

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

March 31, 2005

1:03 p.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Nancy Dahlstrom
Representative Jim Elkins
Representative Bill Thomas
Representative Max Gruenberg

MEMBERS ABSENT

Representative Lesil McGuire
Representative Sharon Cissna

COMMITTEE CALENDAR

HOUSE BILL NO. 208

"An Act authorizing the Department of Military and Veterans' Affairs to establish and maintain an Alaskan veterans' cemetery; and establishing the Alaska veterans' cemetery fund in the general fund."

- MOVED CSHB 208(MLV) OUT OF COMMITTEE

HOUSE BILL NO. 212

"An Act relating to exemptions from municipal property taxes for certain primary residences; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 208

SHORT TITLE: STATE VETERANS' CEMETERY

SPONSOR(S): REPRESENTATIVE(S) GUTTENBERG

03/07/05	(H)	READ THE FIRST TIME - REFERRALS
03/07/05	(H)	MLV, STA, FIN
03/31/05	(H)	MLV AT 1:00 PM CAPITOL 124

BILL: HB 212

SHORT TITLE: PROPERTY TAX EXEMPTIONS FOR SENIORS/VETS

SPONSOR(S): REPRESENTATIVE(S) THOMAS

03/09/05 (H) READ THE FIRST TIME - REFERRALS
03/09/05 (H) MLV, CRA
03/31/05 (H) MLV AT 1:00 PM CAPITOL 124

WITNESS REGISTER

DANIELLE BROWN, Staff
to Representative David Guttenberg
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HB 208 on behalf of
Representative Guttenberg, sponsor.

REPRESENTATIVE DAVID GUTTENBERG
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Spoke as the sponsor of HB 208.

JOYCE BROWNLOW
Fairbanks Elks Lodge
Fairbanks, Alaska
POSITION STATEMENT: Urged passage of HB 208.

JOYCE ROETHLER
AMVETS, Unit 11;
American Legion Auxiliary;
VFW 3629 Auxiliary
Fairbanks, Alaska
POSITION STATEMENT: During testimony of HB 208, emphasized the
importance of taking care of all veterans.

BENNO CLEVELAND, President
Alaska Native Veterans Association;
Commander, the Military Order of Purple Heart - Chapter 675
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of HB 208.

JIMMY LECROY, Commander
American Legion - Post 11
Fairbanks, Alaska
POSITION STATEMENT: Related that Post 11 unanimously supports
HB 208.

DANA NACHTRIEB
Marine Corps League - Detachment 674;

Veterans of Foreign War - Chapter 3629
Fairbanks, Alaska

POSITION STATEMENT: Related that everyone with whom he has spoken is in favor of HB 208.

GLENN HACKNEY

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 208.

ACTION NARRATIVE

CHAIR BOB LYNN called the House Special Committee on Military and Veterans' Affairs meeting to order at [1:03:59 PM](#). Representatives Elkins, Gruenberg, Thomas, and Lynn were present at the call to order. Representative Dahlstrom arrived as the meeting was in progress.

HB 208-STATE VETERANS' CEMETERY

CHAIR LYNN announced that the first order of business would be HOUSE BILL NO. 208 "An Act authorizing the Department of Military and Veterans' Affairs to establish and maintain an Alaskan veterans' cemetery; and establishing the Alaska veterans' cemetery fund in the general fund."

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DANIELLE BROWN, Staff to Representative David Guttenberg, Alaska State Legislature, presented HB 208 on behalf of Representative Guttenberg, sponsor. She explained that HB 208 seeks to authorize the Department of Military & Veterans' Affairs (DMVA) to establish and maintain a state veterans' cemetery in the Interior. The DMVA would apply for a grant from the U.S. Department of Veterans Administration (VA). The grant could provide up to 100 percent of the design, construction, and operating equipment [costs] for the proposed cemetery. Ms. Brown relayed that she has been told by the VA that the construction of the cemetery would cost \$3.3 - \$4 million.

MS. BROWN informed the committee that there are 11,164 veterans in the Fairbanks area and three adjoining communities. The VA's long-term goal is to provide operational veterans' cemeteries [within] a 75-mile radius [of 90 percent of the veterans in the country]. She pointed out that [from Fairbanks] the next closest veterans' cemetery is in Anchorage, which is 350 miles away. Ms. Brown further informed the committee that about 40 percent of families in Fairbanks have a veteran in the family

and 16 percent have one female veteran in the family. Therefore, Fairbanks would qualify for a grant through the VA, she stated.

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REPRESENTATIVE THOMAS directed attention to page 2, lines 23-24, of HB 208, and inquired as to why the cemetery would serve spouses and eligible dependents of Alaska veterans.

REPRESENTATIVE DAVID GUTTENBERG, Alaska State Legislature, sponsor, related his understanding that the aforementioned language is the [VA's] eligibility [requirements].

MS. BROWN explained that veterans receive a [federal] plot allowance of \$300 and "within that the spouses are eligible to be buried in the national cemeteries as well as the state cemeteries."

CHAIR LYNN said that's correct, adding that both his parents and grandparents, service members and nonservice members, are buried in a military cemetery.

REPRESENTATIVE THOMAS said he was thinking about Arlington and Sitka cemeteries that are for only veterans.

MS. BROWN said that [spouses are allowed to be buried in Arlington National Cemetery]. She explained that the crypts are two persons stacked on top of each other and usually there are 600 crypts per acre. She indicated that [spouses are allowed to be buried] in the veterans' cemetery in Sitka as well.

REPRESENTATIVE ELKINS expressed concern that the federal grant program may award the state up to 100 percent [for the cost of the cemetery] because the "may" language provides a lot of latitude. Therefore, he expressed the need for a more definitive federal contribution to be specified.

REPRESENTATIVE GUTTENBERG stated that he didn't believe this legislation would determine what the federal government will do. The state will have to apply for the loan and see what percentage the federal government provides. Furthermore, the state isn't delineating a certain plot of land because the land could be donated.

REPRESENTATIVE ELKINS highlighted that there are no letters of support from any of the veterans' organizations in the state.

He suggested informing these organizations in order to obtain letters of support.

MS. BROWN pointed out that there are individuals from the Alaska Veterans Advisory Committee, the Alaska Native Veterans Association, the American Legion, the Veterans' of Foreign Wars, the Elks Club, the Disabled American Veterans (DAV), the Military Order of Purple Hearts, and the Fairbanks Veterans' center already support this and are willing to testify.

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REPRESENTATIVE GUTTENBERG said the impetus for this legislation is the wife of a friend who was in the military and had been working on this matter.

REPRESENTATIVE THOMAS inquired as to the definition of an "Alaska veteran".

REPRESENTATIVE GUTTENBERG said the legislation doesn't seek to define anything new because eligibility is based on federal requirements. In fact, he opined that an "Alaska veteran" could be a veteran who, while visiting Alaska, dies and it's determined that it was that veteran's wish to be buried in Alaska.

REPRESENTATIVE GRUENBERG noted that the committee packet does include a resolution from the North Star Borough supporting the cemetery as well as a hand-printed letter of support.

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REPRESENTATIVE GRUENBERG said he supports HB 208. He then directed attention to page 2, lines 2-3, where the language now specifies that [the balance in the account for special request license plates] in excess of the issuing cost is now diverted to the cemetery fund rather than for programs benefiting Alaska veterans. Therefore, he suggested keeping the language "for the support of programs benefiting Alaska veterans" and adding the language "and" so that the excess funds from the special request license plates could go to either support programs benefiting Alaska veterans or the Alaska veterans' cemetery fund.

REPRESENTATIVE GUTTENBERG said that would be an acceptable change.

REPRESENTATIVE GRUENBERG moved that the committee adopt Conceptual Amendment 1, such that the language on page 2, lines 1-3, would read as follows: "be appropriated by the legislature for the support of programs benefiting Alaska veterans and to the Alaska veterans' cemetery fund created under AS 37.05.590".

MS. BROWN informed the committee that this particular aspect was created with Senate Bill 146 [from the 23rd Alaska State Legislature]. To date the money, in the amount of \$800, has just entered the general fund. Therefore, if no particular veterans' association requests these funds, it is placed in the general fund.

REPRESENTATIVE GRUENBERG refuted Ms. Brown's understanding, and clarified that constitutionally funds can't be dedicated. Therefore, funds are placed in the general fund and the legislature appropriates the funds. He further explained that this is a separate accounting concept. Representative Gruenberg said that his amendment will make it clear that legally the funds can be appropriated for either of the specified [programs], although ultimately the funds will go wherever the appropriation says it goes.

CHAIR LYNN, upon determining there was no objection, announced that Conceptual Amendment 1 was adopted.

REPRESENTATIVE DAHLSTROM related her understanding that one of the commanding officers at Fort Richardson Air Force Base had sent a letter in support of HB 208. However, she had not seen a copy of that letter. Representative Dahlstrom said that she supports this idea, but she wanted to be sure her constituents are taken care of.

MS. BROWN said that she has correspondence with the director of the national cemeteries in the state, but cannot pass it out until it passes through the proper channels of the military. In further response to Representative Dahlstrom, Ms. Brown said that the correspondence states that the Fort Richardson [cemetery] will be full in 2025 and the national cemetery in Sitka will be full in 2012. Furthermore, there is no conflict with regard to the locations being Anchorage or Fairbanks because one can't predict where an individual will want to be buried.

REPRESENTATIVE GRUENBERG asked if it would be appropriate to seek the expansion of the other two cemeteries, especially the cemetery at Fort Richardson.

CHAIR LYNN pointed out that the land surrounding Fort Richardson is federal land, and then questioned what the state can do with federal land.

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JOYCE BROWNLOW, Fairbanks Elks Lodge, testified in support of HB 208. She informed the committee that over 11,000 veterans live in the Fairbanks North Star Borough. She noted that she recently attended a meeting discussing the formation of project partnership, which provides area businesses and organizations the opportunity to support military members and their families during the upcoming deployment. This partnership, she opined, will show appreciation to area soldiers and bring the community together to help those family members left behind. She further opined that this project will be fully embraced by the [Fairbanks] community.

MS. BROWNLOW turned to the veterans now residing in the [Fairbanks] community who she said deserve attention and a respectful and honorable cemetery. Ms. Brownlow noted that although the cemetery will be financed by a grant, about \$80,000 will be financed by the state as set forth in HB 208. She then informed the committee that the VA has estimated 112 deaths annually in the area, and therefore Birch Hill cemetery may reach its capacity within a year. Ms. Brownlow said that since Alaska has more residents in the military than any other state and Fairbanks North Star Borough has over 11,000 veterans, the Interior would greatly benefit from a veterans' cemetery. Ms. Brownlow concluded by urging the passage of HB 208.

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JOYCE ROETHLER, AMVETS, Unit 11; American Legion Auxiliary; VFW 3629 Auxiliary, related the difficulty with laying to rest a veteran in a location that is far from his or her residence or family's residence, but she highlighted the importance of a family being at the internment and being able to visit the site. Gaining access to the Fort Richardson cemetery, which is located on the base, has proven to be problematic after [the terrorist attacks of September 11, 2001]. Those without a military identification card or those who aren't civil servants, have great difficulty obtaining the ability to go on the base. Ms. Roethler highlighted that there are many homeless veterans and veterans who live in the Bush, all of which are veterans with the same rights regarding their burial options. However, there

are extreme limitations regarding where veterans can be buried, not to mention the spouses who want to be buried along side them. Ms. Roethler emphasized the importance of taking care of living veterans as well as those veterans who have passed on.

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REPRESENTATIVE DAHLSTROM acknowledged that since [the terrorist attacks of September 11, 2001] security measures have increased at Fort Richardson. She offered to help those who have problems entering the base through the process.

CHAIR LYNN noted that even with base identification, it is burdensome to go through the process to enter the base.

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BENNO CLEVELAND, President, Alaska Native Veterans Association; Commander, the Military Order of Purple Hearts - Chapter 675, began by relating support for HB 208. Mr. Cleveland echoed earlier testimony regarding the number of veterans in the Fairbanks North Star Borough and the lack of space [in the existing] cemeteries. Mr. Cleveland expressed the need for there to be a respectful cemetery where veterans can be laid to rest. He then reviewed the number of members in the organizations he is representing.

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JIMMY LECROY, Commander, American Legion - Post 11, related that Post 11 unanimously supports HB 208. Furthermore, he assured the committee that there will be a resolution from Alaska's American Legion in support of this legislation.

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DANA NACHTRIEB, Marine Corps League - Detachment 674; Veterans of Foreign War - Chapter 3629, said everyone he has talked to is in favor of HB 208. He highlighted the long distance many of those in the Interior have to travel to visit the veterans' cemeteries. He highlighted that veterans' cemeteries in the Interior have families visiting daily.

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GLENN HACKNEY began his testimony by characterizing the figure of 11,000 veterans in the Fairbanks area as a gross

understatement. Mr. Hackney then encouraged the legislature to pass HB 208, which he viewed as an opportunity for the legislature to do something nonpartisan. He highlighted that the blood spilled for this country was from citizens of this country and those citizens should be recognized in Alaska. Again, he urged passage of HB 208.

REPRESENTATIVE GUTTENBERG highlighted that Mr. Hackney is a former member of the Alaska State Legislature.

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CHAIR LYNN, upon determining there was no one else who wished to testify, closed public testimony.

REPRESENTATIVE THOMAS moved that the committee the following amendment:

Page 2, line 23, following "Fairbanks",
Insert "and anywhere else that qualifies"

REPRESENTATIVE DAHLSTROM objected for discussion purposes.

REPRESENTATIVE GRUENBERG offered a technical amendment to the aforementioned amendment such that the amendment would read as follows:

Page 2, line 23,
Delete "an"

Page 2, line 23
Delete "cemetery"
Insert "cemeteries"

Page 2, line 23, following "Fairbanks"
Insert "and elsewhere in Alaska"

REPRESENTATIVE DAHLSTROM removed her objection. There being no further objection, the amendment, as amended, was adopted.

REPRESENTATIVE DAHLSTROM moved to report HB 208, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 208(MLV) was reported from the House Special Committee on Military and Veterans' Affairs.

HB 212-PROPERTY TAX EXEMPTIONS FOR SENIORS/VETS

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CHAIR LYNN announced that the final order of business would be HOUSE BILL NO. 212, "An Act relating to exemptions from municipal property taxes for certain primary residences; and providing for an effective date."

REPRESENTATIVE THOMAS moved to adopt CSHB 212, Version 24-LS0684\F, Cook, 3/31/05, as the working document. There being no objection, Version F was before the committee.

REPRESENTATIVE THOMAS, speaking as the sponsor of HB 212, explained that current law mandates that senior citizens and disabled veterans are exempt from the first \$150,000 of their assessed property value. In a community with 12 mills, that amounts to about \$1,800 a year, he specified. However, revenues [from the state] going to communities have been suspended for several years, which has cost many communities a significant amount. For instance, since [the state] has stopped providing funds for [the senior citizens property tax exemption], [the program] has cost Haines over \$ 1 million. Therefore, this legislation places the senior citizen tax exemption under the local municipalities' jurisdiction. The effective date of 2008 provides the municipalities two years to decide how to deal with this exemption. Representative Thomas also pointed out that Version F allows the municipalities the ability to base the eligibility for the exemption on financial resources. Version F also includes a description of the term "disabled veteran" in this section of statutes.

REPRESENTATIVE THOMAS informed the committee that the statewide revenue loss [for this exemption] is about 6 percent. However, in Wrangell it's about 16 percent of the tax base while it's 13 percent of Ketchikan's tax base and 9 percent of the Mat-Su [Borough's] and Petersburg's tax base. Representative Thomas clarified that the idea behind this legislation is to provide the local municipalities the authority to phase out the senior tax exemption if they so choose. He characterized this legislation as providing municipalities another tool [to deal with diminishing revenue sharing].

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REPRESENTATIVE DAHLSTROM said she thinks HB 212 is a good bill, but asked whether the word "veteran" needs to be in the title.

REPRESENTATIVE GRUENBERG pointed out that this legislation also affects the senior citizen property tax exemption. Therefore, he opined that the language "veterans" shouldn't be included in the title.

REPRESENTATIVE THOMAS offered to research the need for a title change and address it in the next committee of referral, the House Community and Regional Affairs Standing Committee.

REPRESENTATIVE ELKINS expressed concern with this legislation because [the senior property tax exemption] program was mandated by the legislature. "For us to opt out and put the responsibilities on the municipalities is wrong. And we should try to do what's right," he stressed. Therefore, Representative Elkins stated that the legislature should either do away with the program or help fund it. Representative Elkins said he wouldn't support this legislation, although he has served on a municipal government and sympathizes with the sponsor's position.

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REPRESENTATIVE GRUENBERG agreed with Representative Elkins. He highlighted programs, such as the longevity bonus and revenue sharing, for which the burden has been placed on the municipalities. He related his understanding that Representative Elkins has introduced legislation that would fund the [revenue sharing and municipal assistance] programs.

REPRESENTATIVE THOMAS said he introduced this legislation per the request of several communities and the Southeast Conference. He informed the committee that he reviewed the possibility of eliminating the program and phasing it out over time. However, he relayed that he was told that the program couldn't be phased out over time and that the best option was to transfer the authority to the local municipalities. Representative Thomas expressed concern that when the Baby Boomers, of which he is a member, reaches the tax base at the same time, it will be a big problem statewide. Representative Thomas noted that he, too, has served at the local government level, but that local government wished it had the tool to hold local meetings on the option of phasing out the program. Furthermore, allowing the aforementioned to be done via ordinance versus an election would save the local government the cost of holding an election. Representative Thomas related his understanding that the Alaska Municipal League (AML) is in support of this as a tool to address the large problem that will arise in about five years.

He then reminded the committee that the legislation does provide individuals with a means for relief from the municipality.

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REPRESENTATIVE ELKINS confirmed that he has introduced legislation to reimburse municipalities up to 25 percent. He noted that the aforementioned legislation carries an approximately \$29 million fiscal note. Returning to HB 212, Representative Elkins opined that when looking at seniors, in general, they should be viewed in a different light than HB 212 provides. He suggested that seniors should be viewed as an economic engine, and offered that in his community seniors, as an economic engine, provide over \$3 million dollars annually and that dollar is estimated to turn three to five times in the community. Furthermore, the tax exempt dollars turn three to five times in a community. Representative Elkins related his belief that it's shortsighted to not view seniors as an economic engine.

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REPRESENTATIVE DAHLSTROM said she would like to do more research on this issue, and related her preference for holding HB 212.

REPRESENTATIVE THOMAS highlighted that HB 212 does not eliminate the senior citizen tax exemption. The legislation merely provides a local option. He then added that the [Baby Boomer] generation has had the benefit of inflation and thus should have built up enough money and not be a burden on society. In fact, some people receiving the exemption can afford to pay. Representative Thomas specified that he's not trying to cripple anyone, but merely wants to provide municipalities a tool.

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CHAIR LYNN noted that he is a senior and a veteran, and would hate for the existence of the exemption to be dependent on where one lives. He opined that there should be some form of municipal sharing. In fact, he informed the committee of his proposal to fund municipal governments with some of the Amerada Hess funds. Chair Lynn reiterated his concern with regard to this exemption being dependent upon where one lives in the state. Therefore, he said he would like to table HB 212.

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REPRESENTATIVE THOMAS informed the committee that he introduced HB 144, which would provide \$150 million of the permanent fund earnings reserve, by a vote, to be distributed to municipalities. The aforementioned [and HB 212] are steps to better the health of communities.

REPRESENTATIVE GRUENBERG said that his legislation, HB 52, requiring the state to adopt a fiscal plan should include this issue before the committee today.

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CHAIR LYNN announced that HB 212 would be tabled for further discussion and study.

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ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 2:04 p.m.