

**ALASKA STATE LEGISLATURE
CONFERENCE COMMITTEE ON SB 104**

May 3, 2006

5:57 p.m.

MEMBERS PRESENT

Senator Ralph Seekins, Chair
Senator Gene Therriault
Senator Gretchen Guess

Representative Lesil McGuire, Chair
Representative Bob Lynn
Representative Max Gruenberg

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 104(JUD)

"An Act relating to the crimes of unsworn falsification in the first and second degrees and false information or report; requiring the establishment of a permanent fund dividend fraud investigation unit in the Department of Revenue; and providing for an effective date."

HEARD AND HELD

HOUSE CS FOR CS FOR SENATE BILL NO. 104(JUD)

"An Act relating to the crimes of unsworn falsification in the first degree involving an application for a permanent fund dividend and false information or report involving eligibility for a permanent fund dividend; requiring the establishment of a permanent fund dividend fraud investigation unit in the Department of Revenue; relating to service in the peace corps and as a member of the United States Olympic Team as allowable absences from the state for purposes of eligibility for permanent fund dividends and to the period for filing an application for a permanent fund dividend; authorizing the Department of Revenue to issue administrative orders imposing sanctions for certain misrepresentations or other actions concerning eligibility for a permanent fund dividend and providing for administrative appeal of those orders; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 104

SHORT TITLE: PERMANENT FUND DIVIDEND FRAUD/ELIGIBILITY

SPONSOR(S): SENATOR(S) SEEKINS

02/14/05	(S)	READ THE FIRST TIME - REFERRALS			
02/14/05	(S)	STA, JUD			
02/22/05	(S)	STA AT 3:30 PM BELTZ 211			
02/22/05	(S)	Heard & Held			
02/22/05	(S)	MINUTE(STA)			
02/24/05	(S)	STA AT 3:30 PM BELTZ 211			
02/24/05	(S)	Moved CSSB 104(STA) Out of Committee			
02/24/05	(S)	MINUTE(STA)			
02/28/05	(S)	STA RPT CS		4DP	
		SAME TITLE			
02/28/05	(S)	DP: THERRIAULT, ELTON, HUGGINS, DAVIS			
03/01/05	(S)	JUD AT 8:30 AM BUTROVICH 205			
03/01/05	(S)	Heard & Held			
03/01/05	(S)	MINUTE(JUD)			
03/02/05	(S)	JUD RPT CS		3DP	2NR
		NEW TITLE			
03/02/05	(S)	DP: SEEKINS, THERRIAULT, HUGGINS			
03/02/05	(S)	NR: FRENCH, GUESS			
03/02/05	(S)	JUD AT 8:30 AM BUTROVICH 205			
03/02/05	(S)	Moved CSSB 104(JUD) Out of Committee			
03/02/05	(S)	MINUTE(JUD)			
03/07/05	(S)	TRANSMITTED TO (H)			
03/07/05	(S)	VERSION: CSSB 104(JUD)			
03/09/05	(H)	READ THE FIRST TIME - REFERRALS			
03/09/05	(H)	STA, JUD			
04/05/05	(H)	STA AT 8:00 AM CAPITOL 106			
04/05/05	(H)	Moved Out of Committee			
04/05/05	(H)	MINUTE(STA)			
04/06/05	(H)	STA RPT 4DP 1NR			
04/06/05	(H)	DP: LYNN, ELKINS, GRUENBERG, SEATON;			
04/06/05	(H)	NR: GARDNER			
04/29/05	(H)	JUD AT 4:00 PM CAPITOL 120			
04/29/05	(H)	Heard & Held			
04/29/05	(H)	MINUTE(JUD)			
05/02/05	(H)	JUD RPT HCS(JUD) NT 4DP 2NR			
05/02/05	(H)	DP: KOTT, GRUENBERG, GARA, MCGUIRE;			
05/02/05	(H)	NR: DAHLSTROM, COGHILL			
05/02/05	(H)	JUD AT 12:00 AM CAPITOL 120			

05/02/05	(H)	Moved HCS CSSB 104(JUD) Out of Committee
05/02/05	(H)	MINUTE(JUD)
05/07/05	(H)	VERSION: HCS CSSB 104(JUD)
05/08/05	(S)	CONCURRENCE MESSAGE READ AND HELD
05/10/05	(S)	CONFERENCE COMMITTEE APPOINTED
05/10/05	(S)	SEEKINS (CHAIR), THERRIAULT, FRENCH
05/12/05	(H)	SENATE MESSAGE RE CC APPOINTMENTS
04/28/06	(H)	CONFERENCE COMMITTEE APPOINTED
04/28/06	(H)	MCGUIRE, LYNN, GRUENBERG

WITNESS REGISTER

No witnesses

ACTION NARRATIVE

CHAIR RALPH SEEKINS called the Conference Committee for SB 104 to order at [5:57:32 PM](#). Present were Representatives Lesil McGuire, Bob Lynn, and Max Gruenberg and Senator Gretchen Guess and Chair Ralph Seekins. Senator Gene Therriault arrived as the meeting was in progress.

SB 104-PERMANENT FUND DIVIDEND FRAUD/ELIGIBILITY

CHAIR RALPH SEEKINS announced that the Conference Committee for SB 104 was the business before the committee. He explained that the bill passed the Senate as a Permanent Fund Dividend (PFD) fraud bill. He asked Representative McGuire to outline the House perspective.

REPRESENTATIVE LESIL MCGUIRE related that the House amended what was HB 127 into SB 104, which did two things. First it includes a civil penalty provision for fraud so that the Department of Revenue could: issue an order of forfeiture of an individual's dividend; make the individual ineligible to receive the next five dividends after the forfeiture; and impose a civil fine of up to \$3,000. The fine could be imposed administratively, which would save the division money and send a strong message that fraud won't be tolerated.

Second it restores PFD eligibility to Peace Corps volunteers. In 1981 when the Legislature established the framework for the PFD, the Peace Corps was included in the group of individuals who might qualify for an excused absence. In 1997 the Legislature removed the Peace Corps from that list. She argued that the action was arbitrary and that there was no record of abuse. The

population is limited and in any given year it has never exceeded 30. She submitted that the eligibility for Peace Corps members ought to be restored.

[6:03:44 PM](#)

Allowable absence for Olympic athletes was added on the House floor. This last year there were eight Alaskan Olympians. Obviously, she said, these folks consider themselves to be Alaskan, but their training and competition takes them away from the state longer than the allowable absence period.

In response to a question that Senator Therriault asked in a previous hearing, she suggested that adding the Peace Corps is a restoration and it's appropriate. She asked Senate committee members for their support.

[6:04:53 PM](#)

CHAIR SEEKINS recalled that when SB 104 was returned for concurrence, there was a tie vote so it failed and the conference committees were appointed. For the record he recapped that Sections 1-19 are unchanged.

REPRESENTATIVE MCGUIRE stated that Section 20 is the corpus of the difference.

CHAIR SEEKINS read the language in Section 20 of the House version to extend eligibility to Peace Corps volunteers and U.S. Olympians and asked if that was correct.

REPRESENTATIVE MCGUIRE agreed.

CHAIR SEEKINS noted that there would be renumbering and no other change.

REPRESENTATIVE MCGUIRE clarified that just Peace Corps volunteers would be eligible for the excused absence and not other members of the household.

CHAIR SEEKINS added that just members of the U.S. Olympic team are included and members of other national teams are not under consideration in SB 104.

REPRESENTATIVE MCGUIRE related that the definition coming from the House floor was directed at that issue and specifically identifies a member of the United States Olympic Team.

CHAIR SEEKINS continued to say that in addition to criminal penalties for fraud, the House added a provision for the state to impose a civil penalty of up to \$3,000, which could be imposed administratively.

REPRESENTATIVE MCGUIRE said that's correct.

CHAIR SEEKINS asked Senator Therriault if his questions had been clarified.

SENATOR THERRIAULT replied he thought so.

CHAIR SEEKINS determined that committee members had no questions for the Permanent Fund Division.

CHAIR SEEKINS explained the conference committee procedure and said the first question before the committee is whether there is agreement on either version.

[6:10:51 PM](#)

REPRESENTATIVE GRUENBERG directed attention to the \S House version and stated for the record that there ought to be a technical change on page 8, line 27. Delete the word "that" and insert "who" for the reference to the treating physician.

[6:11:45 PM](#)

REPRESENTATIVE MCGUIRE motioned to adopt the House version 24-LS0519\S as the Conference Committee Substitute for SB 104 and to move it from committee.

CHAIR SEEKINS asked for a roll call and the motion failed. Representatives Gruenberg, Lynn, and McGuire voted yea. Senator Guess voted yea and Senators Therriault and Seekins voted nay.

At ease from [6:13:08 PM](#) to [6:15:36 PM](#).

CHAIR SEEKINS stated that the problem relates to the effective dates.

REPRESENTATIVE GRUENBERG referenced the last page of the House version and recommended that the staff draft a letter asking for limited powers to change the effective dates in Sections 34, 36, and 37.

CHAIR SEEKINS remarked the committee would need limited powers of free conference to deal with effective dates.

SENATOR GRETCHEN GUESS asked why the effective dates needed to be amended.

CHAIR SEEKINS responded there would be resistance if the effective date for fraud were retroactive.

SENATOR GUESS observed that it was in the original bill.

CHAIR SEEKINS reiterated there would be resistance.

REPRESENTATIVE GRUENBERG suggested that if you were to contrast all the dates with the \L version that passed the Senate Judiciary Committee, you would find that all but the actual effective date on the final line related to things put in by the House and they weren't criminal.

SENATOR GUESS said the bill the Senate passed last year had a 2005 effective date.

REPRESENTATIVE GRUENBERG responded last year was 2005 and it wouldn't have been retroactive because July 1 would have been after the Legislature adjourned.

SENATOR GUESS suggested the committee would need limited power on just Section 36.

[6:19:04 PM](#)

CHAIR SEEKINS responded he would prefer to hedge the bet and ask for limited power on all effective date sections.

SENATOR GUESS agreed then said discussion of the fraud perspective during the next meeting would be helpful.

CHAIR SEEKINS asked if any other sections ought to be included in the request for limited free powers.

REPRESENTATIVE MCGUIRE clarified that the letter would ask for limited free powers to address the effective dates in just the particular sections. The request does not include discussion of the sections themselves.

SENATOR GUESS remarked that is an important clarification.

SENATOR THERRIAULT agreed that covers the issues under discussion.

[6:20:19 PM](#)

CHAIR SEEKINS asked for a motion.

REPRESENTATIVE GRUENBERG motioned to report to the Senate and the House the request for limited free conference powers on the effective dates only.

CHAIR SEEKINS announced that without objection it was so ordered.

SB 104 was held in Conference Committee.

There being no further business to come before the committee, Chair Seekins adjourned the meeting at [6:21:06 PM](#).