

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

April 4, 2006

8:07 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

HOUSE BILL NO. 461

"An Act relating to disclosure to the Alaska Public Offices Commission of information about certain income received as compensation for personal services by legislators, public members of the Select Committee on Legislative Ethics, and legislative directors subject to the provisions of law setting standards of conduct for legislative branch officers and employees; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 290

"An Act relating to issuance of identification cards and to issuance of driver's licenses."

- HEARD AND HELD

HOUSE BILL NO. 496

"An Act relating to contributions from permanent fund dividends to certain educational organizations and to certain charitable organizations that provide a positive youth development program, workforce development, aid to the arts, or aid and services to the elderly, low-income individuals, individuals in emergency situations, disabled individuals, or individuals with mental illness; and providing for an effective date."

- MOVED CSHB 496(STA) OUT OF COMMITTEE

HOUSE BILL NO. 438

"An Act relating to initiative, referendum, and recall petitions; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 461

SHORT TITLE: LEGISLATIVE DISCLOSURES

SPONSOR(s): REPRESENTATIVE(s) GARDNER

02/13/06	(H)	READ THE FIRST TIME - REFERRALS
02/13/06	(H)	STA, JUD
03/30/06	(H)	STA AT 8:00 AM CAPITOL 106
03/30/06	(H)	Heard & Held
03/30/06	(H)	MINUTE(STA)
04/04/06	(H)	STA AT 8:00 AM CAPITOL 106

BILL: HB 290

SHORT TITLE: REQUIREMENTS FOR DRIVER'S LICENSE/I.D.

SPONSOR(s): REPRESENTATIVE(s) LYNN

04/28/05	(H)	READ THE FIRST TIME - REFERRALS
04/28/05	(H)	STA, JUD
03/09/06	(H)	STA AT 8:00 AM CAPITOL 106
03/09/06	(H)	-- Meeting Canceled --
03/16/06	(H)	STA AT 8:00 AM CAPITOL 106
03/16/06	(H)	Heard & Held
03/16/06	(H)	MINUTE(STA)
04/04/06	(H)	STA AT 8:00 AM CAPITOL 106

BILL: HB 496

SHORT TITLE: CONTRIBUTIONS FROM PERM. FUND DIVIDENDS

SPONSOR(s): STATE AFFAIRS

03/28/06	(H)	READ THE FIRST TIME - REFERRALS
03/28/06	(H)	STA, FIN
04/04/06	(H)	STA AT 8:00 AM CAPITOL 106

WITNESS REGISTER

BROOKE MILES, Executive Director
Alaska Public Offices Commission (APOC)
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 461.

MATTHEW KERR

Anchorage, Alaska

POSITION STATEMENT: Testified on behalf of himself in
opposition to HB 290.

JAMES McCURTY

Kenai, Alaska

POSITION STATEMENT: Testifying on behalf of himself during the
hearing on HB 290.

DUANE BANNOCK, Director
Division of Motor Vehicles
Department of Administration
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB
290.

KERRY HENNINGS, Driver Licensing
Director's Office
Division of Motor Vehicles (DMV)
Department of Administration
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB
290.

SHARON BARTON, Director
Central Office
Permanent Fund Dividend Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB
496.

DIANE KAPLAN, President
Rasmuson Foundation;
Member
Operations Board, Four Acre Group
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 496.

ROSEMARY HAGEVIG, Executive Director
Catholic Community Services (CCS)
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HB 496.

ACTION NARRATIVE

CHAIR PAUL SEATON called the House State Affairs Standing Committee meeting to order at [8:07:41 AM](#). Representatives Gatto, Lynn, Gardner, and Seaton were present at the call to order. Representatives Ramras and Gruenberg arrived as the meeting was in progress.

HB 461-LEGISLATIVE DISCLOSURES

[8:08:25 AM](#)

CHAIR SEATON announced that the first order of business was HOUSE BILL NO. 461, "An Act relating to disclosure to the Alaska Public Offices Commission of information about certain income received as compensation for personal services by legislators, public members of the Select Committee on Legislative Ethics, and legislative directors subject to the provisions of law setting standards of conduct for legislative branch officers and employees; and providing for an effective date."

[8:08:34 AM](#)

REPRESENTATIVE GARDNER offered a synopsis of HB 461, as sponsor. She stated that there are disclosure laws in place related to legislators. She said, however, that there is a loophole: legislators can report income, but they don't have to report what they did for that income. She said that is incomplete information that does not allow the voting public enough information upon which to make determinations about what kind of work the legislature is doing. That in turn, she added, affects the public's judgment about legislators' interests and focus. The proposed legislation would remove that loophole, requiring legislators to describe "in broad terms" the work they do and the approximate amount of time spent on that work.

[8:09:59 AM](#)

REPRESENTATIVE GATTO asked Representative Gardner to illustrate the meaning of "disclosure in broad terms."

[8:10:12 AM](#)

REPRESENTATIVE GARDNER said, for example, if a legislator owned a business and "had a \$10,000-a-year support contract with somebody," he/she would disclose that amount, as well as saying, "I provide text support [and] problem solving, and I expect it to take me five hours a month."

8:10:52 AM

REPRESENTATIVE GATTO asked if it would be enough to say, "I work for an oil company," or if the person would have to say, "I'm a cook for the oil company," or be even more specific and say what meal he/she cooks.

REPRESENTATIVE GARDNER noted that if a person is an employee, then that would be reported differently. If the person in question was doing contract work for the oil company, he/she could disclose how many meals are provided and over what period of time.

8:11:50 AM

CHAIR SEATON clarified that the bill does not address all employment or businesses, but solely personal services. He offered an example.

8:12:50 AM

REPRESENTATIVE GATTO directed attention to the phrase "income in excess of \$5,000", shown on page 2, [line 3], of the bill, and he said he interprets that to mean "in your lifetime."

8:13:07 AM

REPRESENTATIVE GARDNER responded:

This is current law; ... this is what we already have to report to [the Alaska Public Offices Commission (APOC)]. All my bill does is simply say [that] to say I earn \$5,000 for consulting work is not enough. You have to give a brief description of what kind of consulting work you're doing.

CHAIR SEATON stated his understanding that the \$5,000 refers to an annual amount, because it pertains to the APOC report.

8:13:53 AM

CHAIR SEATON noted that an amendment would be made on page 2, line 4, [after "personal services"], adding: "and as to a dividend received from a limited liability corporation as compensation for personal services". He said he mentioned this

well ahead of offering the amendment so that the public would know about the concept.

[8:15:10 AM](#)

BROOKE MILES, Executive Director, Alaska Public Offices Commission (APOC), reviewed that APOC administers and enforces the disclosure sections of the Legislative Ethics Law. Regarding, "as to income in excess of \$5,000 received as compensation for personal services", she said the language does apply to "employment as well as to self-employment." She stated her greatest concern regarding the proposed requirement of describing in detail the nature of services performed is that it is very broad. She said without a bright line showing "where we must request this additional information," APOC could be vulnerable to accusations of favoritism. She offered an example.

[8:17:34 AM](#)

MS. MILES also expressed concerned with the language on [page 2, beginning on line 5], which read: "and the approximate number or hours that have been or will be spent performing the services". She continued:

The words "or will be" are superfluous. This requirement specifically states that each filing - for example the filing that each of you made on March 15 - represents your financial activities for the former calendar year. In other words, on March 15, you file a ... 2006 legislative financial disclosure, and it encapsulates your financial picture for calendar year 2005. Thus, you're not required to be prospective with the disclosure.

[8:18:59 AM](#)

CHAIR SEATON, after ascertaining that there was no one else to testify, closed public testimony.

[8:19:11 AM](#)

REPRESENTATIVE GARDNER offered her understanding that under current law, legislators are required to report the nature of the services performed. She asked if it meets current law when people write down contract or consulting work.

[8:19:50 AM](#)

MS. MILES answered that those who have disclosed, for example, that they were a consultant have met the requirements of current law.

[8:20:04 AM](#)

REPRESENTATIVE GARDNER asked Ms. Miles if she could suggest the bright line she is looking for that would require legislators to give more information about what kind of consulting work they do.

[8:20:16 AM](#)

MS. MILES responded that there may be a direct way to ask consultants, business managers, management services, and analysts, for example, for more detailed information without having to ask, for example, for more specific information from lawyers and fishermen. She said she does not currently have a suggestion for how to do that, but she expressed her willingness to work with legislative staff on the issue.

[8:21:29 AM](#)

CHAIR SEATON stated that he thinks the existing language of the proposed bill is more encompassing than the committee would like to adopt, but he said he understands the issue at hand.

[8:22:03 AM](#)

REPRESENTATIVE GARDNER reemphasized that she welcomes suggestions. Regarding "will be spent performing the services", she said she thinks there are contracts and agreements for which the contractor is paid up front for work to be performed over a period of time, thus she said it seems reasonable to require the legislator involved to specify that the contract covers "X" number of hours.

[8:23:44 AM](#)

MS. MILES, in response to a question from Chair Seaton, said she thinks it would be okay for an individual to report a payment that was received in calendar year 2005, for services that, after January 1, 2006, were not completed; however, it would not be "within the purview of this chapter" to include "an agreement

to do something in the next calendar year for payment that will be received in the next calendar year."

[8:24:16 AM](#)

CHAIR SEATON said he thinks the first example is "what the language is trying to get at." He opined, "I think it's important that the uncompleted work estimate be there as well, so that we don't give the public the misimpression of a payment received in one calendar year." He asked Ms. Miles to work with the sponsor on the language.

[8:24:58 AM](#)

CHAIR SEATON moved to adopt Amendment 1, which read as follows [original punctuation provided]:

Page 2, line 4, following "services,":

Insert "and, as to a dividend received from a limited liability corporation, as compensation for personal services,"

[8:25:32 AM](#)

REPRESENTATIVE GRUENBERG objected for discussion purposes.

[8:25:42 AM](#)

CHAIR SEATON explained that limited liability corporations (LLCs) are businesses - often conducted as partnerships - that report income as dividends. He said:

And, of course, ... dividends and interest over \$5,000 has to be reported, although the amounts of dividend or interest over \$5,000 from a source are not ... reported. But amounts over \$5,000 from business that you do [are] reported as the actual amount. And so, this just clears up a little glitch in the system that could get a legislator in trouble, because you have a form that says you received this as a dividend, and yet later it could be said, "Well, you were actually doing this as a partner in a business." And therefore, it could draw an ethical question. Whereas, if we clean it up here, it eliminates the problem of ethical questions, because everybody's

fully aware of what a dividend from an LLC would --
how it would have to be reported.

[8:26:56 AM](#)

REPRESENTATIVE GARDNER questioned the need for the word "personal" in Amendment 1.

[8:27:14 AM](#)

CHAIR SEATON responded that he checked with Legislative Legal and Research Services and was told that "to be within the title of the bill, this was the way to write it." Notwithstanding that, he indicated his willingness for other suggestions.

[8:27:44 AM](#)

REPRESENTATIVE GRUENBERG suggested that if Representative Gardner wants to delete the word "personal", she could do so, and then an amendment could be made to the title of the bill.

[8:27:49 AM](#)

REPRESENTATIVE GARDNER moved Amendment 1 to Amendment 1, to delete "personal" from Amendment 1, and also to delete "personal" from the title of the bill on page 1, line 2.

[8:28:17 AM](#)

CHAIR SEATON objected to Amendment 1 to Amendment 1. He noted that Section 2 addresses personal services. He asked, "So, if we remove the 'personal services' there, are we expanding Section 2 beyond ... the intent of ... Section 2?"

[8:29:09 AM](#)

REPRESENTATIVE GRUENBERG suggested making the amendment conceptual and allowing the drafter to decide what to do.

[8:29:27 AM](#)

REPRESENTATIVE GARDNER asked Ms. Miles if there is a compelling reason to keep the term, "personal services", as opposed to "business services" or any other kind of service.

[8:29:36 AM](#)

MS. MILES stated her understanding that the term "personal services" has always been used to mean self-employment. She said she is not certain if dropping the word "personal" would expand the meaning, or not.

[8:30:08 AM](#)

CHAIR SEATON asked Ms. Miles if, perhaps, "personal services" refers to self-employed work, whereas "services" might include all employees.

[8:30:31 AM](#)

MS. MILES replied:

This is the section where regular employees also report. So, "personal services" are for people who are regularly employed when they're not serving in the legislature, as well. "Services", I think, could be broader than that, but certainly would not include services for which no payment was received or payment [was] \$5,000, or less. But it just seems that "services" perhaps could be broader than that. I'd need to ... talk it over with [the] Department of Law, who advises us.

[8:31:15 AM](#)

CHAIR SEATON said he would like to withdraw Amendment 1 to Amendment 1, then withdraw Amendment 1, and hold the bill for the sponsor to work on the language before the committee hears the bill again.

REPRESENTATIVE GRUENBERG said he has in mind a technical amendment for Amendment 1.

[8:32:07 AM](#)

REPRESENTATIVE GARDNER withdrew her motion to adopt Amendment 1 to Amendment 1.

[8:32:26 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt Amendment 2 to Amendment 1, as follows:

Between "and" and "as"

Insert "."

Between "corporation" and "as"

Insert "."

[8:33:00 AM](#)

CHAIR SEATON asked if there was any objection to [Amendment 2 to Amendment 1]. There being none, it was so ordered.

[8:33:35 AM](#)

CHAIR SEATON withdrew [Amendment 1, as amended].

[8:34:06 AM](#)

CHAIR SEATON noted that at the next hearing of the bill he would reopen public testimony to accommodate someone he had missed who had wanted to testify.

[HB 461 was heard and held.]

HB 290-REQUIREMENTS FOR DRIVER'S LICENSE/I.D.

[8:34:37 AM](#)

CHAIR SEATON announced that the next order of business was HOUSE BILL NO. 290, "An Act relating to issuance of identification cards and to issuance of driver's licenses."

[8:36:02 AM](#)

REPRESENTATIVE LYNN, as sponsor, reviewed that the bill would require a person to have a legal presence in the U.S. in order to be issued an Alaska driver's license. He stated that he would hate to see the bill complicated with several amendments.

[8:36:58 AM](#)

MATTHEW KERR testified on behalf of himself in opposition to HB 290. He paraphrased from his written testimony [included in the committee packet], which read as follows [original punctuation provided]:

Good morning once again, Mr. Chairman and Committee Members!

Thank you for having me here. This process has all been very educational. I've been thinking that maybe I should quit my day job!

I'm sure all of you are aware of my opposition to this bill. I've done a lot of research in the past few weeks, and so I'm not here just to repeat my previous testimony. I hope it will be as interesting to you as it was for me to write it.

Before I start, I want to give a fuller disclosure about why I've chosen to oppose this bill. I am not for illegal immigration, and I do in fact support criminally charging employers who hire illegal labor, and removing illegal immigrants in most situations when they are discovered. I am friends with some legally-present foreign students, but that has given me far more insight than bias. The reasons I oppose this bill are actually much more selfish.

[8:39:47 AM](#)

This bill does not discourage illegal immigration or terrorism. It targets the wrong people, and it is not enforceable. In reality, passing this bill would actually decrease our public safety. I will explain these reasons to you.

This bill does not discourage illegal immigration. I cannot imagine that people intending to stay here illegally would present themselves to the DMV for a license in the first place. Even if they did, early expiration of their driver's license would not realistically cause them to leave. California's current illegal population is *prima facie* proof of this. They are not starved for identification, as passports and foreign licenses are completely valid documents used for driving, flying, buying a beer, and opening a bank account.

This bill does not discourage terrorism. Fifteen of the nineteen hijackers were legally present on Sept 11. If those last four hadn't had their driver's licenses, they would have used their passports to board their flights. Also, more acts of terrorism have been committed in this country by American citizens than by foreigners. Remember Ted Kaczynski (the

Unabomber), David Koresh, Timothy McVeigh, some members of PETA, the Animal Liberation Front, the Earth Liberation Front, etc.

In the Senate Finance Committee, Senator Huggins recalled the recent sad events involving Mohammed Reza Taheri-Azar, the UNC graduate who drove his rental car into a group of students "to avenge Muslims," as an example of terrorism that this bill could have prevented. This man immigrated to the US in 1985 as was either a permanent resident or a U.S. citizen. He was kicked out of his fraternity due to excessive drug and alcohol use. His problems are related to mental illness; not his nationality or immigration status. He would not have been affected by this legislation in any way.

This brings us to my next point. This bill targets the wrong people. By far, our largest group of long-term non-immigrant visitors is foreign students. They are the ones that will be subject to repeated, annual license renewals. Foreign students are a major presence in the US at the graduate level in the fields of math, engineering, and science. They are typically the cream of the crop from their home countries, and it gets even better. They're paying full price - subsidizing tuition rates for our students! - because they are not usually eligible for scholarships, financial aid, or resident tuition pricing. Foreign students generate \$13 billion in yearly revenue in the US. They are the model of the kind of person we want immigrating to our country (legally, of course).

Unfortunately, the extra paperwork and processing at the national level has already caused these students to study elsewhere. Berkeley had 950 international graduate students in 1999, and 425 - less than half! - by 2005. Last April, Bill Gates announced during a Library of Congress forum that Microsoft is shifting more work overseas as a direct result of fewer foreigners studying and staying in the US. I agree with valid security measures to keep out terrorists during the visa process, but this bill doesn't prevent terrorism. There is already a federal computer system named "SEVIS" to monitor the status of foreign students in the US. It would certainly turn me off of a new country if I got to spend the night in jail

because I overlooked my annual license renewal during finals week. Forcing foreign students to renew their driver's license annually does not make me any safer, but it does add another bureaucratic hoop that might make a student decide to go somewhere more tolerant.

This bill is not enforceable. I am holding a passport of a legally-present foreign student. Inside, there is no US visa. This country, like many others, only issues passports for five years, so it had to be renewed while the student was already here. The US does not issue visas domestically. This piece of paper is the form that makes the student legally present in the US. It is hardly a tamper-proof document. It's no surprise that our immigration law is very complex, and many, many different types of documents and combinations thereof can prove legal status. When this student recently re-entered the US, the federal immigration officer had to scratch her head for a few minutes to recall the rules before approving the entry. I don't believe that the DMV will be as well equipped to make that determination. Imagine that scenario at the DMV in your mind.

So far, I've told you about what this bill won't do. What this bill will do is reduce public safety on our roads. This reasoning applies to all long-term foreigners and not just students. How many people in the US have been killed or injured by illegal immigrants or acts of terrorism? How many people are killed or injured on our roads each day due to unsafe driving and uninsured drivers? The primary fallacy of this bill is that it assumes that people can only drive here legally with a domestic driver's license. The standard operating procedure to get licensed in Moscow involves handing a nice, crisp \$50 bill to the test examiner. You can see this in their traffic fatality rates. We would all love for illegal immigration to disappear overnight. But realistically speaking, would you rather be driving on the road next to an illegal immigrant with an Alaska driver's license and driving record, or an illegal immigrant without either?

[8:42:59 AM](#)

I have one last piece of research on that topic. The DMV official who testified in this committee last time said that it was possible for foreign-licensed or unlicensed drivers to obtain liability insurance. I called Geico, State Farm, Allstate, and AIG. I had one "No," two "I don't think so; call later," and one "Only for 30 days." For all intents and purposes, that effectively means that an illegal immigrant with an expired license would not be able to obtain liability insurance. For those reasons, this bill would decrease public safety.

Currently, our DMV checks for legal entry to the US when a foreigner applies for a license, and they are treated the same way as everyone else thereafter. This system works fine. It's a good balance and it doesn't need to be changed.

This legislation adds some bureaucracy at the DMV with the laudable goal of preventing illegal immigration and/or terrorism. Unfortunately, it effectively trades away a small piece of our safety without preventing either. It is not enforceable. It makes it more difficult for people that are legitimately here, without adding any actual deterrent to someone who isn't. I won't even bring up again the data security issues indirectly caused by this bill.

Thank you again, Mr. Chairman and committee members, for your consideration of my testimony. I provided some of your offices with supporting documentation for my earlier testimony, and I have some spare copies with me today if any of you are interested.

[8:44:03 AM](#)

One last item: The New Hampshire bill against the Real ID Act has passed their House with a vote of 270-84 and is now going through their Senate committees.

I ask all of you again to vote against this bill. I would be happy to answer any questions.

[8:44:15 AM](#)

REPRESENTATIVE LYNN asked Mr. Kerr if, through his research, he has been able to ascertain if any one could immigrate illegally to Canada or Mexico and be able to get a driver's license there.

[8:45:00 AM](#)

MR. KERR responded that it would not be difficult to live illegally in Canada or Mexico, because a person could use his/her domestic licenses and passports and would not be subject to many immigration checks. As for other countries, Mr. Kerr said he does not know the licensing requirements, but he said he is aware anecdotally of an American citizen spending an extended time in Russia who obtained a license there.

[8:45:28 AM](#)

REPRESENTATIVE LYNN specified, "If I illegally immigrated to Mexico, would I be able to get a Mexican driver's license?"

[8:45:54 AM](#)

MR. KERR answered that corruption is a major issue in Mexico, and he speculated that if someone were to present him/herself at the Mexican department of motor vehicles, he/she would probably not have any trouble obtaining a driver's license, regardless of immigration status.

[8:46:22 AM](#)

CHAIR SEATON said he thinks the witness is being asked to speculate beyond the scope of his research.

[8:47:24 AM](#)

MR. KERR, in response to a question from Representative Gatto, said the passport he brought with him is a current passport for a foreign student legally present in the U.S., and it was issued within the U.S. by the foreign embassy of the student's country.

[8:47:51 AM](#)

REPRESENTATIVE GATTO asked Mr. Kerr if he knows the reasons that New Hampshire voted down a similar bill.

[8:48:23 AM](#)

MR. KERR replied that New Hampshire was voting against a broader bill that encapsulated other parts of the federal Real ID Act, including the gathering of licensing information into nationally accessible databases.

[8:49:08 AM](#)

CHAIR SEATON recalled that Mr. Bannock, the director of the Division of Motor Vehicles, had testified during the last hearing of HB 290 that the division is planning to scan, verify, and archive information from the documents that people present for identification when applying for a license.

[8:49:21 AM](#)

REPRESENTATIVE LYNN said he remembers the same.

[8:49:35 AM](#)

MR. KERR indicated that he had just received a document that addresses the "nonidentification [driving] certificate." He said, "It seems to me like it could be a reasonable way of solving the problem, although I haven't looked into it in depth."

[8:49:59 AM](#)

REPRESENTATIVE GATTO related that he knows a foreign exchange student from Norway who got a driver's license in the U.S., because it was so much less expensive than getting one in her country, and it would be valid in her country. He asked, "Does that compromise the Real ID [Act], the fact that ... it was so easy for her to get a driver's license in this country?"

[8:51:17 AM](#)

CHAIR SEATON told Mr. Kerr that he does not want him to feel he has to testify beyond the area of his research or expertise.

[8:51:21 AM](#)

MR. KERR responded by saying he believes it typically is standard that driver's licenses are based on "usual residence," irrespective of citizenship. He stated, "Because a foreign license is ... valid in most other countries up to some specified time, ... this effectively means that if someone wanted to drive legally in the U.S., ... they could ... easily

use their home license effectively, indefinitely, because it's not marked on your license exactly when you enter the country." He added, "Also, it would be possible for someone to obtain a license in any number of third countries that have less stringent procedures than ours."

[8:52:53 AM](#)

JAMES McCURTY, testifying on behalf of himself, addressed the bill's proposed language related to identification that would be required to obtain a commercial license. He indicated that there would be much time involved and inconvenience for a person to prove that he/she is a U.S. citizen. He mentioned the original Patriot Act. Mr. McCurdy stated, "The federal government has not done their job. It's been pushed onto the state, and then you're just trying to dump it into my lap, to reaffirm that I'm an American, and a loyal American."

[8:58:58 AM](#)

CHAIR SEATON, after ascertaining that there was no one else to testify, closed public testimony.

[9:00:10 AM](#)

DUANE BANNOCK, Director, Division of Motor Vehicles, Department of Administration, in response to a question from Representative Gruenberg, confirmed that the current fiscal note is accurate.

[9:00:35 AM](#)

REPRESENTATIVE GRUENBERG referred to an article in The New York Times, dated July 19, 2005, from the National Governors' Conference [included in the committee packet]. He said the article shows that various governors are concerned that the Real ID Act will have significant negative economical impact on state governments, will take considerable time to implement, and was "poorly thought through." He asked Mr. Bannock if he is aware of those concerns and, if so, why he has not addressed them in his fiscal note.

[9:02:10 AM](#)

MR. BANNOCK explained that the concerns that Representative Gruenberg highlighted have to do with the Real ID Act, whereas his fiscal note relates solely to HB 290. He directed attention to the last line in the analysis section of the fiscal note,

which read: "Other costs may be associated with the Real ID Act that will not be noted until later." He said his own opinion mirrors that of 49 other DMV directors, and that is that regulations are not sufficient "in order to be compliant in this section with this Real ID Act"; statutes are necessary. He said what is being made law is already current DMV practice. He said the bill would also allow the DMV to affix an expiration on a license for a legal alien to match the end of that person's legal stay in the U.S. Currently, all driver's licenses and identification cards issued by the DMV expire "on the fifth following birthday after issuance."

[9:05:50 AM](#)

MR. BANNOCK, in response to Representative Gruenberg and Chair Seaton, said the regulations to which he previously alluded are: 13 AAC 08.330. He said the regulations have been around for a while. He stated, "If a person is in America legally, they will have documents as required by that regulation today."

[9:07:01 AM](#)

CHAIR SEATON said he is concerned about requiring DMV staff to determine the validity of documents without sufficient training. He asked if Mr. Bannock is saying that the DMV staff is already conducting those checks.

MR. BANNOCK answered yes.

[9:08:11 AM](#)

MR. BANNOCK, in response to questions from Representative Gruenberg, said the DMV, by regulation, is already denying licenses to illegal aliens, and the statutory authority for that regulation is, he guessed, AS 28.15.221.

[9:09:05 AM](#)

REPRESENTATIVE GRUENBERG said he is not aware of any such statute and, thus, is wondering if either the DMV's policy or regulation exceeds its statutory authority.

[9:09:28 AM](#)

REPRESENTATIVE GARDNER asked Mr. Bannock to tell her, under current policy and practice, what the function and purpose of a driver's license is.

[9:09:45 AM](#)

MR. BANNOCK said having a driver's license proves that a person has both the knowledge and the skill to operate an automobile.

[9:10:29 AM](#)

REPRESENTATIVE LYNN stated his understanding that having a driver's license is a privilege, not a right.

MR. BANNOCK said [the DMV] subscribes to the same concept.

[9:11:02 AM](#)

REPRESENTATIVE GRUENBERG said he had looked up AS 28.15.221, and it addresses the point system.

MR. BANNOCK corrected his previous estimation to say that the statute is actually [AS 28.15.061].

[9:11:20 AM](#)

REPRESENTATIVE GRUENBERG asked Mr. Bannock to specify where in the statute it gives authority to the DMV to deny licenses to illegal aliens.

[9:11:34 AM](#)

MR. BANNOCK answered (b)(5), which read as follows:

(5) contain other information that the department may reasonably require to determine the applicant's identity, competency, and eligibility.

[9:11:59 AM](#)

REPRESENTATIVE GRUENBERG opined that none of the terms in paragraph (5) give the DMV the aforementioned legal authority.

[9:12:32 AM](#)

MR. BANNOCK said that by regulation, if an illegal alien showed up at the DMV, he/she would not have the document that the DMV has the authority to use by regulation in order to establish his/her identity.

CHAIR SEATON said the committee will ask for a legal opinion from the Department of Law.

[9:13:17 AM](#)

REPRESENTATIVE GATTO asked if there is anything beyond taking a written test and a driving test that a person must do to qualify to receive a driver's license.

[9:13:36 AM](#)

MR. BANNOCK answered that it is also necessary to verify both the person's age and identity. Some states use high school yearbook photos, for example, a practice that Mr. Bannock said the Alaska DMV has no intention of adopting. An application for a driver's license must contain the licensee's name, date and place of birth, and both mailing and residence addresses. He said, "So, before we issue the license based on that information, is it reasonable to suggest that we have some sort of verification of that before we issue the license? I suggest that, yes, we do."

[9:14:54 AM](#)

REPRESENTATIVE GATTO related that his son had applied for a license using his student identification to support his identity. He indicated that he was with his son at the school at the time and merely verified verbally his son's identity and date of birth. He questioned the DMV using something that seems so "flimsy" for its verification.

[9:16:04 AM](#)

MR. BANNOCK deferred the question to Kerry Hennings, the manager of DMV's Driver Licensing.

[9:16:18 AM](#)

KERRY HENNINGS, Driver Licensing, Director's Office, Division of Motor Vehicles (DMV), Department of Administration, told Representative Gatto that in lieu of a birth certificate, DMV accepts a parent's affidavit and identification, which she surmised is what Representative Gatto offered during his son's application for his school ID. In response to a remark by Representative Gatto, she indicated that this manner of issuing an ID is not common, but is an exception for people who do not

have their birth certificate but are accompanied by their parents.

REPRESENTATIVE GATTO offered more details regarding that visit with his son. He explained that he wants to ferret out ways to cheat the system, because if there is a way, someone will.

[9:18:37 AM](#)

MS. HENNINGS, not having been present during Representative Gatto's experience with his son, surmised that all the information that Representative Gatto brought with him would have been considered.

[9:19:00 AM](#)

CHAIR SEATON referred to a handout in the committee packet showing "13 AAC 08.330 Requirements of applicant." One of the methods currently accepted as proof of date of birth is an out-of-state driver's license. He asked Ms. Hennings if that would change.

MS. HENNINGS said the DMV has written new regulations it expects to be adopted during summer of 2006, at which point the out-of-state driver's license will not be used as a form of identification, but only will be used to show proof of the knowledge and skills to operate an automobile.

[9:20:06 AM](#)

CHAIR SEATON noted other items listed under 13 AAC 08.330(b)(4) that he thought may no longer be accepted should the bill be adopted: a credit card, a life insurance policy, or "other evidence of comparable validity." He said he presumes a parent's affidavit would also be excluded.

MS. HENNINGS said Chair Seaton is correct.

CHAIR SEATON asked, "If this bill becomes law, what are the single pieces of documentation that you can use to prove U.S. citizenship before you can get an Alaska driver's license?"

[9:20:58 AM](#)

MS. HENNINGS said she doesn't currently have a draft of the new regulations before her; however, she said she would get a list

to the committee. That list includes: a birth certificate, a passport, and proof of birth abroad.

[9:21:40 AM](#)

REPRESENTATIVE GRUENBERG asked Mr. Bannock if he can point to any authority for the DMV to eliminate the ability of an illegal alien to get a driver's license.

[9:22:34 AM](#)

MR. BANNOCK responded that he does not have an answer for Representative Gruenberg without researching the issue.

CHAIR SEATON asked Mr. Bannock to do that research and get back to the committee with it.

[9:23:20 AM](#)

MR. BANNOCK, in response to follow-up questions from Representative Gruenberg, said he has not changed policy since taking on the position of director of the DMV, and there was written policy in effect when he became director, which established [denying driver's licenses to illegal aliens].

[9:23:45 AM](#)

CHAIR SEATON asked Mr. Bannock to send that information to the committee, as well.

[9:25:20 AM](#)

MR. BANNOCK, in response to questions from Representative Gardner, said a person from Canada who did not have a Canadian driver's license could, with a passport and one other secondary piece of identification take both the written and skills test and be issued an Alaska driver's license. He said this method is particular to Canada only. Someone from any other country outside the U.S. who did not have a visa and was in the U.S. for a short visit probably would not be able to qualify for an Alaska driver's license.

[9:26:08 AM](#)

REPRESENTATIVE GARDNER noted that there are people who have social security cards that are stamped valid for employment with INS authorization only. She asked Mr. Bannock, "Is that a

document that you would accept for purposes of identification in issuing a driver's license?"

[9:26:23 AM](#)

MR. BANNOCK said, "We have defined our list into primary and secondary. You will be forwarded a copy of that list. Social security ... cards are considered a secondary item, and [yes], it would be accepted."

[9:26:45 AM](#)

REPRESENTATIVE LYNN remarked the committee is considering the merits and possible demerits of HB 290; the DMV is not on trial. Second, he stated that the issue is simple and a matter of common sense: "Either we comply with the ... Real ID Act, or we do not, whether we like that Act or not. ... In addition, we're either present legally in the U.S. and, by extension, Alaska, or not. And if we're not here legally, we don't have a right to ... any privilege - driver's license or anything else."

[9:27:31 AM](#)

CHAIR SEATON requested that a committee member offer Amendment 1 so that it is available for the public's perusal.

[9:27:43 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt Amendment 1, labeled 24-LS0981\Y.2, Luckhaupt/Cook, 4/3/06, which read as follows:

Page 1, line 5:
Delete "not"

Page 1, line 6:
Delete "not"

Page 1, line 10:
Delete all material.
Insert "(i) The department may issue an"

Page 2, following line 8:
Insert a new subsection to read:
"(j) The department may issue an identification card under (a) of this section to a person who does not present documentary evidence under (h) or (i) of this section. The identification card must be

different in color from those issued under (h) or (i) of this section and must bear on its face the following notice: "This identification card may not be accepted by any federal agency for federal identification or any other official purpose."

Page 2, line 31:

Delete "(7) [OR (8)]"

Insert "or

(7) [(8)]"

Page 3, line 1:

Delete "; or"

Insert "."

Page 3, line 2, through page 4, line 1:

Delete all material and insert:

"* **Sec. 3.** AS 28.15 is amended by adding a new section to read:

Sec. 28.15.033. Form of drivers' licenses. (a) The department shall issue, renew, or reinstate to an otherwise qualified person a driver's license that may be used as identification by a federal agency if the person presents to the department valid documentary evidence that the person is a citizen of the United States, a national of the United States, a legal permanent resident of the United States, or a conditional resident alien of the United States. A person who is seeking a renewal of, duplicate of, or change of legal name on a license is presumed to meet the requirements of this subsection if the license has not expired or been cancelled, suspended, or revoked and the person has not been disqualified from obtaining a license. If the department has been notified by a local, state, or federal government agency that the person seeking a renewal of, duplicate of, or change of legal name on a license is not a citizen of the United States or is not legally in the United States, then the presumption available in this subsection does not apply. The department may by regulation specify what is valid, documentary evidence under this subsection, except that the department may not specify that a matricula consular card is valid, documentary evidence.

(b) The department shall issue, renew, or reinstate to an otherwise qualified person a driver's license that may be used as identification by a

federal agency if the person presents to the department in person valid, documentary evidence of the person's legal status and presence in the United States. A license issued under this subsection may be renewed only on presentation of valid, documentary evidence that the status by which the person qualified for the license has been extended by the proper United States government authority. A change of name for a license issued under this subsection may be made only on presentation of valid, documentary evidence that the person's name has been changed with regard to the status by which the person qualified for the license. A duplicate license for a license issued under this subsection may be issued only on presentation of valid, documentary evidence that the person's status by which the person qualified for the license remains valid and in effect. The department may by regulation specify what is valid, documentary evidence under this subsection, except that the department may not specify that a matricula consular card is valid, documentary evidence.

(c) The department shall issue, renew, or reinstate a driver's license to an otherwise qualified person who does not present documentary evidence under (a) or (b) of this section. The license must be different in color from those issued under (a) or (b) of this section and must clearly bear on its face the following notice: "This driver's license may not be accepted by any federal agency for federal identification or any other official purpose."

Renumber the following bill sections accordingly.

Page 4, line 9:

Delete "AS 28.15.031(b)(8)(B)"

Insert "AS 28.15.033(b)"

[9:28:10 AM](#)

REPRESENTATIVE LYNN AND CHAIR SEATON objected.

[9:28:19 AM](#)

CHAIR SEATON announced that HB 290 was heard and held.

DRAFT

HB 496-CONTRIBUTIONS FROM PERM. FUND DIVIDENDS

9:28:38 AM

CHAIR SEATON announced that the last order of business was HOUSE BILL NO. 496, "An Act relating to contributions from permanent fund dividends to certain educational organizations and to certain charitable organizations that provide a positive youth development program, workforce development, aid to the arts, or aid and services to the elderly, low-income individuals, individuals in emergency situations, disabled individuals, or individuals with mental illness; and providing for an effective date."

CHAIR SEATON highlighted the purpose of the bill, [as described in the first paragraph of the sponsor statement, which read in part as follows]:

This bill establishes a check-off on the electronic Permanent Fund Dividend application form that would allow an applicant to donate a portion of their PFD check to an eligible charitable organization, a community foundation, each campus of the University of Alaska, and postsecondary education and vocational training organizations.

CHAIR SEATON noted that HB 496 is a House version of a similar Senate bill. He pointed out that there are letters of support included in the committee packet, including letters from the Rasmuson Foundation and from Samantha Castle Kirstein, the executive director of the Fairbanks Community Food Bank.

9:31:15 AM

CHAIR SEATON said there are differences between the House and Senate versions of the bill. First, the title of HB 496 includes community foundations, and the following related language has been added to page 3, line 9: "for a community foundation, benefits to a defined geographic area". The other change is on page 3, line 18, which read: "this paragraph does not apply to a community foundation". He indicated that the latter reference would be subject to "a couple of amendments." He directed attention to page 4, line 7, which includes a definition of community foundation as follows:

(i) For purposes of this section, "community foundation" means a nonprofit, autonomous, philanthropic institution that is organized and operated primarily as a permanent collection of endowed funds for the long-term benefit of a defined geographic area within one or more municipalities, that has a long-term goal of increasing its permanent unrestricted charitable endowment to benefit the area served, that primarily provides benefits by making grants and may also provide other forms of charitable services, that makes grants that are not limited to providing one type of benefit or to serving one population segment, and that makes grants to multiple grantees.

[9:32:33 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt the proposed committee substitute (CS), Version 24-LS1793\Y, Cook, 4/3/06, as a work draft.

[9:33:10 AM](#)

CHAIR SEATON objected for discussion purposes.

[9:33:18 AM](#)

REPRESENTATIVE LYNN said the bill makes the act of donating to charity convenient and he sees no particular problem with the bill.

[9:33:41 AM](#)

CHAIR SEATON said there are some restrictions; it only applies to those people who file their PFD electronically, and there are certain terms the nonprofit agencies must meet [as listed in the bill].

[9:34:24 AM](#)

REPRESENTATIVE GRUENBERG revealed that his wife is involved in a nonprofit organization called, "Anchorage Unleashed," and because of that he declared a conflict of interest and asked to be excused from "everything with this bill."

[9:34:56 AM](#)

REPRESENTATIVE LYNN objected.

9:35:07 AM

CHAIR SEATON removed his previous objection; therefore, Version Y was before committee.

9:35:31 AM

CHAIR SEATON disclosed that his family has a fund within the homeless community foundation, which, he said, is why he knows that community foundations are worthwhile.

9:35:36 AM

REPRESENTATIVE GARDNER objected.

9:35:46 AM

REPRESENTATIVE GATTO asked how a person's donation through the PFD application would be treated by the Internal Revenue Service (IRS).

9:36:14 AM

CHAIR SEATON said he would call forwarded a representative of the Permanent Fund Division to answer that question. Notwithstanding that, he offered his understanding that relating to taxes, there is no difference between checking off a box on the PFD and donating the money directly to a charity.

9:36:45 AM

SHARON BARTON, Director, Central Office, Permanent Fund Dividend Division, Department of Revenue, directed attention to page 2, [beginning on line 23, through line 26], which read as follows:

In addition, the educational organization, community foundation, or charitable organization

(1) must apply for inclusion on the contribution list for the current dividend year on the form required by the department before August 1 of the qualifying year;

MS. BARTON said the August 1 deadline needs to be moved back to June 15, particularly in the first year, in order for the

division to make computer changes and other adjustments, and to allow time for foundations to evaluate whether certain groups meet the set criteria. Then, she said, she will need time to go through the applications and the information provided by "the agent" to make an independent decision on each application. In response to a question from Chair Seaton regarding the June 15 date, she said that date would allow the United Way and Rasmuson Foundation 45 days for consideration, but she recalled that originally they had wanted more time; therefore, she recommended the committee check with those organizations.

[9:40:42 AM](#)

CHAIR SEATON asked if there would be anything that would limit the [educational organization, community foundation, or charitable organization] from making their applications before June 15.

[9:41:19 AM](#)

MS. BARTON responded that she views the June 15 date as a deadline, not a window of opportunity; therefore, she said those entities would certainly be allowed to apply before the deadline of June 15.

[9:42:09 AM](#)

MS. BARTON recommended that the committee look at the random order requirement on page 2, [beginning on line 9], which read as follows:

(b) The department shall list each campus of the University of Alaska and shall list each educational organization, community foundation, or charitable organization eligible under (c) or this section on the contribution list in random order, and the order shall be changed each year.

MS. BARTON suggested that the random order will make it difficult for members of the public to find their charity among a list that possibly includes 500-700 charities. She talked about making the system user-friendly for the public.

[9:43:23 AM](#)

REPRESENTATIVE GATTO asked if the information regarding the identity of the PFD applicants who check off a particular charity, for example, would be shared with that charity.

[9:44:07 AM](#)

MS. BARTON replied that that is a question that the division has not yet worked through. She said the division will provide to the agent a list of those who have contributed, the amount they have contributed, and the organization to which they have contributed. She stated her assumption that the agent would inform the organization who those contributors are, but she said she has not yet confirmed that.

MS. BARTON, in response to a remark made by Representative Gatto, explained that the division issues 1099 forms to everyone "for their dividend itself," and she indicated that the charitable gift will be reflected on that 1099 form.

[9:46:16 AM](#)

REPRESENTATIVE GRUENBERG referred back to the August 1 deadline and asked if the division will require the organizations and foundations to prove that they ... "already have their 501(c)(3) approved by the IRS before you'll put them on the list."

[9:46:55 AM](#)

MS. BARTON answered yes.

[9:46:59 AM](#)

CHAIR SEATON directed attention to page 2, [paragraph] (3), which would require the organization or foundation to have qualified for tax exempt status "during the two calendar years that immediately precede the year the application is filed". Chair Seaton pointed out, "So, this is not something that somebody can just go out and say, 'I'm going to form and organization today and get somebody to check off those things tomorrow.'"

[9:47:14 AM](#)

REPRESENTATIVE GRUENBERG said in a previous year, the committee dealt with the issue of a rolling ballot, and there was testimony that in an election there may be some advantage to being first on the list. He said he is wondering if that

positional bias applies to a check-off list of charities. If not, he said he suggests the committee amend the bill to put the list in alphabetical order.

[9:48:30 AM](#)

MS. BARTON suggested that the Rasmuson Foundation or United Way would be better able to answer that concern.

[9:50:48 AM](#)

DIANE KAPLAN, President, Rasmuson Foundation of Alaska; Member, Operations Board, Four Acre Group, in response to a question from Chair Seaton regarding the previously suggested date change from August 1 to June 15, stated:

The United Way in Anchorage is really the most adept organization in terms of handling these kinds of transactions. They currently administer the ... "SHARE" campaign for Alaska. And my sense from Michelle Brown, the president of United Way, is they would try and work within whatever timelines. Originally we were looking at August 1. I think June 15 would be a little tight, but not impossible, according to Michelle. And what we would try and do is ... maybe get together and start working on some of the documents right now, so that they could be ready to roll out as soon as the bill was signed.

[9:52:28 AM](#)

MS. KAPLAN, in response to a question from Chair Seaton, said although she did not receive a copy of Version Y, she thinks she grasps the general thrust of the bill. In response to a follow-up question from Chair Seaton, she emphasized that the Rasmuson Foundation is a strong supporter of community foundations and has created a fund itself at the Alaska statewide community foundation to encourage private donations for parks and trails around the Anchorage area, as well as for a Rotary civic project. She listed other areas of the state in which the Rasmuson Foundation has given support. She talked about funds that are bequeathed to children who later leave Alaska, and she stressed the importance of community foundations as an important part of community development.

[9:53:55 AM](#)

CHAIR SEATON asked Ms. Kaplan if she sees any problem in the bill language [on page 3, lines 17-19], which read as follows:

(9) may not make grants or contributions to an organization that is exempt from taxation under 26 U.S.C. 501(c)(4) or (6); this paragraph does not apply to a community foundation.

CHAIR SEATON indicated that there is an amendment yet to be offered related to this language.

[9:54:46 AM](#)

MS. KAPLAN stated, "I think we're all in agreement that the objective here is to get donations to [create a bona fide] ... charitable organization. ... There are some groups like Chambers who do a lot of charitable activities in certain communities. ... Personally, I can't imagine that we would have a problem with those, but I think it's something you'd have to look at carefully."

[9:55:26 AM](#)

CHAIR SEATON said, "This was just relating to community foundations, because they do offer some grants through those kind of organizations." He asked Ms. Kaplan to explain for the committee the Rasmuson Foundation's aide in implementing the bill.

[9:55:50 AM](#)

MS. KAPLAN responded as follows:

The foundation ... has become aware over time that Alaskans that are lower income and middle income tend to give very generously to charitable organizations in the state - at least around the median for other states - but the wealthier Alaskans actually do not give as much as they could. ... In fact, Alaska has ranked 49th or 50th in the country, in terms of charitable donations from people who earn \$100,000 or greater.

So, we've been looking at a lot of strategies on how to encourage people who have done well in Alaska to do well for Alaska, and community foundations are one strategy. We often do a lot of challenge grants to

organizations, where if they can raise so many dollars, we'll match them And the idea of a permanent fund check-off, of course, was successfully utilized by one of our former board members ... years ago for the Olympics bid. There have been several other attempts to do a permanent fund check-off, but they've all seemed to have fallen down because of the fiscal note and the idea that the cost of administration to the state would be too great.

So, the idea was if you could find an independent source of nonstate funds to support the administrative expenses so there wouldn't be any costs to the state for the initial term, and 100 percent of those monies people donated would go directly to the charities, ... that would give something like that a better chance of succeeding. So, our board committed - if the state legislature ... and the governor [was interested] in having something like this - to provide the initial expenses for the first three years, hoping that that would provide some comfort to give it some time to get going.

[9:57:58 AM](#)

ROSEMARY HAGEVIG, Executive Director, Catholic Community Services (CCS), told the committee that CCS is a 501(c)(3) nonprofit organization that provides a wide array of social services, including services for senior citizens, families and children, and hospice and home health care. She stated her support of HB 496, as well as for its companion bill in the Senate. She complimented the Rasmuson Foundation and the Foraker Group for moving forward and making the recommendation to the legislature. She reported that the statistics she has had the opportunity to view indicate that if only 5 percent of the recipients of the permanent fund in Alaska were to give \$100 a year, within five years there would be \$50 million in this fund.

MS. HAGEVIG stated that she thinks the means for donations that the bill proposes is something that the nonprofit sector in Alaska needs. She said that sector has become dependent upon grants for contracts, and it is a challenge to be continually having to raise funds while simultaneously providing services to people. She continued:

I also never miss the opportunity to share with policy makers the fact that because of the unique local government structure in Alaska, what the nonprofit sector provides in the way of services in our state represents the work that is traditionally done by county governments in other states. And the huge difference between that, of course, is that county governments have taxation authority, and, of course, nonprofit organizations do not. ... It is what it is, but it does present those of us who are in the business of providing the services with a number of really significant challenges.

MS. HAGEVIG concluded by saying she applauds the committee's interest in the bill, and she offered CCS's support in moving the bill forward.

[10:01:09 AM](#)

MS. HAGEVIG, in response to a question from Chair Seaton regarding the issue of random versus alphabetical listing of the organizations and foundations, speculated that the kind of people who would take advantage of the opportunity to donate probably have a good idea of where they would like to see their funds go, thus, she said alphabetical order would probably be the most effective and practical approach.

[10:02:15 AM](#)

REPRESENTATIVE GARDNER said she is stunned by the statistic that Alaska ranks 49th or 50th in the country [as related previously by Ms. Kaplan]. She said she thinks perhaps many people intend to donate money but don't get around to it. She asked if there would be advertising to let people know about [the opportunity to donate through the check-off box on the PFD application]. If so, she added, she said she thinks sharing that statistic would be valuable.

[10:02:56 AM](#)

MS. HAGEVIG said she has not had an opportunity to consider the idea. Notwithstanding that, with the involvement of United Way and the affiliation that most of the 501(c)(3) nonprofit organizations have with organizations such as the Foraker Group and the Rasmuson Foundation, she said she thinks [CCS] would participate in some sort of collaborative effort. She continued:

Each of the organizations that I'm aware of already [do] a flurry of advertising and independent fundraising, and in fact, I would imagine that you've noticed that one of the target times, in addition to the holiday season, is the flurry of requests that you get in the mail just prior to the PFD checks coming out. So, the nonprofit sector is already acutely aware of the influx into the economy of additional money at this time, and it is close enough to the end of the year that ... we encourage people to think about their IRS situation, and that this is a good opportunity to share this piece of public wealth in the state of Alaska with those ... who are less fortunate.

REPRESENTATIVE GARDNER stated, "It seems to me that if this is a new way of doing it that would happen when you apply for the PFD, it actually would give nonprofits a second bite of the apple, and it's easier for people to say yes when it's something in the future. We know that for commitments of time, as well as money."

[10:04:38 AM](#)

MS. HAGEVIG responded:

I can't speak for my colleagues in the nonprofit sector, but I know that our board of directors works very hard and tries never to miss an opportunity ... to raise friends and funds. And much of our fundraising efforts are to get our mission out there, to make people aware of the work that we're doing and, in fact, to encourage volunteer participation, which we value just as much, if not more, than the financial contribution that people make.

[10:06:31 AM](#)

MS. KAPLAN, in response to a question from Representative Gruenberg, agreed that many people write their charity donation checks at year's end. She said there will continue to be marketing toward the end of the year, but providing a box to check on the PFD will just provide another opportunity to donate.

[10:07:29 AM](#)

MS. HAGEVIG said people have to turn in their PFD applications by the last day of March, which is close to [the April 15] IRS tax filing deadline. She suggested that people's financial situation is at the forefront of their minds when they write a check to the IRS, and she added that "we, of course, would like to share in the IRS's wealth."

[10:08:45 AM](#)

CHAIR SEATON, after ascertaining that there was no one else to testify, closed public testimony.

[10:08:57 AM](#)

REPRESENTATIVE GRUENBERG noted that currently there is a check-off box on the PFD application for the college savings program. He asked why the donation can only be made up to 50 percent.

MS. BARTON said she would research an answer for Representative Gruenberg.

[10:10:07 AM](#)

CHAIR SEATON moved to adopt Amendment 1, which read as follows [original punctuation provided]:

Page 4, line 10

Delete "one or more municipalities,"

Insert "municipality,"

[10:10:16 AM](#)

REPRESENTATIVE GRUENBERG objected for discussion purposes. He moved to adopt Amendment 1 to Amendment 1, so that the word "one" is not deleted and the phrase would be "one municipality". He described that as a technical amendment.

CHAIR SEATON objected and recommended using "a municipality" instead of "one municipality".

REPRESENTATIVE GRUENBERG stated his agreement, and therefore, Amendment 1 to Amendment 1 read as follows:

Page 4, line 10

Delete "one or more municipalities,"

Insert "a municipality,"

CHAIR SEATON asked if there was any objection. There being none, Amendment 1 to Amendment 1 was adopted.

[10:11:14 AM](#)

REPRESENTATIVE GRUENBERG talked about the development of Cook Inlet in the Anchorage area, and he stated, "I would hate to have this limited to only one municipality. It would seem you very well might have a community foundation that would cover more than one."

[10:12:37 AM](#)

CHAIR SEATON, in response to Representative Gruenberg's remarks, withdrew Amendment 1, as amended.

[10:12:51 AM](#)

REPRESENTATIVE GARDNER said in trying to imagine a type of foundation that would expand municipalities, suggested a highway safety group that works on the entire Kenai Peninsula.

CHAIR SEATON clarified that a city within a borough does not count as more than one municipality under the definition.

[10:13:23 AM](#)

CHAIR SEATON moved to adopt Amendment 2, which read as follows [original punctuation provided]:

Page 3, line 19, following "foundation."

Delete "."

Insert "unless a majority of its funds over the past two calendar years that immediately precede the year the application is filed went to an organization exempt from taxation under 26 U.S.C.501(c)(4) or (6)."

[10:14:02 AM](#)

REPRESENTATIVE LYNN objected for discussion purposes.

[10:14:10 AM](#)

CHAIR SEATON moved Amendment 1 to Amendment 2, to delete "a majority" and replace it with "more than 10 percent".

[10:14:32 AM](#)

REPRESENTATIVE LYNN withdrew his objection [to Amendment 1, as amended].

[10:14:42 AM](#)

REPRESENTATIVE GARDNER objected to Amendment 2, as amended, for discussion purposes. She asked for further clarification.

[10:14:55 AM](#)

CHAIR SEATON explained, "What this would be is that if an organization had more than 10 percent of its grants in the previous two years to an organization that did 501(c)(4) or (c)(6) items, then they wouldn't qualify to be on this list."

[10:16:21 AM](#)

REPRESENTATIVE GARDNER removed her objection.

[10:16:28 AM](#)

REPRESENTATIVE GRUENBERG [objected for discussion purposes]. He questioned the phrase, "an organization". He explained that there could be a 501(c)(3) organization "that is basically a funnel that gives to a number of organizations that are (c)(4) or (c)(6), and that's all that it does." He added, "And they would escape under this."

[10:16:39 AM](#)

CHAIR SEATON said he would accept Representative Gruenberg's suggestion as [Amendment 2 to Amendment 2], which would strike "an organization" and insert "organizations" in its place. He asked if there was any objection to [Amendment 2 to Amendment 2 was adopted]. There being none, it was so ordered.

CHAIR SEATON asked if there was any objection to Amendment 2 [as amended]. [Representative Gruenberg's objection to Amendment 2,

as amended, was treated as removed.] There being no further objection, Amendment 2, as amended, was adopted.

[10:18:12 AM](#)

CHAIR SEATON moved to adopt Amendment [3], as follows:

On page 2, line 25:

Delete "August 1"
Insert "June 15"

REPRESENTATIVE GRUENBERG objected for discussion purposes. He said he would like the opinions of both Ms. Barton and Ms. Kaplan.

[10:19:25 AM](#)

MS. BARTON said both the Rasmuson Foundation and the division need to have enough time to review documents, because they can expect appeals. Until the division knows the number of organizations, it will need to "plug those organizations right in to the computer programs." She said she thinks June 15 would work for the division.

[10:21:03 AM](#)

MS. KAPLAN said June 15 would be a tight timeline, because the Rasmuson Foundation does not have any control regarding when the bill is signed. She expressed a preference for July 15.

CHAIR SEATON explained that based on what he has heard from the division, without an early enough date, "we're going to miss the entire year."

[10:22:22 AM](#)

REPRESENTATIVE GRUENBERG removed his objection to Amendment 3. There being no further objection, Amendment 3 was adopted.

[10:22:51 AM](#)

CHAIR SEATON moved Amendment 4, which read as follows:

On page 2, line 11:

Delete "random"

Insert "alphabetical"

CHAIR SEATON asked if there was any objection. There being none, Amendment 4 was adopted.

[10:23:09 AM](#)

REPRESENTATIVE GARDNER moved to report CSHB 496, Version 24-LS1793\Y, Cook, 4/3/06, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 496(STA) was reported out of the House State Affairs Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at [10:23:47 AM](#).