

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

February 22, 2005

8:09 a.m.

**MEMBERS PRESENT**

Representative Paul Seaton, Chair  
Representative Carl Gatto, Vice Chair  
Representative Bob Lynn  
Representative Jay Ramras  
Representative Berta Gardner  
Representative Max Gruenberg

**MEMBERS ABSENT**

Representative Jim Elkins

**COMMITTEE CALENDAR**

SENATE BILL NO. 14

"An Act relating to municipal initiative and referendum elections."

- MOVED HCS SB 14(STA) OUT OF COMMITTEE

HOUSE BILL NO. 100

"An Act relating to a lease-purchase agreement for the construction, equipping, and financing of a state virology laboratory in Fairbanks, on land provided by the University of Alaska, Fairbanks, to be operated by the Department of Health and Social Services; relating to the issuance of certificates of participation for the laboratory; relating to the use of certain investment income for certain construction and equipment costs for the laboratory; and providing for an effective date."

- MOVED CSHB 100(STA) OUT OF COMMITTEE

HOUSE BILL NO. 62

"An Act relating to prohibiting automated telephone calls for a political advertisement to telephone numbers listed as not wanting telephone solicitations; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 48

"An Act relating to a determination of costs attributable to relocating the legislature or the state capital or of constructing a new capitol building in the present capital city, and to a determination of all costs of retaining the existing capitol building and keeping the state capital and legislature in the present capital city; relating to voter approval of certain bondable costs; and providing for an effective date."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 14

SHORT TITLE: MUNICIPAL ELECTIONS

SPONSOR(s): SENATOR(s) STEVENS G

01/11/05	(S)	PREFILE RELEASED 12/30/04
01/11/05	(S)	READ THE FIRST TIME - REFERRALS
01/11/05	(S)	CRA
01/26/05	(S)	CRA AT 1:30 PM FAHRENKAMP 203
01/26/05	(S)	Heard & Held
01/26/05	(S)	MINUTE(CRA)
01/31/05	(S)	CRA AT 1:30 PM BELTZ 211
01/31/05	(S)	Moved SB 14 Out of Committee
01/31/05	(S)	MINUTE(CRA)
02/02/05	(S)	CRA RPT 5DP
02/02/05	(S)	DP: STEVENS G, WAGONER, KOOKESH, STEDMAN, ELLIS
02/02/05	(S)	TRANSMITTED TO (H)
02/02/05	(S)	VERSION: SB 14
02/04/05	(H)	READ THE FIRST TIME - REFERRALS
02/04/05	(H)	CRA, STA
02/10/05	(H)	CRA AT 8:00 AM CAPITOL 124
02/10/05	(H)	Moved Out of Committee
02/10/05	(H)	MINUTE(CRA)
02/11/05	(H)	CRA RPT 4DP 1NR
02/11/05	(H)	DP: LEDOUX, KOTT, NEUMAN, THOMAS;
02/11/05	(H)	NR: SALMON
02/22/05	(H)	STA AT 8:00 AM CAPITOL 106

BILL: HB 100

SHORT TITLE: STATE VIROLOGY LABORATORY

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/21/05	(H)	READ THE FIRST TIME - REFERRALS
01/21/05	(H)	STA, HES, FIN
02/22/05	(H)	STA AT 8:00 AM CAPITOL 106

BILL: HB 62

SHORT TITLE: AUTOMATED POLITICAL TELEPHONE CALLS

SPONSOR(S): REPRESENTATIVE(S) OLSON

01/10/05 (H) READ THE FIRST TIME - REFERRALS  
01/10/05 (H) STA, JUD  
02/22/05 (H) STA AT 8:00 AM CAPITOL 106

BILL: HB 48

SHORT TITLE: EXPENDITURE FOR CAPITOL CONSTRUCTION

SPONSOR(S): REPRESENTATIVE(S) STOLTZE, GATTO

01/10/05 (H) PREFILE RELEASED 1/7/05  
01/10/05 (H) READ THE FIRST TIME - REFERRALS  
01/10/05 (H) STA, FIN  
02/22/05 (H) STA AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

SENATOR GARY STEVENS

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 14.

SHERRY BIGGS, Deputy Clerk

Kenai Peninsula Borough

Alaska Association of Municipal Clerks

Soldotna, Alaska

POSITION STATEMENT: Testified in support of SB 14.

DOUG LETCH, Staff

to Senator Gary Stevens

Alaska State Legislature

POSITION STATEMENT: Testified in support of Amendment 1 to SB 14.

BONNIE WILLIAMS, Member

Fairbanks North Star Borough Assembly

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 14.

RICHARD MANDSAGER, M.D., Director

Division of Public Health

Alaska Department of Health & Social Services

Juneau, Alaska

POSITION STATEMENT: Presented background information regarding HB 100.

DEVEN MITCHELL, Debt Manager  
Treasury Division  
Alaska Department of Revenue  
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding funding for HB 100.

KONRAD JACKSON, Staff  
to Representative Kurt Olson  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of Representative Olson, sponsor of HB 62.

REPRESENTATIVE KURT OLSON  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Answered questions as sponsor of HB 62.

RANDY RUEDRICH, Chair  
Alaska Republican Party  
(Address not provided)

POSITION STATEMENT: Testified in opposition to HB 62.

JOE SONNEMAN, Ph.D.  
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to HB 62.

REPRESENTATIVE BILL STOLTZE  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of HB 48.

AVRUM GROSS  
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to HB 48.

#### **ACTION NARRATIVE**

**CHAIR PAUL SEATON** called the House State Affairs Standing Committee meeting to order at [8:09:52 AM](#). Present at the call to order were Representatives Lynn, Ramras, Gardner, and Seaton. Representatives Gatto and Gruenberg arrived as the meeting was in progress.

8:10:26 AM

CHAIR SEATON reported on the subcommittee meeting that met on Saturday, February 19, regarding the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS).

8:12:17 AM

CHAIR SEATON asked that amendments be offered ahead of a bill hearing.

SB 14-MUNICIPAL ELECTIONS

CHAIR SEATON announced that the first order of business was SENATE BILL NO. 14, "An Act relating to municipal initiative and referendum elections."

8:13:05 AM

SENATOR GARY STEVENS, Alaska State Legislature, sponsor of SB 14, noted that the bill is a companion bill to HB 50. The bill was introduced at the request of the borough and city clerks, he explained, who found that initiatives and referendums often force them to have special elections. He remarked that special elections are often very expensive and have a poor turnout. This bill, he said, would allow more latitude and flexibility to the local municipalities; if there is an issue that they think is of urgency, they can schedule a special election. If the issue is not of great urgency, they can put it off until the next regular election. He pointed out that the Fairbanks Northstar Borough at one point had 46 petitions in a four-month period, which theoretically could have lead to 46 elections. However, there was only one election, which cost around \$60,000. He reiterated that the purpose of the legislation was to allow the local municipalities to have more flexibility in order to cut costs and to improve the turnout.

8:15:03 AM

CHAIR SEATON directed attention to changes in the language in Sections [1] and 3 of the bill, which specify that an election not occur sooner than 60 days after the certification of a petition. He surmised that the intent of this was to give ample time for petitioners to campaign.

SENATOR GARY STEVENS responded, "That's certainly the idea." He suggested that they speak with one the borough clerks to get a clearer understanding of what those changes mean.

[8:18:18 AM](#)

SENATOR GARY STEVENS, in response to a question from Representative Gruenberg asking why recalls are not included in the bill, explained that he wouldn't want to include recalls, because the bill allows the local municipalities to make the decision to delay initiatives and referendums if they're not urgent. He stated his belief that a recall is urgent and should be dealt with immediately.

[8:19:28 AM](#)

REPRESENTATIVE GRUENBERG directed attention to page 1, line 11, and page 2, line 9, where the bill states that if no election is scheduled to occur within 75 days after certification and the governing body determines it's in the best interest of the municipality, an ordinance may be passed ordering a special election be held on the matter before the next election that's already scheduled. He asked, "Do you only want ... the ordinance to allow the matter to be scheduled prior to the next election? How about if they decided they wanted to do it after the next election that's regularly scheduled?"

SENATOR GARY STEVENS said that he could see no reason why anyone would want to postpone an initiative or referendum beyond the next election. He clarified that the idea behind the bill is not to delay referendums and initiatives unless it is an issue that is not timely.

[8:21:31 AM](#)

SENATOR GARY STEVENS, in response to Representative Gardner, said that a similar bill was introduced in the Senate last year and passed the Senate with an amendment, but did not pass the House.

CHAIR SEATON clarified that the bill passed through the committees and made it to the floor of the House, and then went back to the House Rules Standing Committee.

SENATOR GARY STEVENS said, "I believe the reason it failed in the House was because of the amendment that had been added in

the Senate, which I was not supportive of, and ... this is the clear, cleaner version of that bill."

REPRESENTATIVE RAMRAS expressed support for the bill.

[8:23:14 AM](#)

SHERRY BIGGS, Deputy Clerk, Kenai Peninsula Borough, on behalf of the Alaska Association of Municipal Clerks, stated support of SB 14. She said:

We'd like to stress that this legislation does not prohibit the local governing body to conduct a special election if they so choose, but it just removes the mandate to often hold an unbudgeted election. Typically municipalities ... would plan for their first Tuesday of October election, and anything else has to come from other sources.

MS. BIGGS said the borough has conducted by-mail elections. She indicated that the effort has been is made towards "hitting every targeted voter in an area," but that often people just don't contact the Division of Elections every time they move. As a result, Ms. Biggs said, there is a lot of returned mail - ballots that never make it to the intended voter. The borough gets a special mailing rate when it sends out ballots, but ballots, by law, cannot be forwarded. The borough has to pay a higher charge when those ballots that cannot be delivered are "returned to sender."

MS. BIGGS continued as follows:

In speaking to the idea of putting a special election after a regular election, if I may, at that point you'd have to order a separate ballot for everyone. You'd need to hire the precinct board and the canvas board all over. You'd have to establish polling sites if they're available. Typically we use schools and local buildings. We'd need to make sure they were available at some time other than our October dates. And the idea of having to conduct an election [within] 45 days: we often have ... to order ballots, to get workers lined up; 60 days is definitely needed and gives us a much better window of work time [for ourselves].

[8:25:50 AM](#)

MS. BIGGS, in response to Representative Gruenberg, stated that it is a federal law that ballots cannot be forwarded.

CHAIR SEATON referred to page 2, lines 1-5, as well as page 1, lines 7-12, and asked Ms. Biggs if the intent of the bill is that there be at least 60 days [between certification of a petition and the election].

MS. BIGGS answered affirmatively and commented that an election requires considerable time for setting up as well as supplies. She said:

I think it is the intent of the governing body to still conduct a timely election. I don't believe they would try and hold it off month after month. But I know that if we tried to hold a special election here in July on the Kenai Peninsula, I think it would be utter chaos and our assembly may choose to pick a better day. So I think it still leaves the control with the governing bodies in the local areas where it needs to remain.

[8:27:51 AM](#)

CHAIR SEATON asked, "But you wouldn't have a problem with reinserting the words, 'but not sooner than 60 days after the certification' at the end of that paragraph to clarify ... that [an] election couldn't be held ... [in] 20 days ... and not give people time to campaign?"

MS. BIGGS agreed with Chair Seaton.

[8:28:25 AM](#)

REPRESENTATIVE GRUENBERG commented that he didn't understand what would happen if there were a regular election that has already been scheduled to occur between 60 and 75 days after certification of the petition. He said, "There seems to be that 15-day gap. Why is that?"

MS. BIGGS responded that this just allows for the necessary time for them to advertise and notify voters that they must be a registered voter 30 days before an election. She said, "I think it's just a basic timeline of how things have to fall into place."

[8:29:18 AM](#)

REPRESENTATIVE GRUENBERG asked why the bill says "no sooner than 60 days" rather than 75 days.

MS. BIGGS said that originally it was 45 days, "so I think that they're just changing it to 60 to still add additional time for preparation."

REPRESENTATIVE GRUENBERG responded, "It seems that if you're talking about 75 at one hand and 60 at another, shouldn't there be either one or the other? That's my question."

MS. BIGGS replied, "I do believe that maybe 'no sooner than 75 days' if you wish."

[8:30:17 AM](#)

REPRESENTATIVE GARDNER said, "It seems to me that the 60 days is when there's already a special election scheduled, 75 days when there's not. And there's less preparation to add something to an existing schedule.... It's only a matter of getting it on the ballot. So it wouldn't take as much time."

[8:30:40 AM](#)

CHAIR SEATON remarked the 60-day minimum was to ensure that there is enough time for campaigning. He said, "If you don't have an election scheduled within 75 days then you can go ahead and do the other [have a special campaign]. If you have an election scheduled within 75 days then the election would occur then."

[8:31:54 AM](#)

CHAIR SEATON offered [Amendment 1] as follows:

On page 1, line 12:

After: "**before the next election that is already scheduled**"

Insert: "but not sooner than 60 days after the certification"

On page 2, line 10:

After: "**before the next election that is already scheduled**"

Insert: "but not sooner than 60 days after the certification"

[8:32:40 AM](#)

REPRESENTATIVE GRUENBERG objected for discussion purposes.

[8:33:00 AM](#)

CHAIR SEATON, in response to Representative Gruenberg, clarified that previously the bill said that there had to be an election within 75 days. He said that the purpose of this bill is to allow municipalities to wait until the next regular election unless the issue is important enough to schedule a special election.

REPRESENTATIVE GRUENBERG removed his objection.

[8:33:39 AM](#)

DOUG LETCH, Staff to Senator Gary Stevens, Alaska State Legislature stated that Senator Gary Stevens would support [Amendment 1].

[8:34:07 AM](#)

BONNIE WILLIAMS, Member, Fairbanks North Star Borough Assembly, testified in support of SB 14. She stated that she feels it is appropriate to exclude recalls because those need to be conducted quickly. She commented:

[Fairbanks] is a community where people like to bring initiatives, people like to debate stuff, [and] people always have very independent opinions.... The last time that we had a special election it cost us roughly \$60,000. It would have been very helpful if we could have held that with the regular election, both for the cost and also for the number of participants involved in voting on that issue. Special elections get very, very small turnouts, and so you don't get ... the best possible representation of the community's desires on it.

[8:36:45 AM](#)

CHAIR SEATON closed public testimony. He announced that Amendment 1 [text provided previously] was adopted.

[8:37:34 AM](#)

REPRESENTATIVE LYNN moved to report SB 14, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objections, HCS SB 14(STA) was reported out of the House State Affairs Standing Committee.

HB 100-STATE VIROLOGY LABORATORY

CHAIR SEATON announced that the next order of business was HOUSE BILL NO. 100, "An Act relating to a lease-purchase agreement for the construction, equipping, and financing of a state virology laboratory in Fairbanks, on land provided by the University of Alaska, Fairbanks, to be operated by the Department of Health and Social Services; relating to the issuance of certificates of participation for the laboratory; relating to the use of certain investment income for certain construction and equipment costs for the laboratory; and providing for an effective date."

[8:38:32 AM](#)

RICHARD MANDSAGER, M.D., Director, Division of Public Health, Alaska Department of Health & Social Services, presented HB 100. He clarified that the word "virology" refers to the study of viruses. He directed attention to "slides" printed in a handout available in the committee packet. He offered details from the first slide on page 2, regarding the Alaska State Virology Laboratory, where the state has its laboratory capacity to make viral diagnoses. The most common virus that [the laboratory] deals with on a yearly basis, he said, is influenza. He commented that the laboratory in Fairbanks is what the Centers for Disease Control and Prevention (CDC) calls a sentinel laboratory; there are 23 of these labs around the world in which types of influenza are identified.

DR. MANDSAGER stated:

Our laboratory in Fairbanks, because of the air traffic from Southeast Asia, is an important laboratory to the United States.... [The influenza] virus mutates every year as it moves around the world, and the flu vaccine that we get every fall and every winter is based on the type of influenza virus that is in Southeast Asia and in the southern hemisphere.... In the last week or so CDC has been finalizing the components to next fall's vaccine.... Another example of an important virus to us is rabies. For example, right now [Fort] Wainwright is under an animal

quarantine because of rabies in fox up there, and that pretty much is an annual occurrence in our state, that some part of the state will have rabies in animals. Thankfully, because of immunization of dogs and cats, because of surveillance, and ... because of our diagnostic capabilities in the state, rapidly we can adjust and isolate animals in different parts of the state, and [we] have not had a human case now for many, many decades.

When SARS [Severe Acute Respiratory Syndrome] arrived in the United States in the spring of 2003, ... one of the first tasks for the World Health Organization and the CDC was to develop [an] identification test, and the laboratory here in Alaska was one of the first where that technology and competency was put in place because of the aircraft back and forth to Southeast Asia.

[8:42:28 AM](#)

DR. MANDSAGER continued:

[This is] important as background, and what's also important to know [is] that the kind of viruses we deal with in the Fairbanks lab should be handled in what's called a Biosafety Level 3 [BSL3] Laboratory. We don't have that in Fairbanks; they have a Level 2 lab, and use what the laboratorians call Level 3 Practices. So far, they've done really well. But [the slide on page 3 shows] how crowded it is up there.... Last summer we had a review by people from the Association of Public Health Laboratories in the United States looking at our laboratory capacity in our state.... Their comment was [that the crowded lab is] an accident waiting to happen.

... The space we have is in one of the university buildings. We've been on the Fairbanks campus now since '67, and you can see all of the problems with the building and capacity space that exists up there at present [on page 3].... One of the recommendations of this laboratory review is that our virology functions should be managed in a ... BSL3 ... because of the potential problems with the viruses that they look at.

DR. MANDSAGER turned attention to [the slide on page 4], showing the building in which the lab currently resides. He reiterated that the lab is important for the rapid identification of known and new viruses. He said that the review team recommended that because of the state's earthquake potential, it is important to have redundant capacities in Alaska by having labs in two cities. He pointed out that the staff at the lab in Fairbanks are superb virologists. He told of an incident in McGrath last year in which a number of people became sick. He said that because the lab had neurovirus diagnostic capacity in Fairbanks, the diagnosis was made quickly and many people were warned early so that the outbreak was stopped. Three years ago such a sample would have been sent to Atlanta and the diagnosis would have taken two to three weeks.

DR. MANDSAGER told another anecdote: In the late 1990's doctors in Juneau thought that a girl might have had measles. A sample was sent to Fairbanks and the diagnosis was completed within a day. He commented, "Days can make a big difference with viral disease in stopping outbreaks."

[8:45:59 AM](#)

DR. MANDSAGER turned to the slide on page 5, which showed that the estimated cost for the design, construction, and equipping of a state public health virology lab in Fairbanks is \$24.2 million. He said that building laboratories is expensive due to air-handling redundancies, special spaces, special equipment, and so on. The governor's proposal is that a new lab be financed with Certificates of Participation, he explained. Page 6 is a map showing where the proposed lab would be located on the University of Alaska Fairbanks (UAF) campus. He noted that UAF is building a human biology mission and a genetics mission, and having a BSL 3 lab on the campus would be very important to the biologists.

[8:47:23 AM](#)

DR. MANDSAGER addressed two amendments, included in the committee packet. The first one would clarify that the Department of Health and Social Services would own the building but the land would be leased from the university. The second amendment would make a change to page 2, line 18, adding the words "cost of" before the word "acquisition".

[8:49:00 AM](#)

REPRESENTATIVE LYNN asked Dr. Mandsager how big a danger avian flu is and whether the proposed new lab would be able to diagnose it.

DR. MANDSAGER responded that avian flu is currently the biggest topic of discussion in public health. He remarked that the people from CDC have said that it is not a question of if, but when [there is an avian flu outbreak]. He explained that avian flu is very lethal, with a 70 percent death rate in Southeast Asia, and it attacks young, healthy people as well as elders. He pointed out that at first it appeared to be a disease that was transmissible only from birds to humans, however there now appear to be cases where the disease was transmitted from human to human. He said that this disease is one of the reasons that the proposed lab is important; the lab staff will be able to diagnose avian flu. He pointed out that birds migrate from Southeast Asia to Alaska for the winter and there is also a lot of airplane traffic between the two regions. Therefore he concluded that Alaska will be one of the first places to be impacted, so it will be very important for the state to have the ability to quarantine and isolate quickly.

[8:51:15 AM](#)

REPRESENTATIVE LYNN asked how long it would take to have an operational lab.

DR. MANDSAGER replied that the proposed lab would be operational in fiscal year (FY) 2009.

[8:51:42 AM](#)

DR. MANDSAGER, in response to Representative Gardner, clarified that the bill had passed out of the Senate Health, Education and Social Services Standing Committee, but not the House Health, Education and Social Services Standing Committee.

[8:52:08 AM](#)

CHAIR SEATON asked Dr. Mandsager to explain the Certificates of Participation.

DR. MANDSAGER deferred to the Debt Manager at the Department of Revenue.

[8:52:34 AM](#)

DR. MANDSAGER, in response to Representative Ramras, stated that the proposed new lab would have a gross area of about 24-25,000 square feet and a net area of about 11,500 square feet. He explained that due to the air handling systems, the gross area is much bigger than the net area.

REPRESENTATIVE RAMRAS commented that \$100 per gross square foot and \$200-250 per net square foot is a good price.

[8:54:04 AM](#)

REPRESENTATIVE GRUENBERG mentioned that when the governor signed the version of Senate Bill 65 that passed last year, he included a letter that stated his intention in bonding future indebtedness. Representative Gruenberg read from the letter as follows:

I have made a commitment to the rating agencies that the state will not incur additional debt until recurring revenues match expenditures.

CHAIR SEATON asked Representative Gruenberg to hold his comment for the Department of Revenue.

[8:55:09 AM](#)

DR. MANDSAGER, in response to Representative Ramras, stated that there are 15-16 staff at the current laboratory and there would be 18-20 staff at the proposed lab.

[8:55:44 AM](#)

CHAIR SEATON asked, "Will this fulfill all anticipated Homeland Security-type issues that might be assigned to ... our facility here in the state?"

DR. MANDSAGER replied:

Between the public health laboratory in Anchorage and this facility in Fairbanks, we then have capacity for diagnosis of biology and chemical agents in Anchorage, viral agents in Fairbanks, and between the two facilities, our state meets the Homeland Security intents and requests of all the states, at least for present agents. And I would assume there would be enough potential for future agents as they become identified.

CHAIR SEATON commented that the state just authorized building another lab for testing biological samples, and he asked if that lab is similar to the proposed lab.

DR. MANDSAGER responded that the Department of Environmental Conservation (DEC) facility will be testing food and animal samples and it is a complementary lab. He said:

The partnership between that laboratory ..., the biology and chemical laboratory in Anchorage, and the virology facility in Fairbanks works very well. For example, when a dead crow shows up in our state right now, because of concerns about West Nile virus, the state veterinarian decides [if it should be] tested for West Nile virus, and then it's sent up to the virology laboratory in Fairbanks. The new [DEC] laboratory that is under construction will not have virology capacity. However, the state veterinarian will be able to do a necropsy and look for other causes besides that kind of a viral cause. And the same thing happens with food agents too, so there's a partnership between these three facilities that one should think of ... as part of our continuum for protection of public health.

[8:58:08 AM](#)

REPRESENTATIVE RAMRAS asked if the proposed lab would be a magnet for the university for research funds and if there are expenses that will be picked up by the federal government through grants. He stated that he'd like more information about the costs of ongoing operations.

DR. MANDSAGER answered that the university expects that the proposed lab will be a big part of their research capacity building, and that as they attract more federal funds and grants the lab will be an important component. He said:

What amount of this laboratory space would be used for a given grant and how much cost will be shifted to a grant will depend grant-to-grant and year-to-year.... My expectation is that, as the university builds its mission, with the capacity growth on the facility side, then yes, we will see some off-shifting. How much, I think, is impossible to say. The biologists

view it as a critically important part of building that capacity.

[8:59:58 AM](#)

DEVEN MITCHELL, Debt Manager, Treasury Division, Alaska Department of Revenue, explained that a Certificate of Participation [COP] is a means of financing discrete capital projects of the State of Alaska. Facilities that the state has funded portions of or all of recently are the Alaska Psychiatric Institute (API) and the Seafood and Food Safety Laboratory. He continued as follows:

How [the Certificates of Participation] work is the state provides a title interest to a trustee bank and then leases the facility back from that trustee bank, and that lease payment stream is securitized, meaning that that becomes the amount of money that's paid to folks that purchase these certificates; they become participants in that lease. Those are structured so that we obtain a rating based on the State of Alaska's credit, a subject-to-appropriation credit of the state. It's a AA/AA- type of a credit out there. We typically insure that to AAA and obtain ... market rates for a publicly offered debt at those ratings.

[9:01:46 AM](#)

CHAIR SEATON asked if the Certificates of Participation are the same thing as a bond.

MR. MITCHELL answered affirmatively.

CHAIR SEATON asked for an explanation of the differences between a COP and a General Obligation Bond.

[9:02:23 AM](#)

MR. MITCHELL explained:

With a General Obligation Bond, ... the state would have pledged its full faith and credit to the folks that would be buying them - the investors. In this case, the investors have a lesser security of repayment. They are accepting risk that what they're participating in is subject to annual appropriation, and that there could be a failure to appropriate.

They're banking on the legislature and the administration's recognition that a failure to appropriate would backlash on the State of Alaska's credit rating and cost the state in other ways - both from a reputation perspective as well as financially - when there were other obligations of the state that were floated in the market.

[9:04:28 AM](#)

CHAIR SEATON asked how much more it would cost the state to build a new virology lab using Certificates of Participation instead of a General Obligation Bond.

MR. MITCHELL said that multiplying the full principal amount by a tenth of a percent would equal the impact in year one. He explained:

In the first year the impact would be \$24,000 and then it would be a declining impact from that date forward. So your total impact on a present value-base, just because those future payments would be worth less, might be in the \$200,000 range, because we're talking about a 15-year amortization. It would be \$200,000 or less, I would guess.

[9:05:45 AM](#)

CHAIR SEATON asked if the Certificates of Participation are quicker, and if that is why they are being discussed for this project.

MR. MITCHELL responded that this is a discrete, stand-alone project that lends itself well to the Certificates of Participation structure. It's also a time-sensitive project, he noted, and for a General Obligation Bond the state would have to wait until the next general election to put this project on the ballot.

[9:07:04 AM](#)

REPRESENTATIVE RAMRAS emphasized that he feels strongly about the state maintaining a fiscal conservative approach. He said that he supports all the benefits of the proposed lab. However he expressed concern that the Department of Health and Social Services would be the lessee and the state would be the lessor.

MR. MITCHELL replied that the lessee would be the Department of Administration, and the department would enter into a lease with the trustee bank.

9:08:35 AM

REPRESENTATIVE RAMRAS asked if the state is moving from something that has no mortgage and now contemplating something that has a \$2.4 million obligation by the State of Alaska through the Department of Administration or through the Department of Health and Social Services payable to the State of Alaska or to the bondholders. He continued, "Is this a ... brand new obligation, this \$2.4 million in rental obligations along with the increased ... annual operating costs?"

MR. MITCHELL answered affirmatively.

9:09:20 AM

CHAIR SEATON asked if the state pays for the current virology lab.

DR. MANDSAGER answered that the lab pays a maintenance agreement to the university but pays no lease fees.

9:10:06 AM

REPRESENTATIVE RAMRAS said:

In the fiscal notes it says it's \$150,000. The operating increases for this project would be another \$200,000, and then the lease obligation would be \$2,375,000 per year for 15 years, at attractive terms: 4.9 percent, [with a] 15-year amortization.... That's as good as it gets in this world, but nevertheless, it is a new obligation for the state, and the merits speak for themselves, but so does the cost side of the ledger.

CHAIR SEATON closed public testimony.

REPRESENTATIVE GARDNER moved Amendment 1, labeled 24G-1, 2/4/2005, (11:02 AM), which read as follows:

Page 1, lines 2-3:

Delete "on land provided by the University of Alaska, Fairbanks,"

Page 1, line 11:  
Delete "provided"  
Insert "leased from"

Page 1, line 12:  
Delete "by"

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

[9:11:52 AM](#)

REPRESENTATIVE GARDNER moved Amendment 2, [which is encompassed in a letter from Theresa Bannister, Legislative Counsel, Legislative Legal and Research Services, in which Ms. Bannister recommends the following, original punctuation provided]:

So I suggest that the phrase, "cost of construction, acquisition, and other costs," be replaced with the phrase, "cost of construction, cost of acquisition, and other costs."

CHAIR SEATON announced that, there being no objection, Amendment 2 was adopted.

[9:12:24 AM](#)

REPRESENTATIVE RAMRAS reiterated that he was concerned that the state would be obligating itself to additional new debt service without sufficient means of meeting ongoing operating expenses.

[9:13:33 AM](#)

REPRESENTATIVE GARDNER moved to report HB 100, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 100(STA) moved out of the House State Affairs Standing Committee.

HB 62-AUTOMATED POLITICAL TELEPHONE CALLS

[9:14:10 AM](#)

CHAIR SEATON announced that the next order of business was HOUSE BILL NO. 62, "An Act relating to prohibiting automated telephone calls for a political advertisement to telephone numbers listed

as not wanting telephone solicitations; and providing for an effective date."

9:14:23 AM

KONRAD JACKSON, Staff to Representative Kurt Olson, Alaska State Legislature, presented HB 62 on behalf of Representative Olson, sponsor. He said HB 62 would prohibit automated political advertising telephone calls to telephone numbers listed in the national "do not call" registry. He clarified that it would not prohibit personal calls by the candidates, parties, volunteers, or paid staff, and it would not limit polling by parties or by candidates. He pointed out that HB 62 had a zero fiscal note. He said, "81,606 Alaskans chose to participate in the national "do not call" registry during the first year of the program. This bill will help reduce the political spam reaching them in the future."

9:15:58 AM

CHAIR SEATON remarked that AS 15.13.065 refers to political parties and asked for further explanation regarding how HB 62 would not restrict political parties to conduct polls or other solicitations.

MR. JACKSON clarified, "That's just a reference to a definition - a different subsection." He said that the bill is directed specifically at political advertisement; polling by candidates and political parties is not included.

9:17:59 AM

REPRESENTATIVE KURT OLSON, Alaska State Legislature, as sponsor of HB 62, said that the bill's intent was "to limit it strictly to the calls to people on the [national] "do not call" registry from ... automated machines."

REPRESENTATIVE OLSON, in response to a question from Chair Seaton, stated that a political party would not be able to use an automated dialing machine.

9:19:06 AM

REPRESENTATIVE GRUENBERG turned attention to the language on page 2, beginning on line [8], and ending in the middle of line 11, which read as follows:

the purpose of the call is to communicate a message made to convince potential voters concerning the outcome of an election of a candidate or made to influence the outcome of a proposition

REPRESENTATIVE GRUENBERG questioned why the verb "to convince" was used concerning the outcome of an election, but the verb "to influence" was used regarding the outcome of a proposition. He suggested that "influence" would be more appropriate in both cases. He asked, "Was there an attempt to be different in those verbs?"

REPRESENTATIVE OLSON said that he would have to defer that question to the drafter.

REPRESENTATIVE GRUENBERG remarked that he would like to work on that language with the sponsor and his staff.

CHAIR SEATON, in response to a comment by Representative Gruenberg, clarified that the intent of bill was to stop messages that would be intended to influence an election.

[9:21:00 AM](#)

REPRESENTATIVE OLSON commented that in going door-to-door during the last election cycle, the number one complaint he heard was regarding the number of calls received, mostly in the federal elections. He noted that this bill would probably not address the federal elections.

[9:21:36 AM](#)

REPRESENTATIVE OLSON confirmed that he had intended the bill to be limited to the people who didn't want to receive the calls in the first place; it would not have an impact on those people who are not on the national "do not call" registry.

[9:22:32 AM](#)

REPRESENTATIVE LYNN remarked that he understands the frustration that people feel, but he said that the phrase "political spam" could be expanded to include radio, television, and mail, as well as phone calls. He commented that this might have a chilling effect on democracy in action and free speech. He stated that he was not sure why the bill covers candidates but not political parties.

REPRESENTATIVE OLSON noted that it was not his intent to address anything other than the automatic phone calls. He commented that the word "spam" may have been a bit strong.

CHAIR SEATON clarified that the bill includes automated phone calls by whoever makes them, including political parties.

REPRESENTATIVE LYNN stated that he understands that the bill does not address mail and television. However, he observed that the principle is almost the same - there is an attempt to communication to as wide a variety of voters as possible.

[9:25:18 AM](#)

REPRESENTATIVE OLSON, in response to Representative Ramras, stated that this bill would not apply to federal elections, but only to state elections.

CHAIR SEATON asked Representative Olson if he had gotten a legal opinion on whether the bill would infringe on free speech.

REPRESENTATIVE OLSON said that he had not, but that he would do so.

[9:26:09 AM](#)

REPRESENTATIVE GRUENBERG said he would like to work on that issue. He stated that his understanding of the national "do not call" registry is that a person cannot separate out whether he/she wants to take only political calls. He suggested there may be people who actually want the political calls.

[9:27:18 AM](#)

CHAIR SEATON confirmed that the national "do not call" registry is for all unsolicited calls; however it does not apply to political and charitable calls. He said, "As I understand it the intent of this bill is to say that the 'do not call' list is being augmented to say that ... anyone using an automated dialer cannot call someone who's name is on the 'do not call' list."

[9:28:08 AM](#)

REPRESENTATIVE GRUENBERG noted that currently, a person is allowed to make an automated call to ask people to come speak out against a certain issue at, for example, a municipal

meeting. He asked if the proposed legislation would prohibit that.

REPRESENTATIVE OLSON responded, "I don't believe it would."

REPRESENTATIVE GRUENBERG indicated his concern is in regard to the language, "notwithstanding the exemption from the definition of telephone solicitation in (g)(4)(B)(iii) of this section", specifically the word, "notwithstanding". He explained that "those are calls limited to soliciting the expression of ideas or opinions."

REPRESENTATIVE OLSON said that he is not an attorney and therefore is hesitant to answer the question.

[9:29:42 AM](#)

REPRESENTATIVE RAMRAS asked if the automated telephone polls would be prohibited under this bill.

REPRESENTATIVE OLSON said that it was not the intent of bill to impact polling. He added that a push poll would probably be prohibited since it would be an attempt to influence a person.

[9:31:08 AM](#)

RANDY RUEDRICH, Chair, Alaska Republican Party, commented that HB 62 is an unfortunate attempt to solve a problem that can't be solved "by ourselves" in Alaska. He said that the bill bans political speech, which is somewhat dangerous, and he opposes the concept. He continued as follows:

One of the things we work at very hard in the political process is to encourage our citizens to vote. And the 2004 election was a wonderful example in Alaska of political success. We had a turnout of 66.6 percent of the entire voter roll. When you compare that to '96 and 2000 - the last two presidential elections - we had a 10 percent increase in turnout, from about 60 percent to 66 percent. [It was] very dramatic. And I think the calls, regardless of what you think of them, had a positive impact on bringing voters to the polls.

... The '04 election was unique, and I don't think we're likely to see anything like this occur in the near future. Our candidates for United States Senate

spent more than three times as much as has been spent in any recent Alaska election. The major parties spent at least five times what they have spent in prior elections. And the mysterious new federal [Section 527 political groups] spent untold amounts of money. A lot of this money was spent on making phone calls that would be banned by this act, if it were to apply at all, and it does not. These phone calls that were made - many of them were improper since they did not have any federal disclaimer on them. So we have a violation of [an] existing law already.

Furthermore, all the calls that were made in conjunction with the federal election are regulated by federal law, and the "do not call" list was explicitly not to be applied based on a federal law passed by Congress a number of years ago. So political free speech is not banned to folks on the "do not call" list.

[9:33:41 AM](#)

MR. RUEDRICH continued:

Advocacy calls are very powerful. But if a candidate, a party, or an interest group abuses that process, the voters can [and] will [respond] - and I think we have examples of where they already have responded - adversely to excessive phone calls. And I trust that the voters will continue to appropriately regulate this process by not rewarding excessive ... calling with a vote; they may be motivated to go vote for the other person.

... Limiting free speech is always dangerous, and I would suggest that if we make this a law today, there's no telling where we will move to tomorrow. So rather than even going in that direction, I urge you to not pass this bill.

[9:35:07 AM](#)

CHAIR SEATON asked Mr. Ruedrich:

Would you consider that if you called a certain segment of voters to get them out to the polls, and yet you were only looking at a targeted segment ...

that you thought were going to be voting for a particular candidate or a particular side to a proposition, would that fall under this "potential voters concerning the outcome of an election"? Would that, just in itself - because you're not calling everyone but are targeting a certain group and therefore are intending to increase a vote for a certain proposition or candidate - ... fall under this restriction?

MR. RUEDRICH answered affirmatively.

[9:36:08 AM](#)

REPRESENTATIVE RAMRAS commented that one of his favorite inefficiencies of the election cycle was when, in order to put a mailer out to constituents, [candidates] had to fold the letter and put it in an envelope by hand. He asked Mr. Ruedrich to explain why [candidates] have to go through this process rather than using an automated mailer.

MR. RUEDRICH responded that under federal law there is a specific allowance for political parties to send mail on behalf of a candidate, but it must be touched by a human doing something that materially affects the successful delivery of the mail. He continued:

That does not apply ... to state candidates or state law. And of course the parties can make contributions to candidates; the parties can make independent expenditures on behalf of a candidate, but we cannot do something like the non-allocable mail that is present in federal law.

[9:38:01 AM](#)

JOE SONNEMAN, Ph.D., stated that he earned a Ph.D. in government and then went on to law school where he was taught that the highest and most protected form of speech is political speech. Nevertheless, he noted, the legislature is allowed to regulate the time, place, and manner of expression. He said:

I share the view that's already been expressed by some, both on the committee and others testifying, that this is a difficult area to begin legislating, and may lead to unintended consequences. And I too think that it would be a good idea not to do this as a

bill. There was a lot of negative reaction, I think, to the number of calls that occurred during this last election cycle, and I agree also that voters will act appropriately if they dislike the manner in which communications are made. So, to some extent, I think there's self-regulation already that will occur. You can add to that ... without violating free speech principles if this were, instead of a law, ... proposed as a resolution. In other words, you are expressing the sense of the legislature that it was not a good idea to do this. Or perhaps if you had a law that ... directed [the] Division of Elections when a candidate signs up, that they get a notice that says that the legislature recognizes that candidates have a right to communicate in this way, but nevertheless the legislature recommends that candidates be aware that voters may not appreciate such calls.... That might enable you to walk the line in between voter dissatisfaction against automated calls and yet not trying to prohibit them by law.

[9:40:39 AM](#)

CHAIR SEATON closed public testimony.

[9:40:56 AM](#)

CHAIR SEATON announced that HB 62 was heard and held.

HB 48-EXPENDITURE FOR CAPITOL CONSTRUCTION

[9:41:07 AM](#)

CHAIR SEATON announced that the final order of business was HOUSE BILL NO. 48, "An Act relating to a determination of costs attributable to relocating the legislature or the state capital or of constructing a new capitol building in the present capital city, and to a determination of all costs of retaining the existing capitol building and keeping the state capital and legislature in the present capital city; relating to voter approval of certain bondable costs; and providing for an effective date."

[9:41:44 AM](#)

REPRESENTATIVE BILL STOLTZE, Alaska State Legislature, presented HB 48 as the bill sponsor. He explained that the idea for HB 48

came to him when he heard about a fast moving project to get a capitol building built in Juneau. He commented that the capitol building is not just another state building, and the location has always been of intense interest to the public. He discussed the FRANK Initiative [Fiscally Responsible Alaskans Needing Knowledge], which was originally passed in 1978, and which requires that voters know the cost of any capitol relocation. This was repealed in 1982 and then reinstated in 1994. He said:

I think that FRANK Initiative, although fully endorsed by the voters, is somewhat incomplete because it would allow perhaps \$100 million or, if you follow the logical escalations that we've heard in every capital-related campaign, it's always more expensive than you think - two or three times more. So, \$100 million, \$300 million - whatever it ends up - the public deserves a voice in the process. [The proposed legislation is] a very simple bill ... to amend the FRANK Initiative to also require voter approval of expenditure of rebuilding the capitol, even within the same political jurisdiction, or even just down the street a block or two.... [It is] certainly more complicated than I've expressed here ... and I know there are rather legal entanglements that we'll probably get into.

[9:45:47 AM](#)

CHAIR SEATON pointed out the phrase "bondable costs" in the bill's title as well as on page 2, line 22. He said:

The issue I think that this is also talking about, but I don't know if it's fully addressed here, is if the municipality of the current capital would bond for the construction costs ... and the state would lease the building back, how does that relate to this statewide election to have an approved bond?

REPRESENTATIVE STOLTZE replied that "this is a moving target," and he expressed his willingness to adapt to "whatever's thrown at me." He said, "Certainly the legislature has a role in whether or not to fund those. I think the City and Borough [of Juneau] could go out on [its] own and fund the building. I think they tried that mechanism a few years ago and it was rejected."

[9:47:31 AM](#)

CHAIR SEATON asked Representative Stoltze to get back to the committee with information on how the proposed funding mechanism would relate to the language in HB 48.

[9:48:43 AM](#)

REPRESENTATIVE GATTO pointed out that the capitol is a building that the public will be paying for one way or another. He said that in all fairness, if the public is paying the bill, then the public ought to be the group that is entitled to vote on the issue. The FRANK Initiative as amended, he said, would simply say that the people rather than the legislature should make the decision as to whether or not they want to fund a building and how much they want to spend.

REPRESENTATIVE GARDNER commented that the committee had earlier discussed funding a university building and no one had made an indication that the public should vote on that particular issue. She asked why the capitol is different.

[9:50:25 AM](#)

REPRESENTATIVE STOLTZE answered that the public has not expressed its opinion about buildings in the state with the frequency and intensity as it has regarding the capitol. He said that folks have a very intense opinion about the capitol, and the way the FRANK Initiative has been marketed has made people feel that they have a right [to an opinion]. He stated, "I am trying to extend something in statute that they feel they already have.... People do not view this as just any other state building."

REPRESENTATIVE LYNN said it's common sense that people of Alaska have some clue as to how much a capitol will cost no matter where it is located. He commented that it's a matter of full disclosure and fiscal responsibility. He offered to co-sponsor the bill.

[9:53:30 AM](#)

AVRUM GROSS stated that he has been a resident of Alaska for 45 years and was formerly a practicing attorney. He said that he served as Attorney General under Governor Jay Hammond for six years. He noted that he was testifying on behalf of himself. He stated:

HB 48 is an effort to amend the FRANK Initiative, and the FRANK Initiative, of course, is a part of that long-standing capital-move debate that we've probably all been a part of forever.... The first campaign to move the capital was going on in 1960.... The last time ... was a few years ago, and it went down about two to one [against it].... FRANK simply says that if ... the voters decide to move the capital, ... a process is set up where a commission is appointed to ... figure out all the costs of the move. And then to put it in a package where the voters can assess it and vote on it.... All possible bondable costs of the move, which basically means all capital costs which would be accrued, ... have to be put into a bond issue and then the ... people have to vote on it in a second vote.

MR. GROSS pointed out that the one time the vote passed, in 1974 as he recalled, there was a commission, which cost a fortune for architects, lawyers, and financial consultants, who arrived at a figure that was close to \$2 billion. He said that this figure was put on the ballot and defeated.

[9:56:41 AM](#)

MR. GROSS said that the FRANK Initiative makes sense when discussing moving the capital to a new city, which could saddle the state with debt for years. However, he remarked, the concept does not apply to a single building in the existing capital city. He said:

The bill as I read it requires that we go through the whole FRANK process once a decision is made to build a new capitol building in Juneau, and that means the commission and then the voters have to vote again on a new bond issue for all the possible bondable costs of construction, just like FRANK. But when you put it to this one building, let me tell you the kind of problems that show up. The first one is, of course, the bill doesn't define what a capitol is. A capital city ... is where Juneau is; that's the seat of government. A capitol building ... is traditionally where the legislature meets.... In Juneau, the legislature performs its functions in at least two buildings that I know of: this one and the Terry Miller Office Building across the street. You have

committee meetings there, you have chambers there, [and] you have staff there....

MR. GROSS continued:

It's not clear to me just how far this bill is meant to go. For instance, does it require a statewide vote on a new building to house new legislative chambers, and staff, and library? That's part of the legislative function. Would that be required? Would you need to set up a commission, do the bondable cost and such? Would it apply to a new building which was built for the governor and the attorney general?... What does it mean when you say that it has to be new when you're talking about an existing government city? For instance, would a major renovation of this building be considered a new building without a statewide vote? How big would the renovation have to be? Would you use the same kind of test as people use for building permits, where if you renovate so much of a building that it becomes ... treated as a new structure? What kind of rules would govern that?... Where does it have to be geographically to be a new building? Suppose the legislature decides that it wants to build out over the parking lot and connect to the Terry Miller Building with a skyway, for instance, and you build a new structure over there but it's connected to this building. Is that a new capitol building or is that just simply a renovation of the old capitol building...?

[10:00:45 AM](#)

MR. GROSS continued:

Finally, the bill requires that you ... figure out all of the bondable costs, and then put them on a GO [General Obligation] bond issue for the people to vote on. But what if there are no bondable costs?... What happens if the City of Juneau builds it, and issues bonds, and is liable for the bonds, and no state money is used at all? Then what is it that you would put on the ballot?... If the state isn't going to spend any money, why would the state insist on a vote?

[10:02:11 AM](#)

MR. GROSS concluded that HB 48 would turn every effort of the legislature to try to improve the conditions of the legislative building and the capitol into lawsuits. "Until and unless the people decide they want to move the capital," he commented, "the legislature should make its decision on what buildings are necessary for legislative work on its own and move from there."

[10:02:49 AM](#)

REPRESENTATIVE GRUENBERG asked Mr. Gross to submit a written copy of his testimony to the committee.

[HB 48 was heard and held.]

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at [10:03:34 AM](#).