

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**May 4, 2005**  
**4:45 p.m.**

**CALL TO ORDER**

Co-Chair Green convened the meeting at approximately [4:45:43 PM](#).

**PRESENT**

Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-Chair  
Senator Fred Dyson  
Senator Bert Stedman  
Senator Donny Olson  
Senator Lyman Hoffman

**Also Attending:** SENATOR BEN STEVENS; SENATOR RALPH SEEKINS  
REPRESENTATIVE JAY RAMRAS; REPRESENTATIVE MARK NEUMAN; GINGER  
BLAISDELL, Staff to Co-Chair Green; JOAN BROWN, Chief Budget  
Analyst, Office of Management and Budget, Office of the Governor;  
SHALON SZYMANSKI, Staff to Representative Lesil McGuire; MICHAEL  
PAWLOWSKI, Staff to Representative Kevin Meyer; STEVE WEAVER,  
Assistant Attorney General, Legislation & Regulations Section,  
Office of the Attorney General, Department of Law; JANE PEARSON,  
Staff to Representative Ramras, DEAN GUANELI, Chief Assistance  
Attorney General, Criminal Division, Office of the Attorney  
General, Department of Law

**Attending via Teleconference:** From an Offnet Site: JEFF BARNHILL,  
Palmer Golf Course

**SUMMARY INFORMATION**

SB 46-BUDGET: CAPITAL & OTHER/ BRF

The Committee heard from the Co-Chair's staff, the Office of  
Management and Budget and Senator Seekins. Amendments to the bill  
were considered. The bill was held in Committee.

HB 61-GAMING: CALCUTTA POOLS & CRANE CLASSICS

The Committee heard from the bill's sponsor and Representative Mark  
Neuman. Public testimony was taken and the bill was held in  
Committee.

HB 33-REGULATIONS AFFECTING SMALL BUSINESSES

The Committee heard from the bill's sponsor and the Department of Law. The bill was held in Committee.

HB 149-CONTROLLED SUBSTANCES

The Committee heard from the bill's sponsor and the Department of Law. The bill was held in Committee.

#SB46

SENATE BILL NO. 46

"An Act making capital appropriations and appropriations to capitalize funds; and providing for an effective date."

This bill had previously been heard in the Senate Finance Committee. Unless otherwise noted, amendments are considered to the committee substitute, Version "Y" adopted at the previous hearing.

Amendment #35: This amendment inserts a new subsection into Section 52. DEPARTMENT OF ADMINISTRATION., on page 119, following line 26 to read as follows.

(c) The sum of \$4,350,000 is appropriated from the general fund to the Department of Administration, commissioner's office, for distribution to state agencies to offset the increased chargeback rates for statewide services as identified in the statewide federal cost allocation plan.

AND

Amendment #36: This amendment inserts two new subsections into Section 20. FUND TRANSFERS., on page 96, following line 18 to read as follows.

(d) The sum of \$12,000,000 is appropriated from the general fund to the Alaska public building fund (AS 37.05.570).

(e) The amount necessary to have an unobligated balance of \$5,000,000 in the state insurance catastrophe reserve account in accordance with AS 37.05.289 is appropriated from the general fund to the state insurance catastrophe reserve account (AS 37.05.289).

This amendment also deletes "\$300,000" from subsection (b) of

Section 52. DEPARTMENT OF ADMINISTRATION., on page 119, line 25 and inserts "\$40,300,000". The amended language reads as follows.

(b) The sum of \$40,300,000 is appropriated from the general fund to the information services fund (AS 44.21.045(a)).

The Committee adopted the two amendments at the previous hearing.

Co-Chair Wilken offered a motion to rescind action taken on Amendments #35 and #36.

There being no objection, the Committee's action adopting Amendment #35 and Amendment #36 was RESCINDED.

Co-Chair Green announced that these amendments would be replaced with a new amendment.

Amendment #35 & 36(A): This amendment reads as follows.

This amendment corrects amendments #35 and #36  
This allows the authorization to spend from the funds that are capitalized.

SB 46 "F"  
Amendment offered by Senator Green

Add:

Sec. 1.

Enterprise Technology                      \$7,959,500 Information Svcs Fund  
Services and Statewide Administrative  
System Replacement capital projects

Deferred Maintenance for                      \$12,000,000 Public Building Fund  
Buildings in the Public  
Building Fund

Sec. 20. FUND TRANSFERS. (c) The sum of \$40,000,000 is appropriated from the general fund to the information services fund.

(d) The amount necessary to have an unobligated balance of \$5,000,000 in the state insurance catastrophe reserve account in accordance with AS 37.05.289 is appropriated from the general fund to the state insurance catastrophe reserve account.

New Section XX. Department of Administration. The sum of \$4,350,000 is appropriated to the Department of

Administration, Commissioner's Office for the distribution to state agencies to offset the increased chargeback rates for statewide services as identified in the Statewide Federal Cost Allocation Plan.

GINGER BLAISDELL, Staff to Co-Chair Green, explained the new Amendment #35 & 36(A), saying it would have a net zero impact.

[Note: The Committee's intent was to adopt the amendment, although no motion was made to do so.]

Co-Chair Green determined the amendment to be ADOPTED without objection.

Amendment #37: This amendment inserts two new bill sections to read as follows.

Sec. XX. DEPARTMENT OF HEALTH AND SOCIAL SERVICES PERSONAL NEEDS ALLOWANCE FOR ASSISTED LIVING HOMES. (a) It is the intent of the legislature that the Department of Health and Social Services repeal 7 AAC 43.1058(k)(1)(B) effective July 1, 2005.

(b) It is the further intent of the legislature that the Department of Health and Social Services shall adopt new emergency regulations establishing a personal needs allowance for recipients residing in an assisted living facility equal to the monthly income limit set in AS 47.07.020(b)(6) minus \$260.00. Until such time as the department can adopt these regulations at 7 AAC 43.1058(k)(1)(B), the department shall apply personal needs allowance for recipients residing in an assisted living facility equal to the monthly income limit set in AS 47.07.020(b)(6) minus \$260.00. This meets the requirements for finding of a public, health, safety and welfare emergency under AS 44.62.250.

(c) The sum of \$363,500 is appropriated to the Department of Health and Social Services, senior and disabilities Medicaid services in order to adopt new emergency regulations as outlined in subsections (a) and (b) of this section for the fiscal year ending June 30, 2006, from the following sources in the amounts stated:

Federal Receipts	\$209,300
General Fund Match	154,200

Sec. \_\_. EFFECTIVE DATE. (a) Section XX (a) is effective July 1, 2005.

(b) Section XX (b) is effective July 2, 2005.

Co-Chair Green moved for adoption and outlined the amendment.

There being no objection, Amendment #37 was ADOPTED.

Amendment #38: This amendment inserts a new subsection in to Section 20. FUND TRANSFERS., on page 96, following line 18 to read as follows.

(d) The sum of \$2,693,700 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060(a)).

This amendment also stipulates an effective date of July 1, 2005 for the inserted subsection. Accompanying explanatory language reads as follows.

DESCRIPTION: Marine highway fuel increase  
The FY 06 Governor's request as proposed in December 2004 was based on \$1.17 per gallon of fuel. The volatility of fuel prices is reflected in the \$1.54 per gallon average price to date in FY 05. If we use the Alaska Department of Revenue's Spring Forecast to estimate prices in FY 06, the result is a delivered fuel price for the AMHS at a slightly lower average price of \$1.425 per gallon estimate. The marine highway system is projected to use approximately 10.7 million gallons of fuel in FY 06.

Co-Chair Wilken moved for adoption.

Co-Chair Green objected for an explanation.

Ms. Blaisdell explained that this amendment would appropriate over \$2 million general funds for Alaska marine highway vessel operations. The amount approved in the FY 06 operating budget legislation would be insufficient.

Senator Dyson understood therefore that this is a FY 06 operating budget expenditure.

Co-Chair Green clarified this would be a supplemental appropriation to the amount provided in the operating budget.

Ms. Blaisdell informed that this amendment was offered at the request of the Office of Management and Budget and the Department of Transportation and Public Facilities. The need for additional funding was realized at the time that the operating budgets for the Department of Transportation and Public Facilities was closed out.

Senator Dyson clarified this is not an FY 05 supplemental

appropriation.

Co-Chair Wilken affirmed.

There being no objection, Amendment #38 was ADOPTED.

Amendment #39: This amendment deletes the City of Sand Point - Purchase and Upgrade of Old Reeve Aleutian Airways Building (HD 37) component of the Airport Improvement Program Budget Request Unit (BRU), Department of Transportation and Public Facilities on page 49, lines 29 - 32 and the \$1 million allocation to that component.

This amendment also deletes the Ketchikan: Airport Improvements (HD 1) component of the Airport Improvement Program BRU, Department of Transportation and Public Facilities on page 51, lines 5 and 6 and the \$500,000 allocation to that component.

This amendment also deletes Sand Point: Terminal Redevelopment Plan (HD 37) of the Airport Improvement Program BRU, Department of Transportation and Public Facilities on page 52, lines 31 and 32 and the \$200,000 allocation to that component.

This amendment also adds a new City of Sand Point - Purchase and Upgrade of Old Reeve Aleutian Airways Building (HD 37) component to the Congressional Earmarks BRU, Department of Transportation and Public Facilities on page 65, line 6 and allocates \$1 million to the component.

This amendment also adds a new Ketchikan: Airport Improvements (HD 1) component to the Congressional Earmarks BRU, Department of Transportation and Public Facilities on page 65, line 6 and allocates \$500,000 to the component.

This amendment also adds a new Sand Point - Terminal Redevelopment Plan (HD 37) component to the Congressional Earmarks BRU, Department of Transportation and Public Facilities on page 65, line 6 and allocates \$200,000 to the component.

Accompanying explanatory language reads as follows.

Description:

These projects are Congressional Earmarks, rather than Airport Improvement Projects. The funding source (federal receipts) does not change. This amendment just moves the projects from the Airport Improvement Program appropriation to the Congressional Earmarks appropriations.

Co-Chair Wilken moved for adoption.

Ms. Blaisdell characterized this as a technical amendment. She proposed changes to the amendment to delete the City of Sand Point - Purchase and Upgrade of Old Reeve Aleutian Airways Building and corresponding \$1 million allocation and change the title of the Sand Point - Terminal Redevelopment Plan (HD 37) component to read, "Sand Point - Terminal Redevelopment (HD 37) and increase the allocation to that component to \$1 million.

[4:53:37 PM](#)

Ms. Blaisdell continued to outline the proposed amendment to the amendment.

Co-Chair Green clarified the projects should be categorized as congressional earmarks.

Ms. Blaisdell affirmed, noting the federal funds.

[Note: The Committee intent was to amend the amendment to incorporate the changes proposed by the witness, although no motion was made.]

Co-Chair Green determined Amendment #39 to be AMENDED and ADOPTED without objection.

[4:54:17 PM](#)

Amendment #40: This amendment increases the appropriation to the Alaska Aviation Safety Project Phases 2 and 3 (HD 1-40) component of the Department of Military and Veterans Affairs on page 38, lines 13 through 15 from \$8,452,000 Other Funds to \$11,452,000 Other Funds. Accompanying explanatory language reads as follows.

Description: Alaska Aviation Safety Project Phases 2 and 3 (HD 1-40)

The department has recently received word that NASA will be increasing this grant by \$3 million.

This project involves mapping the most dangerous major air corridors in Alaska using ortho-rectified, remote imaging and digital elevation models to create 3-D visual fly-throughs. The aviation community, Rescue Coordination Center (RCC) and the Medallion Foundation will use these renderings. The goal of this research is to apply advanced sciences and technology to decrease aircraft accidents and related fatalities.

Co-Chair Wilken moved for adoption.

Co-Chair Green overviewed the explanatory statement.

There being no objection, Amendment #40 was ADOPTED.

[4:54:53 PM](#)

Amendment #41: This amendment deletes the language pertaining to FY 03 from subsection (d) of Section 35. RATIFICATIONS., on page 106, lines 12 through 14. The amended language reads as follows.

(d) The expenditures by the Department of Commerce, Community and Economic Development for a qualified trade association contract for the fiscal year ending June 30, 2004, are ratified in the amount of \$158,174.

Accompanying explanatory language reads as follows.

Description: Technical correction to reflect just fiscal year 2004.

Co-Chair Wilken moved for adoption.

Co-Chair Green clarified this is a technical amendment.

JOAN BROWN, Chief Budget Analyst, Office of Management and Budget, Office of the Governor, affirmed this is a technical amendment to eliminate ratification amounts for FY 03 from this provision.

AT EASE [4:56:13 PM](#) / [4:56:15 PM](#)

There being no objection Amendment #41 was ADOPTED.

[4:56:43 PM](#)

Amendment #42: This amendment changes the funding source of the \$55,400 appropriation to the Interior Region Timber Marketing Prospectus (HD 6) component of the Department of Natural Resources on page 40, lines 30 and 31 from Statutory Designated Program Receipts (Fund 1108) to Timber Sales Receipts (Fund 1155). Accompanying explanatory language reads as follows.

Description: Interior Region Timber Marketing Prospectus  
There is no source of SDPR for the Interior Region Timber Marketing Prospectus.  
Timber Sales Receipts could fund this program.

Co-Chair Wilken moved for adoption.

Co-Chair Green explained this is another technical change.

There being no objection, Amendment #42 was ADOPTED.

[4:57:11 PM](#)

Amendment #43: This amendment increases the allocation to the Fairbanks International Airport: Terminal Area Development (HD 7-11) component of the Airport Improvement Program BRU, Department of Transportation and Public Facilities on page 50, lines 19 through 21 from \$2.2 million to \$40.6 million. A notation states "This will change the Airport Improvement Program appropriation amount on page 48." Accompanying explanatory language reads as follows.

Description:

New fund sources:	\$3,000,000	Federal Receipts (Fund 1002)
	10,000,000	International Airport Revenue Funds (Fund 1027)
	27,600,000	International Airport Construction Funds (Fund 1112)

This funding change was submitted in the March 25, 2005 amendment package sent to the Legislature.

A terminal area development plan was completed for FAI under the guidance and direction of the FAI Terminal Development Technical Committee consisting of representatives from FAI, DOT&PF, FAA (Federal Aviation Administration) and the airlines. As a subtask of this effort, a deficiency evaluation was completed for the facility. This deficiency study notes that three independent structural evaluations found portions of the building to be structurally unsound and that under a design level seismic event the building will be subject to possible collapse and significant damage. The study also noted that portions of the facility Department of Education and Early Development not meet required fire and life safety codes, are functionally deficient and that the buildings' physical systems (HVAC, electrical, etc.) were near the end of their useful life and will require major repair or replacement in the near future. A preferred alternative for replacing and upgrading portions of the facility to address the noted deficiencies while providing adequate space for the expected growth in passenger traffic in the near term was developed and agreed upon by the members of the Technical Committee.

Co-Chair Wilken moved for adoption.

Ms. Blaisdell explained that the Office of Management and Budget has identified additional funds, none of which are general funds.

Co-Chair Green clarified this amendment would have no net increase in general fund expenditure.

Ms. Blaisdell stressed the significant increase in use of other funds.

There being no objection, Amendment #43 was ADOPTED.

[4:58:23 PM](#)

Amendment #44: This amendment inserts a new subsection into Section 22. OFFICE OF THE GOVERNOR., on page 98, line 9 to read as follows.

(a) Section 8(a), ch. 6, SLA 2005, is amended to read:

(a) The sum of \$375,000 is appropriated from the general fund to the Office of the Governor for direct support of national efforts to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development, and other oil and gas and natural resource development projects, for the fiscal years ending June 30, 2005, and June 30, 2006.

New Text Underlined

This amendment then renumbers the existing subsections of Section 22 accordingly. Accompanying explanatory language reads, "Description: This extends the purpose of the appropriation."

Co-Chair Wilken moved for adoption.

Co-Chair Green objected for explanation, noting it was offered at the request of the Office of Management and Budget.

Ms. Blaisdell explained this amendment relates to "appropriation items that are in the gas pipeline section of the supplemental portion of this bill."

Co-Chair Green ordered the amendment TABLED.

[4:59:11 PM](#)

Amendment #45: This amendment adds "and other oil and gas and natural resource development projects" to subsection (a) of Section 22. OFFICE OF THE GOVERNOR., on page 98, lines 9 through 12. The amended subsection reads as follows.

(a) The sum of \$125,000 is appropriated from the Alaska Permanent Fund Corporation receipts to the Office of the Governor for direct support of national efforts to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development, and other oil and gas and natural resource development projects, for the fiscal years ending June 30, 2005, and June 30, 2006.

Accompanying explanatory language reads, "Description: This expands the purpose of the appropriation."

Co-Chair Wilken moved for adoption.

Ms. Blaisdell explained that this amendment is similar to Amendment #44.

Co-Chair Green objected to the motion and ordered the amendment TABLED.

[4:59:41 PM](#)

Amendment #46: This amendment increases the general fund appropriation to the Management Information System (HD 1-40) component of the Department of Law on page 38, lines 8 and 9 from \$500,000 to \$1 million. Accompanying explanatory language reads as follows.

Description:

This amendment restores this project to the full amount requested in the Governor's Capital Budget. The agency is concerned that reducing this appropriation to 50% jeopardizes its ability to purchase needed software and hardware to achieve critically needed improvements in technology in the State's largest law office. The current timekeeping and billing system is outdated, case management and document management is practically nonexistent when measured against industry standards. The agency is hampered in its ability to supply accurate and dependable management information that would be the cornerstone of meaningful and measurable performance information.

Co-Chair Wilken moved for adoption.

Ms. Blaisdell outlined the explanatory statement.

There being no objection, Amendment #46 was ADOPTED.

[5:00:37 PM](#)

Amendment #47: This amendment deletes the language of Section 10. NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM; INTENT. (b), on page 92, lines 16 - 20 and inserts new language to read as follows.

(b) The sum of \$24,706,539, received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6508 by August 31, 2005, is appropriated to the Department of Commerce, Community and Economic Development from capital project grants under the National Petroleum Reserve - Alaska impact grant program to the following municipalities for the purposes stated in the amounts set out:

MUNICIPALITY	PROJECT	AMOUNT
(1) North Slope Borough	Social and cultural study - phase 2	\$275,880
(2) North Slope Borough	Wainwright youth program	229,500
(3) Nuiqsut	Local government operations/cultural coordinator	468,000
(4) North Slope Borough	Wainwright softball field	35,000
(5) Barrow	City impound and disposal site project	174,389
(6) North Slope Borough	Atqasuk energy assessment	100,042
(7) North Slope Borough	Wainwright local government operations	311,500
(8) Barrow	City Hall building addition feasibility study	69,413
(9) Nuiqsut	Youth center operations and maintenance	150,000
(10) Atqasuk	Atqasuk local government operations	336,468
(11) Barrow	Roller rink renovation feasibility study	63,556
(12) North Slope Borough	Utility master plan/emergency plan	106,221
(13) North Slope Borough	Misdemeanor probation officer	346,071
(14) North Slope Borough	Fire equipment and training	250,000
(15) Barrow	Barrow local government operations	1,385,843
(16) Nuiqsut	Design/install retractable boat ramp	200,000

(17)	North Slope Borough	Continuing studies to investigate wildlife/subsistence	2,461,368
(18)	North Slope Borough	Oil spill response team	737,867
(19)	North Slope Borough	Police officers for NPR-A villages	1,486,689
(20)	North Slope Borough	Health, survival, and sustainability of key subsistence resources	654,426
(21)	North Slope Borough	Workforce development program	3,729,451
(22)	North Slope Borough	Mayor's job program	2,527,961
(23)	North Slope Borough	Police importation combat program	1,101,512
(24)	North Slope Borough	North Slope science initiative	425,578
(25)	North Slope Borough	Village capacity building	968,182
(26)	North Slope Borough	NPR-A technical review team	1,468,508
(27)	North Slope Borough	Allied health training center	3,400,000
(28)	North Slope Borough	Wainwright city office renovation	38,114
(29)	Atqasuk	Youth center addition to community center	680,000
(30)	North Slope Borough	Wainwright lagoon boat launch	525,000

(c) If the amount available for appropriation from the National Petroleum Reserve - Alaska special reserve fund (AS 37.05.530) under (b) of this section is less than \$24,706,539, then each of the appropriations made by (b)(1) - (30) of this section is reduced in proportion to the amount of the shortfall.

This amendment also stipulates a lapse date of June 30, 2006 for the appropriations made in Section 10(b)(1)-(13); a lapse date of June 30, 2007 for the appropriations made in subsections (14)-(16); a lapse date of June 30, 2008 for the appropriations made in subsections (17)-(26); and a lapse date of June 30, 2009 for the appropriation made in subsection (27). The appropriations made in subsections (28)-(30) lapse under AS 37.25.020.

Co-Chair Wilken announced this amendment would be NOT OFFERED, as it is a duplicate of Amendment #30, which was adopted at the previous hearing.

[5:00:49 PM](#)

Amendment #48: This amendment inserts a new subsection to Section 10. NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM; INTENT., on page 92, following line 20 to read as follows.

(c) That portion of the amount appropriated by (B) of this section that is not subject to a signed grant agreement between the Department of Commerce, Community and Economic Development and an impacted municipality by August 31, 2005, lapses into the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) September 1, 2005.

Accompanying explanatory language reads as follows.

Description:

This amendment is needed to allow lapsing into the NPR-A Fund for funds that do not have a signed grant agreement.

Co-Chair Wilken moved for adoption.

Co-Chair Green understood this to be a technical amendment.

Ms. Blaisdell affirmed and explained the language had been inadvertently omitted.

There being no objection, Amendment #48 was ADOPTED.

[5:01:41 PM](#)

Amendment #49: This amendment inserts "and construction" to the title of the Lower Kuskokwim - Kilbuck Elementary Deferred Maintenance, Bethel (HD 38) component of the Major Maintenance Grant Fund (AS 14.11.007) BRU, Department of Education and Early Development on page 79, lines 22 through 24. The amended component title is "Lower Kuskokwim - Kilbuck Elementary Deferred Maintenance, and Construction, Bethel (HD 38)". The \$24,251,565 general fund allocation remains unchanged.

Senator Hoffman moved for adoption.

Co-Chair Green objected for an explanation.

Senator Hoffman explained this amendment would provide the Lower Kuskokwim School District the option to utilize the funds to construct a new school if deemed appropriate.

Co-Chair Wilken understood that the Department of Education and

Early Development must first review new school construction projects. He asked if this facility has undergone the approval process.

Senator Hoffman responded that this project has completed the Department of Education and Early Development review.

Senator Stedman clarified the estimated cost of deferred maintenance needs for the school is \$24 million.

Senator Hoffman affirmed.

Co-Chair Green requested Senator Hoffman explain how the estimate was achieved.

Senator Hoffman replied that the Lower Kuskokwim School District submitted this amount to the Department after prioritizing the needs.

Senator Stedman asked if the theory is that demolishing the existing school and constructing a new facility might be more economical.

Senator Hoffman affirmed that such a determination could be made.

There being no objection, Amendment #49 was ADOPTED.

[5:03:36 PM](#)

Amendment #50: This amendment adds a new Special Olympics Games component to the Grants to Named Recipients (AS 37.05.316) BRU, Department of Commerce, Community and Economic Development on page 3 line 30 and 31 and appropriates \$250,000 general funds to the component.

Senator Dyson moved for adoption.

Senator Dyson offered a motion to amend the amendment. The amendment to the amendment reduces the general fund appropriation to the Special Olympics Games from \$250,000 to \$125,000.

The amendment to the amendment also adds a new Arctic Winter Games component to the Grants to Named Recipients BRU and appropriates \$125,000 general funds to that component.

The amendment to the amendment also adds a new 2006 National Veterans Wheelchair Games component to the Grants to Named Recipients BRU and appropriates \$250,000 general funds to that

component.

The total appropriation to the amended amendment is \$500,000 general funds.

The amendment was AMENDED without objection.

Without further objection Amendment #50, as amended, was ADOPTED.

[5:04:51 PM](#)

Amendment #51: This amendment adds a new Fraternal Order of Alaska State Troopers (FOAST) room conversion and facility upgrades component to the Grants to Named Recipients BRU, Department of Commerce, Community and Economic Development on page 3, lines 30 and 31 and appropriates \$12,000 general funds to the component.

Co-Chair Wilken moved for adoption.

Co-Chair Green objected.

Co-Chair Green asked if Members had further objection and hearing none, declared Amendment #51 ADOPTED.

[5:05:17 PM](#)

Amendment #52: This amendment inserts a new Fraternal Order of Alaska State Troopers (FOAST) Photo/Video Project Program Implementation component to the Grants to Named Recipients BRU, Department of Commerce, Community and Economic Development on page 3, lines 30 and 31 and appropriates \$50,000. The fund source is not specified.

Co-Chair Wilken moved for adoption.

Co-Chair Green objected to the motion and ordered the Amendment TABLED.

[5:05:31 PM](#)

Amendment #53: This amendment inserts a new City of Adak - Adak Arctic Shuttle Pre-Feasibility Study component to the Grants to Municipalities (AS 37.05.315) BRU, Department of Commerce, Community and Economic Development on page 8, lines 11 and 12 and appropriates \$50,000 to the component. The fund source is not specified.

Co-Chair Wilken moved for adoption.

Co-Chair Green objected to the motion and TABLED the amendment.

AT EASE: [5:05:48 PM](#) / [5:06:17 PM](#)

Amendment #54: This amendment inserts a new Service High School PTSA Scoreboard Improvement component to the Grants to Named Recipients BRU, Department of Commerce, Community and Economic Development on page 3 lines 30 and 31 and appropriates \$20,000 to the component. The fund source is not specified.

Co-Chair Wilken moved for adoption.

There being no objection, Amendment #54 was ADOPTED.

[5:06:31 PM](#)

Amendment #55: This amendment inserts a new Municipality of Anchorage - 74th Ave Pedestrian Facilities - Arctic Boulevard to Chad St. component to the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 8, lines 11 and 12 and appropriates \$250,000 to the component. The fund source is not specified.

Co-Chair Wilken moved for adoption.

There being no objection, Amendment #55 was ADOPTED.

[5:06:36 PM](#)

Amendment #56: This amendment increases the general fund appropriation to the Municipality of Anchorage - Kincaid Park Summer and Winter Recreational Improvements, Fields, Paving and Equipment (HD 17-32) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development, on page 23, lines 18 through 23 from \$480,000 to \$730,000.

Co-Chair Wilken moved for adoption.

There being no objection, Amendment #56 was ADOPTED.

Co-Chair Green requested clarification of the project.

Ms. Blaisdell explained the improvements would be made to the recreational facilities of Kincaid Park in Anchorage.

[5:07:01 PM](#)

Amendment #57: This amendment changes the title of the City of Sterling - Sterling Senior Center Kitchen Equipment (HD 33-35) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 12, lines 23 through 25, to read "Sterling Senior Citizens, Inc. - Sterling Senior Center Kitchen Equipment (HD 33-35)". The general fund appropriation to the component of \$64,000 is reduced to \$58,000.

This amendment also changes the title of the Kenai Peninsula Borough - Kenai Road Improvements (HD 33-35) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 14, lines 25 through 27, to read "City of Kenai - Kenai Road Improvements (HD 33-35)". The general fund appropriation remains unchanged.

This amendment also reduces the general fund appropriation to the Kenai Peninsula Borough - Nikiski Elementary School Bicycle Trail (HD 33-35) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 14, lines 31 - 33, from \$154,400 to \$137,000.

This amendment also reduces the general fund appropriation to the Kenai Peninsula Borough - Ninilchik Pressure Reducing Station (HD 33-35) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 15, lines 3, through 5 from \$225,000 to \$210,000.

This amendment also changes the title of the Kenai Peninsula Borough - Ninilchik Pumper Tanker Truck (HD 33-35) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 15, lines 6 through 8, to read "Ninilchik Emergency Services, Inc. - Ninilchik Pumper Tanker Truck (HD 33-35)". The general fund appropriation to the component is reduced from \$154,000 to \$140,000.

This amendment also changes the title of the Kenai Peninsula Borough - Soldotna Road Improvements (HD 33-35) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 15, lines 16 through 18, to read "City of Soldotna - Soldotna Road Improvements (HD 33-35)". The general fund appropriation remains unchanged.

Co-Chair Wilken moved for adoption of the amendment.

Co-Chair Green characterized this as a "neutral" amendment, in which some funding reductions are made.

There being no objection, Amendment #57 was ADOPTED.

[5:07:40 PM](#)

Amendment #58: This amendment increases the general fund appropriation to the Matanuska-Susitna Borough - Academy Charter School/Administrative Building Improvements (HD 13-16) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 16, lines 7 through 10, from \$20,000 to \$35,000.

Co-Chair Wilken moved for adoption.

Ms. Blaisdell explained this is a technical correction.

There being no objection, Amendment #58 was ADOPTED.

[5:08:16 PM](#)

Amendment #59: This amendment inserts a new 2006 National Veterans Wheelchair Games component to the Grants to Named Recipients BRU, Department of Commerce, Community and Economic Development on page 3, lines 30 and 31 and appropriates \$250,000 general funds to the component.

Co-Chair Green announced this amendment would be NOT OFFERED due to action taken on Amendment #50.

AT EASE [5:08:41 PM](#) / [5:10:07 PM](#)

Amendment #60: This amendment deletes the Denali Borough - Anderson School/Septic Leach Field Replacement (HD 7-11) component from the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 13, lines 17 through 19, and the \$77,800 general fund appropriation to that component.

This amendment also inserts a new World War 2 Memorial component to an unspecified BRU and department and appropriates \$35,200 to the component. The fund source is not specified.

This amendment also deletes the Denali Borough - Cantwell School/Sprinkler System Fire Upgrade and New Well (HD 7-11) component from the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 13, lines 20 through 23, and the \$182,400 general fund appropriation to that component.

This amendment also inserts a new Ester Volunteer Fire Department component to an unspecified BRU and department and appropriates

\$125,000 to the component. The fund source is not specified.

This amendment also inserts a new Morris Thompson Cultural Center component to an unspecified BRU and department and appropriates \$100,000 to the component. The fund source is not specified.

A notation on the amendment reads "net zero technical change".

Co-Chair Green announced this amendment would be NOT OFFERED..

Amendment #61: This amendment changes the title of the City of San Point - Purchase and Upgrade of Old Reeve Aleutian Airways Building (HD 37) component in the Grants to Municipalities BRU, Department of Commerce, Community and Economic Development on page 49, lines 29 through 32 to read, "City of Sand Point - Airport Terminal Project (HD 37). Accompanying explanatory language reads as follows.

Amendment is requested by the City of Sand Point at the recommendation of Kip Knudson, Deputy Director for Aviation, DOT. Knudson advised that the inclusion of the word "purchase" may overly limit the use of funds in the event the Reeve building is not totally recoverable for renovation. The requested broader language will give the City of Sand Point the flexibility to build a new terminal if and when the actual condition of the Reeve building is determined.

Co-Chair Green announced this amendment would be NOT OFFERED.

Amendment #62: [Note: The amendment specifies the following be inserted "following page 15, line 9, under Department of Fish and Game". This page of the committee substitute contains Grants to Municipalities BRU components. Appropriations to the Department of Fish and Game are contained on page 35, lines 11 through 32.] This amendment inserts a new Implementation of Intensive Management Laws component and appropriates \$250,000 general funds to the component. Accompanying explanatory language reads as follows.

The Board of Game has authorized several predator control programs in an effort to allow major depleted ungulate populations that have been limited by predation to increase. In order to sustain these programs long enough to be effective, and in recognition of the need for additional similar programs in other areas, there is a need for biological inventories and studies to gather information upon which the Board can base its decisions. This information also represents the basis for defending the programs from legal challenges.

The existing intensive management programs and requests for similar programs from other parts of the state have placed a major financial burden on the Division of Wildlife Conservation in the Department of Fish and Game. Although funds have been prioritized within the division to cover many of the most important expenses for these programs, the biological data gathering and administrative costs needed to support these programs has escalated beyond the capacity of the division to respond.

This CIP [capital improvement project] demonstrates the legislature's intent that the Intensive Management laws be implemented to the maximum extent possible.

Co-Chair Wilken moved for adoption.

[5:10:48 PM](#)

Co-Chair Green overviewed the explanatory statement.

Senator Hoffman supported the amendment.

Co-Chair Wilken commented that the commissioner had submitted a funding request approximately one month ago. However, the plan he proposed was unclear. Upon the Committee's request, the Department resubmitted a plan detailing the predator control program specifically targeting wolf and bear.

There being no objection, Amendment #62 was ADOPTED.

AT EASE [5:12:10 PM](#) / [5:13:10 PM](#)

Amended Amendment #9: This amendment inserts a new Bristol Bay Borough Community Mapping Project component to the Grants to Municipalities (AS 37.05.315) BRU of the Department of Commerce, Community and Economic Development on page 8, lines 11 and 12. This amendment also appropriates \$150,000 general funds to the component.

This amendment also increases the general fund appropriation to the Department of Commerce, Community and Economic Development, Grants to Municipalities (AS 37.05.315) BRU, City of Unalaska - Boat Harbor (HD 37) component on page 13 lines 3 and 4 from \$2 million to \$4 million.

This amendment also adds a new Togiak/Twin Hills Bridge Feasibility Study component to the Department of Transportation and Public

Facilities and appropriates \$150,000 general funds to the component.

This amendment also increases the general fund allocation to the Department of Education and Early Development, School Construction Grant Fund (AS 14.11.005) BRU, Dillingham Middle/High School construction and renovation - Dillingham City Schools (HD 38) component on page 83 lines 14 - 17 from \$7 million to \$9.5 million.

The amendment to the amendment also adds a new Aleutians East Borough - Cold Bay Airport Terminal component to the Grants to Municipalities (AS 37.05.315) BRU, Department of Commerce, Community and Economic Development and appropriates \$500,000 general funds to the component.

Co-Chair Green announced that Amendment #9 was again before the Committee. This amendment was amended and adopted at the previous hearing.

Ms. Blaisdell reminded that this amendment had been amended and outlined the changes.

Ms. Blaisdell indicated the amendment to the amendment to remove from the amendment, the Cold Bay access Improvements component from the Surface Transportation Improvements, Department of Transportation and Public Facilities, on page 58, lines 30 and 31, and the increased general fund appropriation to the component was in error.

Ms. Blaisdell stated that the amendment to the amendment should have provided that the component remain in the bill and the \$2 million appropriation contained in the committee substitute remain unchanged.

[5:15:08 PM](#)

Senator Olson asked if the airport terminal project is located at Cold Bay or Sand Point.

Ms. Blaisdell responded the appropriation would be made to the Aleutians East Borough not to Sand Point.

Co-Chair Green clarified the grant would be provided to the Aleutians East Borough and is comprised of general funds.

[Note: No motions were offered and no formal action was taken on the amendment. The Committee's intent was not specified.]

AT EASE [5:16:03 PM](#) / [5:35:19 PM](#)

Amendment #63: This amendment inserts a new bill section to appropriate \$985,000 general funds to the Department of Fish and Game for Chitna Personal Dip Net Fishery (HD 99). Accompanying explanatory language reads as follows.

This amendment funds dumpsters, transporter vehicle to carry dumpsters to the landfill, portable outhouses, service truck to service outhouses and concession building all to be located at Chitna for the services of the Chitna personal dip net fishery. Also includes signage and access design.

Co-Chair Wilken moved for adoption.

Co-Chair Green objected.

Co-Chair Wilken corrected the amendment to appropriate the funding to the Department of Natural Resources rather than the Department of Fish and Game.

Co-Chair Wilken explained the need for facilities at the Chitna River to provide access. This funding request is the result of months of consideration and negotiation between the Native corporation landowner and the Department of Natural Resources. A survey would be conducted to establish future claims.

Senator Stedman clarified this request is for "start-up money" and to develop a plan for future operations.

Co-Chair Wilken understood this is a capital appropriation. The intent is that user fees collected from fishers would support the program in the future.

SENATOR RALPH SEEKINS elaborated about the personal use fishery at Chitna, which he is very familiar with. A dip net fishery plan to mitigate the impact of the fishery on the local community has been anticipated. Approximately 20,000 personal use dip net permits are sold for this fishery every year. Administration of the mitigation program would be similar to that utilized for a State park. Participants would be required to utilize the facilities provided and minimize impact. Previously, facilities such as dumpsters and portable toilets were not available, which resulted in an unhealthy and unsightly situation. This funding request is to address the first stage of the need and is supported by Department of Natural Resources Commissioner Tom Irwin and Governor Murkowski.

[5:41:11 PM](#)

Co-Chair Green thanked Senator Seekins for proposing the amendment.

Co-Chair Green ordered the amendment HELD in Committee. She noted that all State parks are in need of funds and should be addressed.

Senator Seekins emphasized the significant impact of the 20,000 participants to the area.

Co-Chair Green ordered the bill HELD in Committee.

[5:42:44 PM](#)

#HB61

AT EASE [5:43:08 PM](#) / [5:44:18 PM](#)

CS FOR HOUSE BILL NO. 61(FIN)

"An Act relating to Calcutta pools and crane classics as authorized forms of charitable gaming."

This was the first hearing for this bill in the Senate Finance Committee.

SHALON SZYMANSKI, Staff to Representative Lesil McGuire, the bill's sponsor, explained that current State law contains "a very narrow and specific list of allowable games of chance and skill for charitable purposes". This bill would add Calcutta pools and crane classics to that list. "Calcutta pools have been held in the past and they have proven to be a very effective way to raise money for charities across the State." The operation of a Calcutta pool would consist of the following scenario: the day before the sporting event, people would bid, in an auction format, on the team that they believe would win the tournament; and the winning team's high bidder would receive a predetermined percentage of the pot. This bill would require that at least 50-percent of the pot be provided to the charity. Other limitations specify that a Calcutta pool could only be held in conjunction with a sporting event occurring within the State of Alaska; could not be held in conjunction with elementary, secondary, or post-secondary schools or other youth sporting event organizations; bid participants must be at least 18 years of age; and the event must be conducted in an auction format to which a permit issued by the Department of Revenue must be acquired.

[5:46:26 PM](#)

Ms. Szymanski pointed out that only one Calcutta permit could be issued per event, and that the only entity that could obtain the permit would be the person or organization holding the event. For example, only one Calcutta permit could be issued in regards to the Iditarod Sled Dog Race, and the Iditarod Committee would be the only entity that could request that permit from the Department of Revenue. She reiterated that no less than 50-percent of the Calcutta earnings could be provided to the charity.

Ms. Szymanski avowed that inclusion of Calcutta games in the list of allowable games of chance would incur "no more harm than other charitable games events" that are permitted. Examples of permitted games would include rat races, pull-tabs, and classics.

[5:47:26 PM](#)

Co-Chair Green asked for clarity as to whether a Calcutta pool permit would be limited to a specific one-time event.

Ms. Szymanski replied in the affirmative. One permit per sporting event would be issued.

Co-Chair Green understood therefore that a single permit could not be utilized for an entire football season.

Ms. Szymanski affirmed that it could not; an individual permit would be required for each football game.

Senator Stedman professed being unfamiliar with this gambling scenario, and, to that point, he asked for further clarification as to whether the football game, for example, must occur in the State of Alaska.

Ms. Szymanski confirmed that the game must take place within the State.

Co-Chair Wilken asked whether Calcutta pools are currently being conducted in the State.

Ms. Szymanski replied that, "there have been Calcutta pools held in the past". A [unidentified] legal opinion issued a few years earlier ruled, "that Calcutta pools are an illegal activity". Most organizations ceased conducting Calcutta pools after that ruling.

Co-Chair Wilken understood therefore that the State does not differentiate between Calcutta games conducted by non-profit organizations or other entities. Therefore, the Court ruling could

be characterized as "a blanket" ruling that prohibited any Calcutta game from occurring in the State.

Ms. Szymanski affirmed.

Co-Chair Wilken understood therefore that this legislation would alter that scenario.

Ms. Szymanski affirmed.

Co-Chair Green interjected that this legislation would specifically state that Calcutta games would be limited to charitable gaming.

Senator Dyson furthered Senator Stedman's question by asking for confirmation that both the Calcutta pool and the event must be held in the State of Alaska.

Ms. Szymanski clarified that the event must be held in the State. For instance, a hockey game to which a Calcutta pool was being held must be played in the State.

Senator Dyson asked whether for-profit businesses could be involved in organizing and conducting a Calcutta game.

Ms. Szymanski expressed that the bill would specifically apply to a non-profit organization that is raising money for charitable purposes. Therefore, a for-profit business would not be eligible to obtain a permit for a Calcutta pool.

[5:50:37 PM](#)

Senator Dyson noted however, that there are numerous "organizations hustling around looking for charities who, they can 'quote help out' by doing some charitable gaming for them. Such organizations make a significant amount of revenue out of doing this charitable gaming fundraising activity on behalf of some charity." The question is therefore, whether this legislation would "engender that activity".

Ms. Szymanski replied that "significant changes" have been made "to the bill to insure that its only non-profit organizations that can obtain the permit".

Senator Dyson opined that for-profit entities seek out non-profit organizations; they "offer to help" the non-profit by raising money from a large number of people who traditionally had not helped that organization. They offer to assist in obtaining the permit, conducting the event, and to share the proceeds with the non-profit

organization.

Ms. Szymanski stated that the bill does contain language to prevent the hiring of an outside operator to run the event. That language is located in Sec. 4 page two beginning on line 19.

Senator Dyson appreciated the inclusion of such language.

Co-Chair Green asked for further explanation of the "other than a Calcutta pool" language specified in Sec. 4.

Ms. Szymanski expressed that that language would prohibit the hiring of an operator to run the pool.

[5:53:03 PM](#)

Co-Chair Green asked for "the best example" of an event and how the pool would be facilitated.

Ms. Szymanski expressed that most organizations would hold a reception the evening before the actual sporting event. An auction would be conducted at that reception. People would bid on the team they thought would win. Traditionally, Calcutta games have been held in conjunction with pool or golf tournaments due to the large number of teams that are usually involved.

Co-Chair Green ascertained therefore that the income would be generated from the people who bet on the different teams. 50-percent of the money received would be provided to the winner of the pool and 50-percent would be provided to the charity.

Ms. Szymanski affirmed.

Co-Chair Green understood that there would be no holding, handling, finders, or event fees.

Ms. Szymanski stated that that was correct.

[5:54:29 PM](#)

Senator Stedman noted that most of the information in the bill packet examples Calcutta pools that have been held in states such as Montana, Wyoming, and North Dakota. He was curious as to the impact these pools might have incurred to those states and their citizens. He asked whether these games would be more popular in one region of the state verses another; in other words, would there be an expectation that this game would be more popular in Anchorage and Fairbanks than in other areas of the State.

Ms. Szymanski stated that Calcutta pools could occur in any area of the State. An area with a large number of golf courses might experience more golf-related Calcutta events.

[5:55:53 PM](#)

Co-Chair Green surmised that "the normal trend" would be that the event must attract a crowd. Therefore a more populated area might hold more Calcutta events.

Ms. Szymanski agreed. Another factor would be the charity itself. The goal would be to attract as many people as possible to the auction in order to raise money for the charity.

Senator Stedman asked the reason that more states are not involved in this endeavor.

Ms. Szymanski replied that Alaska is "one of the few states that does not allow legalized gambling", even on the reservations. This "is very different" from other states, many of which have casinos. North Dakota and Montana are similar to Alaska in this regard.

Co-Chair Green stated that Alaska is one of the few states that limits gaming to pull-tabs and bingo.

Ms. Szymanski affirmed. The State is "very strict when it comes to allowing the expansion of gaming in any way". The scenario is however "different when it comes to raising money for charities". It is "a fun way to raise money for charities" as long as limitations are in place. The State would not allow "charitable gaming to rise to a level that none of us would want to see". This bill would incorporate "significant limitations to insure that the charitable gaming in this case would not get out of hand.."

Senator Dyson asked regarding the magnitude of the monetary prize in a Calcutta event involving 300 people.

Ms. Szymanski responded that it would depend on the amount of money that was raised during the auction. People might bid anywhere from \$20 to \$1,000 on a team. At the end of the auction, the money would be placed into a pot, and upon the conclusion of the sports tournament, the high bidder of the winning team would be given their percentage of the money. The amount of that money would depend on a number of factors including the number of bidders and the amount of money being bid on each team.

[5:59:15 PM](#)

Senator Dyson asked whether a \$300,000 pot might be possible.

Ms. Szymanski affirmed that it could.

Senator Hoffman asked regarding the Sand Hills Crane Classic.

Ms. Szymanski noted that the Sand Hills Crane Classic was added during the bill's hearing in the House of Representatives House Finance Committee, at the urging of Representative Mark Neuman. The Sand Hills Crane Classic occurs in the Talkeetna area. People would guess the time and date of when the cranes would land on a pond in that area. People would buy a ticket and make their guess. The person closest to the actual time would win a percent of the money raised through the ticket sales.

REPRESENTATIVE MARK NEUMAN explained that a group of public radio supporters in Talkeetna have a non-profit gaming license though which they are seeking to hold an event to raise money for the public radio station. The event would be similar to the Nenana Ice Classic, as the organizers would set of a series of cameras to film the Sand Hills Cranes as they land on the pond during their annual migration through the area. In addition to supporting Talkeetna public radio, a portion of the money would be used to protect the area in which the pond is located. The Sand Hills Crane Classic must be added to the list of permissible gaming events in order to conduct the event.

[6:02:15 PM](#)

JEFF BARNHILL, Representative, Palmer Golf Course, testified via teleconference from offnet site and voiced support for the legislation. Like other golf courses, tournaments comprise 30-percent of the Palmer Golf Course's business. The majority of the tournaments are fund-raisers for non-profits. A Calcutta would provide another opportunity through which to raise money for non-profits such as the Boys and Girls Clubs. Any additional tournaments that might result would positively impact the golf course by encouraging more business. Most areas of the State host some events to which a Calcutta could apply. A Calcutta would not incur any costs to the State.

[6:05:23 PM](#)

Co-Chair Green noted that the testifier had identified a youth organization as a possible recipient of Calcutta funds. To that point, she asked whether youth organizations would be eligible for Calcutta events.

Ms. Szymanski clarified that the only restriction in the bill is that a Calcutta could not be held in regards to a youth organization's sporting event such as a youth soccer game. However, money could be raised to support a youth organization.

Co-Chair Green understood therefore that raising money for a youth organization would be permissible.

Ms. Szymanski affirmed.

Senator Stedman asked whether a fishing derby could qualify as a Calcutta.

Ms. Szymanski qualified that the event must include teams that could be auctioned off.

Senator Stedman asked whether a boat or a team on a boat could be recognized as a team.

Ms. Szymanski affirmed that competing boats would qualify for a Calcutta as people could bid on which boat would win.

[6:06:59 PM](#)

Senator Olson asked the origin of the name.

[6:07:10 PM](#)

Ms. Szymanski stated that the game had originated in regards to horseraces that were held in Calcutta India.

Senator Olson asked whether a single entrant such as a dog team in the Iditarod Sled Dog Race would qualify as a team as opposed to a basketball team.

Ms. Szymanski responded that an entrant could be a team or an individual.

AT EASE [6:08:04 PM](#) / [6:09:52 PM](#)

The bill was HELD in Committee.

#HB33

CS FOR HOUSE BILL NO. 33(FIN)

"An Act relating to required notification of the Department of Commerce, Community, and Economic Development, economic effect

statements, and regulatory flexibility analyses regarding the adoption of regulations that may govern the conduct of small businesses; relating to a private cause of action, regulation invalidation, and judicial review related to required notification, economic effect statements, and regulatory flexibility analyses for the adoption of regulations that may govern the conduct of small businesses; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

MICHAEL PAWLOWSKI, Staff to Representative Kevin Meyer, the bill's sponsor, explained that the basis for this bill was the federal Regulatory Flexibility Act of 1980. That Act directed regulatory agencies to "first consider the economic effect" a regulation would incur on small businesses, and secondly "consider an alternative method of achieving the same statutory or regulatory goal". While this Act has been in effect for 25-years, President George Bush has furthered "the Small Business Regulatory Reform Act as a model for states to adopt to consider ways of lowering the burden of state regulations on small businesses."

Mr. Pawlowski characterized this bill as being "loosely patterned after the model legislation that the Office of Small Business Administration made available for states". A "significant and detailed process" has been conducted "to bring it into alliance and to make it work for the State of Alaska". It would direct four designated state agencies "to consider the economic impact of their regulations on small business". Consideration should be given to such things as "the cost of compliance" and to determine other methods through which to accomplish such compliance. The Department of Commerce, Community and Economic Development would be asked to take the "lead advisory role, essentially a small business advocate position" in this endeavor "to provide a check in the regulatory process and a voice for the needs of small businesses".

Mr. Pawlowski noted that Members' packets contain a letter of support from the Alaska State Chamber of Commerce, dated March 15, 2005 [copy on file] and addressed to Representative Meyer.

Co-Chair Wilken voiced his support for the effort and intent of the legislation. However, he questioned the need to add a \$100,000 a year position to coordinate the program, as reflected in the April 15, 2005 fiscal note #11 from the Department of Commerce, Community and Economic Development. He opined that the Department should be able to conduct this effort through its "normal course of everyday

business".

Mr. Pawlowski informed the Committee that several fiscal notes were added to the bill during its deliberations in the House of Representatives. One of those notes was as high as \$217,000. Representative Meyer "was taken aback" at the agencies' position that "the expertise" that would be required to conduct this program was currently unavailable in the departments. While current department personnel "are really dedicated to achieving the statutory goals that are put on them, and, as the same time they come up with regulations .... the thought process of what that small business is going to have to go through to meet the demands of the regulations doesn't happen". The Governor's Office "felt very strongly that an adequately funded and very strong position to be that small business advocate would make this program successful given the experience in the current regulatory format".

Mr. Pawlowski conveyed that utilizing small business license fees to fund this position had been discussed but not advanced, as not doing so would "demonstrate" to small businesses "that the State was giving back to small businesses from the fees that they were paying into the State". Representative Meyer supported that decision and believes that the position is necessary.

Co-Chair Green asked for an example of how the program would work.

[6:14:55 PM](#)

Mr. Pawlowski directed Members to a flowchart titled "Steps in the Regulation Adoption Process Under HB33" [copy on file], which depicts how the process would be conducted. The basis for the flowchart is the current "Drafting Manual for Administrative Regulations". The shaded portions on the chart indicate the steps that would be added to the process by the adoption of this bill.

Mr. Pawlowski noted that the Department of Transportation and Public Facilities is not designated as one of the four agencies to which this legislation would apply as the manner in which that Department conducts its business is deemed as being "outside of the intent of the bill". A standard has been designated, as reflected in Sec. 1(i)(3) on page four lines 20-23 that would apply to "the regulations that govern the conduct of small businesses; that means the manner in which a small business conducts its business activities". The issue pertinent to the bill is exemplified by a recent Department of Health and Social Services regulations pertaining to child care centers that describe such things as the size of the required trashcans; the size of the waste paper baskets that those trashcans must contain; and provisions requiring that a

toy that has gone into the mouth of a child must be sanitized before it could be used by another child. The question is what how much money it would cost a childcare center, serving 30 children for example, to adhere to all the regulations. That is what governs the conduct standard "that would trigger when this review would be necessary".

Mr. Pawlowski explained that this legislation would incur a change in the process when the agency making the regulation would consult with the Department of Law in that regard as reflected at Step 4 on the aforementioned flowchart. The change would be that the agency must also notify the person holding the new position requested in fiscal note #11, in the Department of Commerce, Community and Economic Development, who would then assist and advise throughout the public comment process. Then the agency, assisted by the person from Department of Commerce, Community and Economic Development, would utilize information obtained from the public comment process and other information from their files to follow the nine Economic Effect Statement criteria added by this bill and depicted in the large shaded area on the flowchart. This criterion is specified as follows.

Economic Effects Statement:

- Estimate of small businesses effected.
- Proposed recordkeeping and admin. Costs.
- Statement of economic effect.
- Description of alternate methods.

Regulatory Flexibility Analysis: (examine)

- Less stringent compliance or reporting requirements.
- Less stringent compliance or reporting deadlines.
- Consolidation or simplification of compliance or reporting.
- Establishment of performance standards to replace design or operational standards.
- Exemption of small businesses.

Mr. Pawlowski stated that the alternative methods included in the Economic Effect Statement "would be achieved by working through the Regulatory Flexibility Analysis", whose components have been utilized for 25-years at the federal level. The development of less stringent compliance or reporting deadlines could be accomplished by simply allowing a business to report annually, quarterly, monthly, or biannually depending on the size of the business.

Mr. Pawlowski stated that poorly written regulations would be resubmitted to the Legislature for further reworking. "HB 33 is

about trying to do it right in the first place."

[6:20:05 PM](#)

Co-Chair Wilken recalled that Senator Gene Therriault had, in the last few years, submitted legislation that had inserted the Legislature into the flow chart process.

Co-Chair Green asked whether that legislation had pertained to the Administrative Regulation Review process.

Co-Chair Wilken could not recall the exact bill number, but did recall that it had allowed the Legislature to be included in the process by the inclusion of a Regulations Review Committee. He questioned the reason that that recently added step was not reflected in the flowchart.

Mr. Pawlowski affirmed that legislation establishing the Administrative Regulation Review process was adopted two years prior. Further clarification of its inclusion was conducted the previous Session. That step is reflected on the chart at Step 11. He noted that the bill's sponsor feels that HB 33 is necessary because, rather than taking "the word" of the Administrative Regulation Review Committee, this legislation would provide written documentation based on the nine aforementioned guidelines that the regulations pertaining to small businesses would be analyzed to the benefit of small businesses.

Co-Chair Wilken acknowledged.

[6:22:49 PM](#)

STEVE WEAVER, Assistant Attorney General, Legislation & Regulations Section, Office of the Attorney General, Department of Law, shared that the Governor Frank Murkowski Administration supports the bill. The impact of regulations on small businesses "has been an important issue" to the Governor for quite a while. The legislation has, as a result of its Legislative hearings, evolved into a very workable bill for the State. The Small Business Advocate position that would be created in the Department of Community and Economic Development "would be very helpful in the process" as it would assist the agencies "to put considerations of small business impacts into the process in a consistent fashion; to provide a one stop shopping source for that, and to avoid more costly alternative processes such as hiring outside consultants which agencies might need to do otherwise. The emphasis was on making this bill as cost effective as possible for the Administration."

[6:24:20 PM](#)

Co-Chair Green voiced acceptance of the Small Business Advocacy position. However, she noted that legislative mandates such as the requirement that businesses must have insurance coverage, impacts businesses across the state, regardless of their size. Another broad size requirement is exemplified by licensing fees.

[6:25:30 PM](#)

Co-Chair Green inquired as to whether the emphasis on small businesses is due to the fact that there is a Small Business Administration.

Mr. Pawlowski replied that the emphasis on small business, which is defined as a business with 100 or less employees, would affect more than 170,000 people in the State. "That's over half of the State's workforce." The emphasis is due to the fact that "small businesses typically do not have the resources to be involved in the regulatory process. They don't have the ability or attention to pay or the time to pay; their workforce is spread relatively thin. A large business would have the time to devote to it."

Mr. Pawlowski noted that such things as user fees would not be affected by this legislation. Continuing, he noted that the Medicaid and Medicare cost reimbursement regulations are excluded from the legislation, for "when the Legislature directs something as a cost containment provision" to, for instance, the Department of Health and Social Services, it might "save up to \$15 million dollars a year", and a one-day delay in the issuance of those regulations could cost the State between \$40,000 and \$57,000. The cost benefits to a business would not be that extreme.

[6:26:34 PM](#)

Co-Chair Green voiced appreciation for the explanation.

The bill was ordered HELD in Committee.

#HB149

[6:26:44 PM](#)

SENATE CS FOR CS FOR HOUSE BILL NO. 149(JUD)

"An Act relating to controlled substances regarding the crimes of manslaughter and misconduct involving a controlled substance; relating to the manufacture of methamphetamine and to the sale, possession, and delivery of certain substances

and precursors used in the manufacture of methamphetamine; relating to listing certain anabolic steroids as controlled substances; relating to the listing of property that constitutes an illegal drug manufacturing site; amending Rule 41, Alaska Rules of Criminal Procedure; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

[6:27:16 PM](#)

JANE PEARSON, Staff to Representative Jay Ramras, the bill's sponsor, stated that this bill, which is a hybrid of "the best" components of SB 70-CRIMES INVOLVING CONTROLLED SUBSTANCES and SB 106-SALE OF METHAMPHETAMINE AND PRECURSORS, has evolved into "a truly comprehensive piece of legislation". By dealing "directly with the problems our society is facing regarding the growing abuse of methamphetamines and anabolic steroids", this bill "would serve to combat the growing and immediate problems associated with drug manufacturing abuse in the State".

Ms. Pearson informed that Alaska is experiencing "a growing problem with methamphetamines being made in small local mom and pop type laboratories". The manufacturing of methamphetamines produces toxic waste into the environment. The activity is dangerous as it could result in fires, explosions, and endangerment to law enforcement, other emergency service personnel, and the community. Seven pounds of toxic waste could be the byproduct of each pound of methamphetamine (meth) that is produced.

Ms. Pearson stated that by limiting the quantity of sole ingredient pseudoephedrines that could be purchased in a 30-day period to nine grams, this legislation would impact the ability of criminals to purchase pseudoephedrines, iodine crystals, and phosphorus, which are the three products utilized to manufacture methamphetamines. In addition, such products would be contained behind a service counter in a store and a log of such purchases must be kept and made available to law enforcement officers upon request. "Iodine crystal purchases must also be logged". The logs would allow law enforcement officers to "see who is purchasing the chemicals". Other components of the bill would implement distribution, registration and record-keeping provisions for wholesalers, manufacturers, distributors, and retailers who sell such products. Those who knowingly violate the requirements would face a Class "A" misdemeanor charge, "punishable by a fine of up to \$10,000".

Ms. Pearson also noted that the bill would allow for a charge of manslaughter to be levied against the manufacturer or deliverer of meth were a person to die from its usage.

Ms. Pearson stated that due to the dangers imposed by the manufacturing of meth, this bill "would increase the bond for a meth manufacturer with a previous felony methamphetamine conviction to a minimum of a \$250,000 cash bond". Presumptive sentencing of both "A" and "B" felonies for a person manufacturing meth with a child present would also be increased.

Ms. Pearson conveyed that this legislation would also serve to make anabolic steroids a Class 5A controlled substance. Use of steroids, which are used to increase muscle mass, has been on the increase in the State, and abuses is occurring in people as young as the junior high school level. These abuses have been found to cause heart disease, liver damage, and other unwanted physical side affects.

Ms. Pearson stated that "the bill would also amend" State Statutes pertaining to the requirement that the Department of Environmental Conservation keep records of certain contaminated drug manufacturing sites on their website. This information must be maintained "on the website for five years after the property has been deemed fit for use".

Ms. Pearson reiterated that meth production and use, and steroid abuses are on the increase in the State. She asked the Committee to support the bill and move it out of Committee.

[NOTE: Co-Chair Wilken assumed chair of the Committee.]

[6:31:09 PM](#)

REPRESENTATIVE JAY RAMRAS, the bill's sponsor, informed the Committee that Ms. Pearson and Senator Gretchen Guess have assisted in the development of this "terrific omnibus drug bill" which would address a multitude of concerns, including the increased use and manufacturing of meth. The bill would also include provisions through which to hold landlords more responsible for whom they rent to. He reiterated Ms. Pearson's comments that the legislation would "help control" the availability of substances sold by retailers that are used in the manufacturing of meth.

Representative Ramras explained that the regulations in the bill that are applicable to retailers would assist in deterring the practice referred to as "smerfing". Smerfing occurs "when a collection of young people ... who use meth, gather up the raw ingredients and deliver them to the meth cook and the meth lab".

Representative Ramras addressed the bill's fiscal impact by stating that the bill would generate a positive fiscal note, as other states that "have adopted a very proactive approach" in restricting the supply of products used in meth manufacturing via such means as requiring retailers to log such product purchases, have experienced a tremendous decline in meth production and meth labs; thereby allowing law enforcement resources to be used elsewhere. A reduction in steroid use would also occur. This legislation would be beneficial to the State.

Co-Chair Wilken noted that, due to the fact that a [unspecified] testifier who supports the bill would not be available until the following day, the bill would be held in Committee.

Senator Olson understood that the maximum amount of pseudoephedrine that could be purchased was nine grams.

Ms. Pearson expressed that the nine-gram quantity would equate to three boxes of the specified drugs.

Senator Olson asked regarding language in Sec. 3(d)(2) page four, line nine of the bill that specifies a quantity "of less than 24 grams" of the affected drugs.

Ms. Pearson clarified that the bill was amended to include that language. It is specific to the quantities that could on hand at such places as lodges, schools, daycare centers, or treatment centers. Those places might purchase larger quantities due to the nature or location of their activity. Such items must be secured in a locked storage area.

Senator Olson asked the nature of the log that a small remotely located business would be required to maintain pertaining to the sale of the over-the-counter drug "Sudafed".

Ms. Pearson stated that the information required in the log would include valid government issued photo identification and other information as determined by the Department of Public Safety.

Senator Olson remarked that this "would be quite a burden for someone" who just wanted to purchase Sudafed to relieve their cold symptoms.

Representative Ramras acknowledged that the concern about "how to apply this fairly" has been an issue throughout the development of the bill. While the meth issue is primarily an urban problem, any action addressing it would affect, for instance, elderly tourists

who might be seeking cold relief or people living in rural areas in which meth abuse is less frequent of an issue. Some supporters of this legislation desire to have the information in the logbooks electronically transmitted to the Department of Public Safety. However, he had countered that such action would serve to inform the Department of Public Safety of everyone who had a cold last year. "The middle road" that has been developed would include having a logbook that would be kept confidential so that such things as identity thief and target marketing would be kept to a minimum. Local law authority would be able to access the logs. As an aside he noted that the community of "North Pole is a particular hot bed for meth labs". Specific language in this regard is located in Sec. 11(e) pertaining to municipalities and Sec. 11(f) pertaining to law enforcement agency as denoted on page ten, lines 22 through 30.

(e) Notwithstanding (a) of this section, if a municipality enacts an ordinance requiring wholesalers, manufacturers, and distributors to report the information maintained under (a) of this section, each wholesaler, manufacturer, and distributor shall regularly report that information to the municipal police department at intervals required in the ordinance.

(f) Upon the written request of any law enforcement agency, any wholesaler, manufacturer, distributor, or a retailer shall report electronically or by mail the information collected in (a) or (b) of this section for the six month period following the written request.

Representative Ramras acknowledged that the concern voiced by Senator Olson about how this legislation would affect a small retailer in a remote community in which there is no meth problem has not been addressed in this bill. Unfortunately, while there might not currently be a meth problem in an area, the problem "pops up everywhere". Any community could be "vulnerable" to it. The requirement would be that a logbook be kept and provided, upon request, to law enforcement. There would be no requirement to transmit the information at specified intervals unless a municipality adopted such policy.

[6:38:00 PM](#)

Senator Olson agreed that a meth lab could operate anywhere. One was recently discovered in the community of Bethel. His concern however, was to evaluate whether the logbook requirement would be a burden on "small mom and pop stores".

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Representative Ramras voiced that the desire was to prevent the provisions of the bill from being such "a burden on commerce" that a small convenience store might choose not to carry Sudafed. That action could be detrimental to a small business, as customers, knowing that Sudafed was no longer available there, would shop at a larger store to buy, not only Sudafed but also other incidentals that they would have purchased had they shopped at the convenience store. The intent would not be to drive business from small independent businesses to larger businesses such as WalMart or Fred Meyer or Safeway. He disclosed, "being mindful of that burden throughout" the development of this bill. He stressed that signing the logbook would be no different than showing identification to enter a bar or signing for a prescription at a drug store.

Senator Olson understood that the logbook would require the purchaser's signature.

Representative Ramras deferred to Dean Guaneli of the Attorney General's Office to answer that question.

[6:40:26 PM](#)

DEAN GUANELI, Chief Assistance Attorney General, Criminal Division, Office of the Attorney General, Department of Law, informed the Committee that the entirety of the provisions that were included in SB 70-CRIMES INVOLVING CONTROLLED SUBSTANCES, which was legislation sponsored by Governor Frank Murkowski, have been included in this "comprehensive methamphetamine bill". The Department of Law supports all the provisions in HB 149. Representative Ramras worked diligently with the pharmaceutical industry to develop provisions that were acceptable to them as well as to address the needs of law enforcement.

Mr. Guaneli stated that the nine-gram determination "is actually a fair amount of pseudoephedrine". Other states have adopted a six-gram level. The largest packet available for resale contains 96 pills, which is "just under three grams". This supply would equate to 24 days of usage for an adult and twice that for a child. The warnings on the packet specify seeking a doctor's advice if more than a seven days usage is needed for treatment. In summary, the nine-gram quantity would allow people in Rural Alaska and elsewhere to have an amount that would sustain their needs for a long period of time.

Co-Chair Wilken, noting that Senator Gretchen Guess was in attendance, asked the Senator to participate in the discussion, as he understood that portions of a separate bill she had developed

had been incorporated into this bill.

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Senator Olson pointed out that numerous products containing the drugs and chemicals specified in this bill were available for purchase over the Internet or through the mail.

Mr. Guaneli communicated that this would continue to be a challenge to law enforcement. Law enforcement officers have testified that "100-percent of the product uncovered at meth labs" found in the State, are in the pure form available at local retail outlets. "Once that source of raw material dries up", other sources would be sought. Other pseudoephedrine sources might include the Internet. Other bulk pseudoephedrine sources could be uncovered.

Mr. Guaneli likened the transport of these items to the transport of illegal substances such as cocaine and heroine that are manufactured outside of the State and brought in. Law enforcement would need "to be vigilant at airports" and continue their good working relationship with the United States Postal Service in order to seize contraband items prior to their reaching the State. "It would be a constant challenge." Law enforcement personnel "are aware that a shift" to other sources would occur.

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Representative Ramras stated that meth distribution in California "is so advanced" that the people involved have masqueraded as Federal Express personnel and have stolen "cases and cases of Sudafed". Meth abuse should be addressed at the federal level. 35,000 pharmacies and large drug manufacturers have organized to encourage federal regulation. Major drug manufacturers are investigating how to produce Sudafed so that its active ingredients could not be "cooked out".

Representative Ramras noted that most "meth heads don't have credit cards"; they are "unsophisticated" cash buyers "who prey upon communities".

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Co-Chair Wilken asked whether the logbook entries would be sufficient to get a warrant.

[6:46:01 PM](#)

Mr. Guaneli understood that logbook entries would be one of the

components that could substantiate the issuance of a warrant. "Possessing nine-grams is prima facie evidence of intent to sell." A scenario could include that of a law enforcement officer asking someone who was manufacturing meth where they got their raw materials; the response might be that they got it from someone who got it at the local WalMart. Law enforcement officers could then review WalMart's logbook. Findings that that person had made a number of such purchases over a period of time would provide sufficient information to garner a warrant to search someone's car and/or apartment. He noted however, that the purchase of more than nine-grams in a 30-day period would carry more weight than a nine - gram purchase over a six-month period. The shorter timeframe-purchasing situation would likely be required in conjunction with another illegal activity in order to have a warrant issued.

Representative Ramras shared that in the Fairbanks area, a member of a group of "meth heads" "was arrested in three consecutive weeks at three different hotels". A written record would assist in tracking such individuals. The cost and time associated with pursuing these illegal activities should also be a consideration.

Representative Ramras shared a story told to him by a woman who works at a Fred Meyer store, whose corporate policy is that Sudafed be kept behind the counter and purchases be limited to two boxes. Through an activity referred to as "smerfing", groups of young people, typically arriving in one car, would converge on a store and individually go in and each buys two boxes of Sudafed. Through such activity, the group could purchase between eight and twelve boxes of Sudafed. The woman told him that after one recent smerfing incident, she wrote down the license plate number of the car and reported it to the Department of Public Safety. Good citizens are concerned about the situation. The logbook would be very helpful to law enforcement officials "for the purposes of a warrant or the purpose of connecting all these people to the purchases of this drug."

[6:49:13 PM](#)

Co-Chair Wilken asked regarding the criteria through which a law enforcement officer could access the logbook.

Mr. Guaneli responded that the bill contains language to the effect that they could access the logbook "at any reasonable time". No warrant would be required.

[6:49:48 PM](#)

Co-Chair Wilken, noting the inclusion of a letter in Member's

packets from Carrs/Safeway, dated April 26, 2005 [copy on file], mentioned that he had, just today, received a "well-written letter" from Carrs/Safeway [copy not provided] about how this legislation would affect their 25-stores. While he did not have the letter with him, he asked that Representative Ramras review the letter and respond to the concerns and points specified. He asked that a copy of that response be provided to his office.

SENATOR GRETCHEN GUESS asked the date of the letter being referenced.

Co-Chair Wilken was uncertain as to whether the letter was the one in the packets or a more recent one.

Senator Guess informed the Committee that the Senate Judiciary Committee had discussed the concerns specified in the April 26, 2005 letter, and that, with the lone exception being the continued inclusion of the logbook; the store's concerns had been addressed in the Judiciary committee substitute Version 24-LS0596\V before the Committee. During the discussions with the store, their lack of support for the logbook requirement was apparent. However, through compromise, the Judiciary Committee included language that would repeal the logbook in two years. However, the logbook issue could be revisited were the Department of Public Safety and the Legislature to determine that the logbook was essential in deterring meth lab activity.

Co-Chair Wilken stated that he would verify the date of the letter in question.

[6:51:09 PM](#)

Representative Ramras noted that in his experience as the owner of several establishments that serve alcoholic beverages, a trained bartender, regardless of how busy he or she was, would scrutinize a piece of identification in order to assure that the name and face on the identification were legitimate. "This is a reasonable burden to put on somebody." While he appreciated the concerns brought by Carrs/Safeway, "the greater good" would prevail. Similar legislation in other states has achieved "extraordinary success".

[6:52:07 PM](#)

Representative Ramras expressed personally witnessing the devastation created by meth addiction. It is easy to get "hooked on". Rather than short-lived errant behavior, meth addiction "wreaks" people as addiction could occur after using the drug even one or two times. "They are lost to society." Therefore, "whatever

inconvenience the retailer has to suffer for the time being until the pharmaceutical companies catch up to problem is okay by me". While this might create a burden on commerce, Meth use is a tremendous problem and "is a scourge on men and women age 18 to 29 and it is wreaking our homes and our schools and our workforce. It is everywhere in our community. It is causing crime. Its something that Carrs/Safeway needs to do as good corporate citizens and being good neighbors."

[6:53:17 PM](#)

Co-Chair Wilken referred to the section of the April 26, 2005 letter from Carrs/Safeway, which expressed that the logbook would be contrary to someone's right to privacy. A law-abiding citizen simply seeking cold remedy should not be subject to such a public event. It would be okay for law enforcement officers to review the logbook were there cause, however, it would be unacceptable were police simply "on a fishing expedition" and noted a law-abiding citizen's name reflected there. That customer could get upset with the retailer were that to occur. He asked how "a balance" could be reached in this regard.

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Mr. Guaneli stated that from a legal standpoint, "the activity of buying an over the counter drug in a large store is a lot different than buying prescription medication where you go up to the pharmacist counter and no one knows what you are buying". One could simply take an over-the-counter drug off the shelf and proceed to the regular checkout stand. There is a "much less expectation of privacy" at a checkout stand.

Mr. Guaneli shared that shortly before the state of Iowa passed its pseudoephedrine restrictions, a university consumer survey was conducted. It found that 95-percent of consumers of such products purchased one box at a time and 75-percent of the consumers did not object to showing some sort of identification when making that purchase. "Most people understand that there is a value to the logbooks and they support that." In addition to the law enforcement value, logbooks would provide "a deterrent effect for people", who desire to misuse these products. To this point, Alaska State Troopers have determined that people who use these drugs develop paranoia, which would prevent them from wanting to show their identification. "There are a lot of benefits to be gained."

Mr. Guaneli stated that it would be unlikely that the Alaska Court System would "allow a lawsuit against a store" given "the nature of the problem in Alaska and given that the material must be kept

confidential except for law enforcement use. The stores would be "simply following the law as it's written" ... that would not "be cause for liability".

[6:57:11 PM](#)

Co-Chair Wilken asked whether this exposure issue had been discussed with Carrs/Safeway to "some resolution".

Senator Guess affirmed that the issue had been addressed. The Senate Judiciary Committee added an amendment to exempt stores from civil liability "unless they knowingly or intentionally" broke the confidentiality requirement. This language is included in Sec. 11(g) beginning on page ten, line 31 and continuing through line seven on page eleven.

(g) The log required to be maintained by a retailer under (b) of this section and the information entered into the log is confidential. The retailer may not allow access to the log or release information contained within the log except to the Department of Public Safety or other law enforcement officers. A retailer is not liable in a civil action for release of information contained in the log in violation of the confidentiality requirement of this section unless the retailer intentionally released the information or was aware at the time of the release that the information was being released in violation of this section.

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Representative Ramras noted that when processed in a meth lab, Sudafed is "remarkable" as it delivers a substance that is 90-percent pseudoephedrine. "Other multi-ingredient cold medicines" produce only seven-percent pseudoephedrine substance. Thus, one would be required to purchase in excess of \$60 of other products to yield the same amount of pseudoephedrine as a four-dollar Sudafed purchase would yield. Were a consumer uncomfortable with the logbook, they could purchase one of several hundred other multi-ingredient cold medicines that would not be subject to this legislation, which is specific to single ingredient cold medications. Therefore, while a consumer might be discouraged from purchasing a particular brand, other over the counter medicines would be available. He noted that this differs from cigarette purchases in that all cigarettes are located behind a secured counter.

[6:59:29 PM](#)

Senator Hoffman asked whether the legislation includes any provisions regarding the cross-referencing of logbooks by law enforcement officials.

Mr. Guaneli clarified that the legislation does not contain any "specific provisions" in this regard. He understood that larger retail chains would be utilizing electronic formatted logbooks, which could be easily sorted. Smaller stores would be more limited in how their logbooks are organized. For investigative purposes, it would be likely that the Alaska State Troopers could be required to implement electronic sorting so that the files would be easier to view.

[7:00:27 PM](#)

Senator Hoffman asked the reason that such specifications were not included in the legislation, as cross-checking of names would be helpful.

Mr. Guaneli noted that this issue was discussed during the bill's development. In an effort to balance law enforcement needs with the burden on small businesses, the language in the bill was deemed acceptable to the needs of the Department of Public Safety.

Senator Hoffman argued that this "additional step should be taken" given the fact that, as pointed out by Representative Ramras, using meth even one or two times could be addictive. Non-aggressive action in this manner would indicate that the nationwide meth threat is not as severe as stated.

Representative Ramras stated that "we are trying to give law enforcement the tools they asked for". It was determined, after discussing the issue with the Department of Public Safety, that the logbooks would be utilized as a reference. "For the Department to have a record of everyone in the State who has had a cold in the last twelve months" would be burdensome. The desire is that the deterrents in this bill, combined with the child endangerment language penalties, would sufficiently curtail the supply. Similar legislation has proven to be quite successful in states such as Oregon, Iowa, Oklahoma, and Nebraska. Such action would allow law enforcement to redirect some of their resources toward other endeavors.

[7:03:43 PM](#)

Representative Ramras expressed that setting up meth labs in rural areas is attractive as the cooking process produces a terrible smell. However, rural settings are not always the norm, as a meth

lab was found in an apartment building in Fairbanks in which the District Attorneys' office occupied the first floor. This occurred even though the landlord conducts thorough background checks on its tenants. "This stuff is everywhere."

Representative Ramras commented that while there might be a desire to more thoroughly perfect this process, the purpose of the legislation is to identify those who are smerfing rather than the tourist who is purchasing Sudafed to address a cold.

[7:04:57 PM](#)

Representative Ramras thanked the Committee for its attention to "such an important issue" in the "waning days" of the Session.

Co-Chair Wilken noted that the bill would be HELD in Committee. It would be brought back before the Committee the following day in order to allow for additional testimony.

#

**ADJOURNMENT**

Co-Chair Wilken adjourned the meeting at 07:05 PM