think they were certificated.

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HB 53 was HELD in Committee for further consideration.

[4:13:30 PM](#)

#HB12

HOUSE BILL NO. 12

An Act relating to televisions and monitors in motor vehicles.

*REPRESENTATIVE MAX GRUENBERG, SPONSOR, noted that the purpose of the bill is to prevent operators of motor vehicles from watching television, video, and any other programming, making it a crime. Furthermore, the bill would make it a crime to install a device capable of being viewed while the vehicle was in operation.

Representative Gruenberg provided a sectional analysis:

- Section 1 amends AS 28.35, adds a new section.
- Paragraph (a) sets forth the general rule that a person shall not drive a motor vehicle while watching television or video. The elements of the crime of "driving with a screen operating" are enumerated.

- Paragraph (b) prohibits installing or altering a video display in a motor vehicle that can be viewed by the driver while the vehicle is moving. The paragraph goes on to provide for specified means of disabling the equipment lawfully.
- Paragraph (c) provides specific exemptions to the general rule including cell phones and equipment that are in the nature of aides to navigation or operation.
- Paragraph (d) makes it clear that the bill is not intended to cover equipment installed in an emergency vehicle or motor vehicle providing emergency service or roadside assistance.
- Paragraph (e) establishes an affirmative defense so long as proper equipment is installed.
- Paragraph (f) prescribes the types of crimes that a person who is in violation of the law will face under various circumstances including injury and death of another.
- A person who violates the law is guilty of -
 - (1) Class A misdemeanor;
 - (2) Class C felony if as a result of that violation another person suffers a physical injury;
 - (3) Class B felony if as a result of that violation another person suffers a serious physical injury;
 - (4) Class A felony if as a result of that violation another person suffers death.
- Paragraph (g) prescribes the crime and punishment of a person who installs equipment in violation of the law.
- Section 2 of the bill sets forth an effective date of September 1, 2005.

Representative Gruenberg offered to answer questions of the Committee.

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Representative Kelly worried about the future of utility trucks using screens in their vehicles. He cautioned that the legislation could be too restrictive. He anticipated that future cabs, police cars and utility trucks could have "stuff" blocked by the legislation.

Representative Gruenberg pointed out that those types of concern would be exempted in language on Page 2, Lines 5-13, and was language specifically added at the request of the industry. Navigational and vehicle equipment must be legal. Representative Gruenberg emphasized that a lot of time had been taken to address those concerns adequately.

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Vice-Chair Stoltze mentioned police "ride-a-longs" in cars with digital screens and computers, and was concerned that the legislation would affect that. Representative Gruenberg stated that there was nothing included regarding police and/or emergency printouts.

Representative Croft thought that language on Page 2, Subsection (D), Lines 14-16, equipment installed in "authorized emergency vehicles" would address Vice Chair Stoltze concerns.

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Representative Gruenberg offered new language for authorizing specific vehicle exemptions.

Representative Kelly was worried about all the "common sense" being excluded through language in the bill.

Representative Hawker agreed that the legislation could lead the State down a "dangerous road by restricting some common sense language". He asked if the prohibition makes it a crime to drive with a screen or "visible display", and about hand held devices.

Representative Gruenberg responded that it would be any device installed and visible to the driver while operating. Representative Hawker thought a more dangerous device could be a handheld one.

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Vice-Chair Stoltze indicated his concerned with the impact of the legislation on hand held devices.

Representative Kelly asked if there was something in the bill that could address "basic speed".

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Representative Gruenberg responded that the original bill would have made it illegal to watch a screen while driving, which would be difficult to prove. In the current version, it would be illegal to drive while on and in a position to be viewed. That could be negligent driving. The penalties recommended track the ones cited for traffic homicides. He hoped the legislation would save lives.

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Co-Chair Chenault understood the intent. He referenced Section 1 (3), "monitor or visual display operating while a person is driving". He asked about driving maps located on

car dashboards. Representative Gruenberg pointed out the exempted items listed on Page 2, which include navigation equipment. The legislation was based on model law drafted by the industry. Co-Chair Chenault thought the legislation would single out a small amount of equipment and as technology increases, there would be more accidents.

Representative Kelly mentioned cameras for blind spots on huge trucks. He warned that the bill attempts to be modern, but submitted that because of the technological movement, it could be outdated soon.

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Representative Gruenberg commented there would only be a few cases prosecuted under the proposed law. The situation could be difficult to prove, however, the legislation attempts to clarify that if proven, there is punishment.

Representative Croft thought that the area mentioned by Representative Kelly was Section (E), Page 2, exceptions for providing visual information. He concurred with the question if the legislation was the correct approach and questioned if it was right to categorically define negligence with the use of equipment. He said that is what juries are for, to hear and listen to those concerns. He supported making it illegal to attach TVs in cars.

ANNE CARPENETI, ASSISTANT ATTORNEY GENERAL, LEGAL SERVICES SECTION-JUNEAU, CRIMINAL DIVISION, DEPARTMENT OF LAW, acknowledged it was difficult to write the legislation. She interpreted a police vehicle as an emergency vehicle. The Department of Law does support the legislation.

Ms. Carpeneti pointed out that the penalties track various ones already existing within the judicial system. She acknowledged that proof would be difficult and offered to answer questions.

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Representative Kelly inquired what law currently covers these concerns. Ms. Carpeneti explained that the case in Kenai was prosecuted as manslaughter, which is any death caused intentionally or recklessly that amounts to murder.

Representative Croft voiced concerned with categorizing recklessness. The device was installed and operating. If the driving caused the death of another, he asked the causal link between the conduct of concern and that which lead to the injury or death.

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Representative Gruenberg noted that there could be unusual circumstances and if there were, he doubted that the person would be prosecuted. It would be impossible to prove the "watching".

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Representative Holm asked about "altering the vehicle". Representative Gruenberg replied that would be indicated in Subsection (B), Page 1, Line 14, which is not currently a crime. Representative Holm commented on good common sense, pointing out how reckless endangerment and driving are already covered in law.

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Representative Gruenberg agreed that the State could eliminate all laws except for the basic speed limit; however, the reason that there are other laws is to provide basic certainty. Not everyone has good common sense.

Vice-Chair Stoltze inquired if the Department of Law would have taken the approach proposed in the legislation. Ms. Carpeneti pointed out that Paragraph 2, Lines 9-11, does not close the door to similar means. It is difficult to specify different types of technology and that the proposed legislation includes other means of creating a visible display. She summarized that the Department would have crafted and does support the legislation.

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HB 12 was HELD in Committee for further consideration.

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#HB7

HOUSE BILL NO. 7

An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date.

REPRESENTATIVE HARRY CRAWFORD, SPONSOR, stated that HB 7 would increase the maximum weekly benefit available through unemployment insurance from \$248 to \$336.

Alaska's current benefits fall short in helping families cover living expenses during periods of unemployment. Alaska's maximum weekly unemployment insurance benefit of \$248 is the fourth lowest in the nation. Increasing the maximum weekly benefit is not only overdue, it is essential in alleviating skill shortages by ensuring Alaskan workers and their families survive periods of unemployment.

Representative Crawford added that the average weekly benefit amount of \$248 dollars is only 35% of Alaska's average weekly wage, the third lowest percentage in the country. Other western states provide a much higher percentage of average weekly earnings in their maximum weekly benefit amount: Washington-67%; Hawaii-66%; Oregon-63%; and Idaho-59%. Retaining a well-trained Alaskan workforce is essential for a strong economy. Providing an overdue increase in the weekly benefit amount is necessary to keep Alaska's workers in Alaska. Linking the method for future benefit calculations to average weekly earnings will ensure any changes are in concert with Alaska's economy.

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Vice-Chair Stoltze asked if Alaska had a provision for family members. Representative Crawford replied the State does and that it is in the amount of \$24 dollars per week per dependant up to three dependants. That has been in structure since the beginning of Alaska employment law here.

[4:54:36 PM](#)

Vice-Chair Stoltze asked if the statistical size of an average family had been factored into that number and compared to the other states. Representative Crawford replied there were higher wages paid in Alaska, however, that has been ameliorated over the years.

[4:56:27 PM](#)

Representative Holm referred to the costs to the employers at \$64 dollars per employee per year. Representative Crawford explained that it would be spread over five years and would amount to an increment of \$10 for five years. Those calculations were based on numbers from the Department of Labor and Workforce Development; a determination needed to keep the Unemployment Insurance (UI) Trust Fund intact.

[4:58:36 PM](#)

WAYNE STEVENS, PRESIDENT, ALASKA STATE CHAMBER OF COMMERCE, stated that the Alaska State Chamber of Commerce understands the need to raise the benefits paid through the unemployment insurance program. The State Chamber understands that the Unemployment Insurance (UI) benefit payments are second to the lowest in the nation. However, the additional cost to business, combined with the rapidly rising costs of Workers Compensation Insurance and the ever escalating costs of health care insurance for employees, together make it extremely difficult for businesses to survive without making dramatic cuts to employee costs. After a cursory review of the UI program, it appears that the costs of providing the

new level of benefits envisioned in HB 7 is estimated to be \$12.4 million dollars annually. In calendar year 2004, Alaska paid a total of \$135.7 million dollars in Unemployment Insurance benefits.

Mr. Stevens suggested that business could support the increase in UI benefits if there were adjustments made in other areas of the program that would make the cost of the increases, revenue neutral to business. Alaska is one of very few states that allow a worker to separate from employment without good cause and then after a six-week disqualification period, is able to collect unemployment insurance. Alaska is also one of a few states, to pay dependent benefits. Currently, a claimant may claim dependants' allowance of \$24 per child up to 3 children per week in addition to the base benefit. The dependants' allowance cost the program, totaled \$12.8 million dollars in 2004. To neutralize the increased cost to business, the State Chamber encourages extending the separation-waiting period to 12 weeks. Another option would be to delete the dependent benefit. The changes would pay for the increased UI benefits without adding to the already escalating insurance and workers compensation cost affecting business.

[5:02:14 PM](#)

BILL KRAMER, CHIEF, UNEMPLOYMENT INSURANCE, DIVISION OF EMPLOYMENT SECURITY, ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, responded to queries by Vice Chair Stoltze regarding the child benefit. If the State takes the \$12.8 million dollars paid in dependence allowance in 2004 and divided it equally amongst all weeks paid, it would increase the average weekly payment by \$18.73. The maximum benefit amount without the allowance factored in shows Alaska ranking 48th compared to the other states. Including the dependence allowance places Alaska at 42nd.

Representative Holm asked if it was intended to change the percentage paid amount.

PATRICK SHIER, ACTING DEPUTY DIRECTOR, EMPLOYMENT SECURITY TAX, DIVISION OF EMPLOYMENT SECURITY, ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, noted that the federal rate was in excess of 6% percent against which Alaskan employers enjoy a credit of almost 100%. The average employer rate is around 3% percent. In 2006, the average rate for the employer portion moved to 2.08%; in Alaska, employees contribute ½ of 1%. The State would be looking at an increase of slightly over 10% over six years. Some employers will see their rate staying lower. An employer that has fluctuations in their payroll might see their rate increase beyond that percentage.

[5:09:27 PM](#)

Representative Holm worried about the adverse effect for those employers with seasonal employees.

Mr. Shier advised that the employers with a lowest level would see less of a rate increase than those at the higher end. The decline of payroll from one quarter to the next drives the higher rate from one quarter to the next. For those employers that do not have that experience, their increase would be real from 1% percent to 1.05% percent in the out years up until 2012.

[5:10:57 PM](#)

Co-Chair Chenault MOVED to ADOPT Amendment #1. (Copy on File). Vice-Chair Stoltze OBJECTED for the purpose of discussion.

Mr. Stevens spoke to the amendment. He explained that the cost of the program portion that allows people to quit for no reason or be fired with cause, waiting period be changed from 6 to 12 weeks. He emphasized that might balance the cost of the program.

[5:13:14 PM](#)

Representative Crawford spoke against the amendment. He explained that the average amount of time for a person to be unemployed in the State of Alaska is 11 weeks. He concluded that the average person would never collect a check. Workers would be squeezed to the point where they would not remain in the State. He believed that Alaska business has been given a break over the past years, since the unemployment rates have not increased. The average weekly benefit paid out with the dependents is \$194.04, placing Alaska in 49th position nationwide. He maintained that the amendment would create incentives for firing employees when work becomes slack. He spoke against the amendment.

[5:17:07 PM](#)

Mr. Shier clarified that the affect of the amendment would increase the period from 6 weeks to 12 weeks. The Department of Labor and Workforce Development would support the bill with the amendment as it would reduce the cost of unemployment insurance for employers and would raise the dollar amount of the weekly benefit to help employees.

[5:19:14 PM](#)

Vice-Chair Stoltze inquired if "discharged for misconduct" meant more than being fired. Mr. Kramer advised that the language of the amendment duplicates current statute in regard to that provision.

Vice-Chair Stoltze wondered if the legislation would encourage firing employees, asking if legal protections were in place to prevent such action.

[5:21:25 PM](#)

Mr. Shier responded that there have been many discussions regarding that issue. There is a process to allow employees to challenge a decision on their employment status. Mr. Shier noted that the Appeal Tribunal would render a decision based on the facts.

[5:23:36 PM](#)

Representative Croft stated that the amendment undermines the purpose of the program. There are many reasons to leave a job.

A roll call vote was taken on the motion.

IN FAVOR: Holm, Kelly, Moses, Chenault
OPPOSED: Croft, Joule, Stoltze

Representatives Foster, Hawker, Meyer were absent from the vote.

The MOTION FAILED (4-3).

[5:26:38 PM](#)

Representative Kelly requested to amend Amendment #2. (Copy on File). The change would be to Page 6, Line 23, insert "\$33,250" and delete "\$33,000".

Representative Kelly MOVED to ADOPT the amended Amendment #2. Co-Chair Chenault OBJECTED for discussion purposes.

Representative Kelly explained that the amendment would adjust the bill to reflect a weekly ceiling to \$300 dollars rather than the proposed \$336 dollars.

Representative Croft questioned if additional changes were needed. Mr. Shier indicated that Amendment #2 would place Alaska 35th nationally.

[5:31:44 PM](#)

Representative Crawford stated his intent was to increase the amount of unemployment received as much as possible. Co-Chair Chenault WITHDREW his OBJECTION. There being NO further OBJECTIONS, Amendment #2 was adopted.

Representative Hawker MOVED to REPORT CSHB 7 (FIN) out of Committee with individual recommendations and with the accompanying revised fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 7 (FIN) was reported out of Committee with a "do pass" recommendation and with a new note by the Department of Administration, a new zero note by the Department of Labor & Workforce Development and fiscal note #2 by the Department of Administration.

[5:34:36 PM](#)

#HB101

HOUSE BILL NO. 101

An Act relating to sex trafficking and tourism.

REPRESENTATIVE CROFT, SPONSOR, pointed out that in his address to the United Nations General Assembly in September 2003, President George W. Bush called the sex trafficking of people "a special kind of evil in the abuse and exploitation of the most innocent and vulnerable." HB 101 attacks that problem at two fundamental economic stages.

- It targets those who traffic people for the purposes of forcing them into commercial sex acts; and
- It targets the industries that create the demand for the horrible acts by offering "sex tours" and other promises of sex to Alaskan clients.

Because much of the illegal sex trafficking and sex tour activity happens overseas, the most direct way for Alaska to help eradicate the black market industry is to limit the demand for such despicable acts. HB 101 addresses those that promote, organize or otherwise market commercial sex tours and travel services by making the activities punishable to the same degree as sex trafficking itself.

Representative Croft continued, recent studies by the University of Pennsylvania and the U.S. Department of State on the prevalence of sex trafficking and sex tours both nationally and globally, shows an astounding number of children each year fall victim to this heinous industry. It is important to do our part to end that abuse and exploitation of our world's most vulnerable children.

HB 101 would make Alaska part of the solution and not part of the problem.

[5:37:43 PM](#)

Representative Holm asked if this type activity was happening in the United States.

Representative Croft referenced a study from the University of Pennsylvania on commercial and sexual exploitation. It is a growing problem happening around the world. He pointed out that the numbers of occurrences indicates that there is advertising. He wanted to make sure that advertising agencies know they cannot respond to requests for information regarding sex trafficking.

[5:40:42 PM](#)

In response to comments by Representative Kelly, Representative Croft agreed that advertising is not currently happening in Alaska, but that Alaskans do travel for such purposes.

Representative Kelly remembered sexual practices during the height of the pipeline construction and questioned if the legislation could address issues now with the gas line coming forth.

[5:42:26 PM](#)

Representative Croft stated the legislation addresses the advertisement of prostitution.

Representative Hawker asked how the legislation would affect out-of-state Internet advertising, and if the bill would hold harmless the infrastructure providers. Representative Croft explained that the House Judiciary Committee inserted the phrase "for the purpose of".

[5:45:35 PM](#)

Representative Croft noted that the infrastructure of he Internet is not liable for pornography sites.

In response to a question by Vice-Chair Stoltze, Representative Croft explained that it would prohibit a flyer advertising activities where prostitution was legal. Since it is illegal in Alaska, it should be illegal to advertise in Alaska.

[5:48:30 PM](#)

Representative Hawker asked if there could be interstate commerce concerns. Representative Croft concluded that it would be criminal conduct in Alaska. He acknowledged that there could be legal challenges, but emphasized that the State's actions should not be held to the lowest moral calendar. He maintained that it is not clearly or even

likely to be unconstitutional and felt that a constitutional case would be won by the State.

5:50:56 PM

Representative Croft stressed that the use of younger persons are the worst cases. He noted that there has been discussion on penalty levels and felt it should be classified as a Class C felony.

Vice-Chair Stoltze asked if there could be a higher threshold for those acts directed toward children.

5:53:35 PM

Representative Holm spoke in support of the legislation. He noted that Americans are traveling to other countries for these purposes, but there is no indication that the practices are occurring stateside. He questioned how Alaskan law could affect situations here.

Representative Croft explained that the viewer would not be selling the service. The individual would have to be providing a service.

Representative Croft observed that prostitution does occur in America, noting concerns with child pornography.

5:58:43 PM

In response to a question by Vice-Chair Stoltze, Representative Croft referred to brothel tours and how they would be covered through the proposed legislation. Traveling for commercial sex acts would be included.

Vice-Chair Stoltze MOVED to REPORT CSHB 101 (JUD) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 101 (JUD) was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Administration, zero note #2 by the Department of Corrections, zero note #3 by the Alaska Court System, zero note #4 by the Department of Law and zero note #5 by the Department of Public Safety.

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ADJOURNMENT

The meeting was adjourned at 6:01 P.M.

