

MINUTES
SENATE FINANCE COMMITTEE
April 28, 2006
9:13 a.m.

CALL TO ORDER

Co-Chair Lyda Green convened the meeting at approximately [9:13:55 AM](#).

PRESENT

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

Also Attending: SENATOR RALPH SEEKINS; AMY STEITZ, Staff to Senator Tom Wagoner; SCOTT NORDSTRAND, Commissioner, Department of Administration; GREG O'CLARAY, Commissioner, Department of Labor and Workforce Development; TOM MAHER, Staff to Senator Therriault; MIKE ANDREWS, Director, Alaska Works Partnership Inc.; JOHN BITNEY, Lobbyist, Alaska State Homebuilders Association;

[NOTE: Public testimony on SJR 20 was presented in the order depicted in the minutes. In addition, all testimony was presented in Juneau unless otherwise noted.]

Attending via Teleconference: From Anchorage: MARK DAVIS, Director, Division of Banking & Securities, Department of Commerce, Community and Economic Development; ROGER PRINCE, Department of Commerce, Community and Economic Development; JOE BRAMMER, Alaska Association of Mortgage Brokers; JOHN MARTIN; KEN GAIN, Secretary/Treasurer, Independent Lenders of Alaska; JOHN CARMAN, Past President, Alaska Mortgage Bankers Association; MIKE SAMSON, President, Samson Electric; BILL WATTERSON, President, Watterson Construction; JULIE AUNE, Vice President, AAA Fence; REBECCA LOGAN, President, Associated Building and Contractors (ABC) of Alaska; from Fairbanks: DOUG ISAACSON, Past President, Alaska Association of Mortgage

Brokers, President, Gold Coast Mortgage; JAY QUAKENBUSH, President, Building and Construction Trades; JIM LAITI, Business Manager, Pipefitters Local 375; CLICK BISHOP; MIKE SEXTON, Executive Director, Mechanical Contractors of Fairbanks; WENDY REDMAN, University of Alaska; from an offnet location: GREG WILLIAMS, Regional Director of State Government Affairs, American Financial Services Association (AFSA); LAURIE HOLT, Officer of Residential Lending, Mortgage Operations, Alaska Housing Finance Corporation (AHFC), Department of Revenue; RICHARD CATTANACH, Executive Director, Associated General Contractors; DAN FAUSKE, CEO, Alaska Housing Finance Corporation.

SUMMARY INFORMATION

SJR 20-CONST. AM: BENEFITS & MARRIAGE

The Committee heard from the bill's sponsor, adopted a committee substitute, and took public testimony. The bill reported from Committee.

SB 272-MORTGAGE LENDING

The Committee heard from the bill's sponsor, the Department of Commerce, Community and Economic Development, the Alaska Housing Finance Corporation, and industry representatives. A committee substitute and two amendments were adopted and the bill was reported from Committee.

SB 309-CONSTR. TRAINING GRANT; UNEMPLOYMENT COMP.

The Committee heard from the bill's sponsor, the Department of Labor and Workforce Development, and industry representatives. The bill was reported from Committee.

SB 317-ANCHORAGE PARKING GARAGE

The Committee heard from the Department of Administration and the bill was reported from Committee.

#SJR20

SENATE JOINT RESOLUTION NO. 20

Proposing an amendment to the section of the Constitution of the State of Alaska relating to marriage.

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

Co-Chair Green moved to adopt CS SJR, 20 24-LS1676\G as amended, as the working document, and then objected for explanation purposes.

SENATOR RALPH SEEKINS, Chair, Senate Judiciary Committee which sponsored the bill, noted that the committee substitute would add the following language to the "Marriage Amendment", Art. 1, Section 25, of the State's Constitution, which specifies marriage as a union solely between one man and one woman.

...No other union is similarly situated to a marriage. No provision of this constitution shall be construed to require that marriage or the legal incidents of marriage be conferred on a union other than the union of a man and woman.

Senator Seekins disclosed that the proposed language was based on language in Senate Joint Resolution 1 (SJR 1) as introduced in the United States Senate.

[9:16:10 AM](#)

Senator Seekins continued that the adoption of Version "G" would align the State with the policy included in the U.S. Constitution, which would allow "reciprocal beneficiary contracts to exist". Such a policy currently exists within the University of Alaska system, where policy specifies that couples in a "mutual beneficiary relationship" who meet specified criteria could qualify for insurance benefits. Approximately 113 couples are qualified under the University's program.

Senator Seekins further noted the bill would allow the University to expand its definition of "mutual beneficiary" to include "a mother and her son or two brothers". It would also allow an employer to provide benefits to individuals based on existing contract law "such as legal arrangements to co-own or inherit property, medical visitation decision-making, guardianship of children, medical benefits." While the bill would "expand the universe of those people" who would qualify

for a mutual beneficiary relationship, the employer would be allowed to establish their own guidelines.

[9:18:33 AM](#)

Senator Seekins considered the proposed changes to be a "good policy" which "could be defended" from differing perspectives. It would also "preserve the institution of marriage". He asked for the Committee's support.

[9:19:00 AM](#)

Senator Dyson ascertained therefore that Version "G" would return the State to the policy position which existed prior to the October 2005 Alaska Supreme Court ruling on the case *ACLU v. State & Municipality of Anchorage*. That position was "permissive" in "that State organizations are free to enter into these kinds of relationships as they choose".

Senator Seekins affirmed.

Senator Dyson recognized the policy as permissive because it would allow State organizations to choose whether or not to provide benefits to individuals in "these kinds of relationships".

Senator Seekins responded that while Version "G" would permit it, "it would no longer require" as the Court's ruling did, that "someone who cannot be legally married under law would have to be treated as if they were married. And the extension of that, and the expansion of that, is much greater than the particular case" upon which the State Supreme Court ruled. This bill would allow beneficiary relationships, "but it does not require any longer that you treat ... someone who cannot be married as if they were married".

[9:20:12 AM](#)

Senator Dyson understood that a man and a woman who were not married are recognized as a couple under the University's policy. That particular union was not addressed in the Supreme Court ruling. Thus, the language proposed in this resolution would make that situation permissible whereas before it could be argued "it was not, in terms of heterosexual couples".

Senator Seekins concurred. An unmarried man and woman could qualify under the language being proposed.

Senator Dyson reemphasized that the benefit determination would be a choice of the institution or political subdivision.

Senator Seekins affirmed.

[9:21:14 AM](#)

Senator Bunde asked for confirmation that this language would permit domestic partnerships "including a mother and son or any other combination of people" to qualify.

Senator Seekins affirmed.

[9:21:41 AM](#)

Senator Bunde discerned that Version "G" would allow "an entity of the State then to recognize" such domestic partnerships "for purposes of benefits".

Senator Seekins replied "yes"; the recognition would be based "on a mutually dependent situation" rather than being based "on the premise of rights or privileges of marriage or sexual expressions".

Senator Bunde asked whether the policy could be interpreted as lowering "the choice to discriminate to a municipal level".

Senator Seekins expressed that rather than expanding discrimination, this resolution would expand an employer's choice. It would not require an employer "to provide benefits to someone that isn't legally married", but it would allow an employer to provide benefits if they chose, to someone in a mutually beneficial relationship.

Senator Bunde had heard that qualifying criteria had been incorporated into the previous version of this resolution to address the concern that "these mutually beneficial relationships would cost the State a lot of money". Thus, his understanding now was that Version "G" would not save the State, University, or municipality any money.

Senator Seekins expressed that passage of this resolution might incur costs to the State. To that point, he stated that of the University's 7,000 employees, less than 120 mutual beneficiary relationships have been formalized. Less than 20 of those 120 were same sex couples. While this is not a huge number, some financial impact could be incurred to the State were the University's policy incorporated into the State's collective bargaining systems and offered to all State employees.

[9:24:02 AM](#)

Senator Bunde remarked therefore that the adoption of Version "G" would negate the argument "that preventing these relationships would save money".

Senator Seekins affirmed. He noted he had never argued that position.

Co-Chair Green announced that public testimony would be limited to two minutes. Also in consideration of the time, she asked that those who had previously testified on the bill not present repetitious testimony.

[9:25:06 AM](#)

Senator Seekins noted that Kevin Clarkson, a consultant to the Legislature on this issue, would be available via teleconference to respond to Member's questions.

Co-Chair Green, observing that 20 people had at this point signed up to testify, again directed that testimony be concise.

[9:25:50 AM](#)

Senator Olson asked Senator Seekins to further clarify how this resolution would affect a heterosexual unmarried couple, with or without children.

Senator Seekins stated the adoption of Version "G" would allow those individuals to be recognized as being in a mutual beneficiary relationship; coverage could be extended to them if the employer opted to.

Senator Olson understood therefore that a private employer would be required to recognize these relationships under a legislative mandate.

Senator Seekins responded no, a private employer would have the option to offer such benefits. While a private employer currently has a number of beneficiary options, he or she is not required to provide beneficiary coverage to employees. While many employers currently do so, the employer has the right to negotiate options.

Senator Seekins was uncertain as to whether the aforementioned State Supreme Court ruling might have required private employers to provide benefits they provided to married couples "to someone that legally was not allowed to be married". Nonetheless, the adoption of Version "G" would allow any employer, private or public, to provide mutual beneficiary coverage if it chose to.

9:28:20 AM

DIXIE HOOD, Licensed Marriage and Family Therapist, appreciated the opportunity to speak "on this important piece of legislation". She was "alarmed and offended that our representative democracy at the State and at the national level was being undermined in so many ways by political opportunism". Adopting an amendment to the State's Constitution that "would further deprive many Alaskans of their civil rights and equal protection is unjust and contrary" to the "ideals of democracy". Women, Blacks, Jews, and other groups in the United States were "denied equality by laws determined by the majority". During her lifetime she witnessed condemnations of many minorities.

Ms. Hood has advocated for civil rights on behalf of women, the elderly, gay people, and persons with disabilities. "Putting civil rights up for a popular vote is shameful ... discrimination based on self interest ignorance is all too common in this day and age and has no place in Alaska." She urged the Committee to hold Alaska to the highest democratic standards and prohibit legislation such as this which would "deny rights and benefits based on marital status".

9:30:40 AM

CLOVER SIMON testified via teleconference from an offnet location in opposition to the resolution. All persons in

Alaska's diverse society should be respected and benefits should be available to individuals' partners regardless of their sexual orientation or marriage status.

[9:31:39 AM](#)

JAMES GRAY testified via teleconference from Anchorage in opposition to the resolution. He and his partner's "loving and caring" family are insulted by discriminatory views such as the one being furthered in this resolution.

[9:32:19 AM](#)

FRED TRABER, Public Employee Retirement System Retiree, testified via teleconference from Anchorage in opposition to the resolution. He applauded the actions taken by Ross Anderson, the mayor of Salt Lake City, Utah, who, shortly after taking office, had "issued a non-discrimination executive order" which was followed by another executive order. These orders served to extend "benefits to the both unmarried and married city employees".

Mr. Traber summarized that "on one hand we have an enlightened mayor of a notoriously religious city who recognized the need for same sex benefits and created those benefits with a simple stroke of a pen. Here we are in a notoriously independent and free thinking state debating whether or not you legislators should legislate additional discrimination toward a small group of" people. He urged the Committee not to pass the resolution from Committee.

[9:34:59 AM](#)

Senator Bunde understood that Version "G" changed the bill "significantly and would allow mutually beneficiary partnerships or same sex partnerships to receive benefits from their employers". To that point, he asked whether Mr. Traber had reviewed Version "G", and if so, whether he maintained his objection.

Mr. Traber responded "yes".

[9:35:43 AM](#)

MARY KEHRHAHN-STAR testified via teleconference from Fairbanks against the resolution. Legislators should keep their personal beliefs separate from "the big picture". While the people targeted by this resolution might be same sex couples, they are also law abiding hard working Alaskans who pay taxes and are neighbors and co-workers. Adopting this resolution "would be out and out discrimination". This action would be contrary to the essence of Alaska. Serious consideration must be given to this issue.

[9:36:51 AM](#)

VICTORIA SCHLERGER testified via teleconference from Fairbanks in opposition to the resolution. She identified one of the prominent questions asked by "the wide spectrum of religious and political group" family members at a recent multi-state Parents, Families, and Friends of Lesbians and Gays (PFLAG) conference she attended as being "why are our children being treated differently?" A vote in support of this legislation would be akin to saying "I want to discriminate against" gay and lesbian people. She urged the Committee to vote no on the resolution.

[9:37:57 AM](#)

MARJORIE COLE, Chair, Call to Action Alaska, testified via teleconference from Fairbanks. The organization, which is primarily comprised of Christians, sent a letter [copy not provided] on February 19, 2006 to legislators which expressed concern about the discriminatory nature of this resolution. The State's Constitution "was not meant to limit human rights or divide the people". The discrimination in the resolution was based on outdated fears; "most Americans have moved toward tolerance and acceptance of the approximate ten percent of population born to homosexual orientation". During the debate of a similar proposal in the state of Washington, a legislator decried "that the heart does not choose who to love". Alaska should be at the forefront of human rights. The language in SJR 20 is "extremely vague and if applied literally would make life intolerable for many people. What are these benefit obligations?" She asked whether they would include the right to visit a loved one in the hospital, to execute a loved one's will, or to raise their children. Homosexual people are family people with morals. She requested the Committee not support this discriminatory legislation.

9:39:54 AM

KEVIN DIAMOND, Student, Juneau Douglas High School, spoke in opposition to the resolution as it would be an unconstitutional violation of people's "basic human rights to equal protection under the law". The financial impact to the State incurred in providing benefits to gay and lesbian couples would be minimal. He was concerned about how furthering this resolution would affect himself and his partner in the future.

9:41:42 AM

LIN DAVIS stated that the language in Version "G" was still "vague and problematic" and thus, had not diminished her opposition to the resolution. It would not provide her and her partner of 18 years "the equal protection that we deserve". Unfortunately, in her job assisting people in finding employment, she has become aware of numerous discriminatory actions people have experienced. She disclosed she was a plaintiff in the 2005 *ACLU v. State & Municipality of Anchorage* Marriage Amendment case because she was concerned about her partner who is nine years her junior. She wanted her to receive "all the benefits that the people who work in the offices next to me automatically get when they get married". Her community is strengthened when people like her and her partner have access "to the strongest financial base possible"; conversely, neither a community nor a family would benefit by denying people "that safety net" of health, death, or dental benefits. She has worked hard at her job and is simply seeking "to receive the same pay and benefits" as co-workers.

9:44:13 AM

STEPHEN GINGRICH of Eagle River testified via teleconference from Anchorage and stressed this resolution would harm rather than benefit people. The State's Supreme Court ruling on the 2005 lawsuit was conducted with "professionalism" and the justices "rose above personal prejudices to do what was right. Their decision harmed no one. This bill panders to bigotry" and would violate many good government principles particularly that, in a democracy, "a prejudice majority should not have the right to deny equal rights to a minority". Providing equal pay for equal work and providing medical coverage and survivor benefits to children as well as spouses is the responsibility of good government. Discriminatory actions such as the State's 1998

Constitutional amendment which specified marriage to be a union between one man and one woman would one day be ruled unconstitutional. The University of Alaska's policy of equal treatment to all employees has been in effect for a decade. It is a harmless policy. "Popular prejudice is diminishing." The supporters of this bill would be placing "themselves on the wrong side of history in the same place as the legislators of the former slave states who after the Civil War enacted the Jim Crowe laws. This is a Jim Crowe law."

[9:45:46 AM](#)

Senator Bunde asked whether the Marriage Amendment had ever been challenged as being unconstitutional.

[9:46:16 AM](#)

Senator Seekins clarified that the "amendment has not been challenged" as unconstitutional. While he was uncertain as to whether similar language adopted by other states had been challenged, he was certain any such challenge had not prevailed.

[9:47:17 AM](#)

Co-Chair Green invited Senator Seekins to join the Committee at the table in order to respond to concerns raised by testifiers. Continuing, she asked whether Version "G" could be viewed as discriminatory, as argued by testifiers.

[9:47:38 AM](#)

Senator Seekins did not view the language in Version "G" as discriminatory against individuals. It is correct that "people can't get married" to their mother, brother or sister, first cousin, or "someone of the same sex". Therefore, "if our laws are discriminatory", they are uniformly "discriminatory to all of those particular combinations". Thus, it is difficult to understand how including the language specified in Version "G" in the State's Constitution could be viewed as discriminatory; specifically as the provision specifying marriage as a union between one man and one woman already exists in the State's Constitution and has not been challenged in Court.

[9:49:00 AM](#)

KEVIN CLARKSON, Attorney, Brena, Bell & Clarkson, P.C., testified via teleconference from an offnet location and communicated that his firm was retained by the Legislature to provide legal advice on this legislation. He observed that the majority of the testimony presented was to the previous version of this resolution rather than to Version "G".

Mr. Clarkson presented that Version "G" would "return this issue to the democratic process". Version "G" "would allow either a legislative branch of government or an administrative branch of government to extent benefits to its employees, similar to the benefits provided to a married employee for their spouse. While the University of Alaska's policy which "extended benefits to domestic partnership type relationships" for the last ten years could have been impacted by the previous version of the resolution, it would not be impacted by Version "G". "The only entity" that Version "G" "would prohibit from extending these benefits would be the Court because it simply says that the Constitution doesn't require it". The proposed language "would allow the democratic process to operate", as it would make it permissible for benefits to be extended to mutual beneficiary relationships.

Mr. Clarkson responded to Senator Bunde's question regarding litigation on marriage amendments in the country: 19 states have adopted "marriage defining or marriage benefit defining amendments" and 12 more are considering such action. Of the ones adopted, the only constitutional challenge was filed in federal court in regards to a Nebraska amendment. In that case, the "federal judge issued an opinion that he thought that that particular amendment somehow deprived gay and lesbian people access to the democratic process. That opinion has been appealed by the State of Nebraska..." Legal scholars specializing in this type of issue expect that federal ruling "to be soundly reversed".

Mr. Clarkson verified that Alaska's Marriage Amendment has never been challenged as being unconstitutional.

[9:52:22 AM](#)

Senator Bunde remarked therefore that the "current unchallenged Alaska Constitution says that marriage is one man and one woman."

Mr. Clarkson affirmed.

[9:52:52 AM](#)

Senator Bunde acknowledged those who philosophically prefer "the original version of SJR 20, which would have prevented domestic partnerships or mutually beneficial relationships..." Continuing, he asked how the adoption of Version "G", which would allow extending benefits to those in mutual beneficial relationships, would affect current law considering that the Constitution currently specifies that "gay marriage is prohibited".

Mr. Clarkson limited his response to the legal impacts rather than to any political impacts which might result by the adoption of Version "G". Version "G" would "undo the Alaska Supreme Court decision because that was the judicial extension of benefits by the Court under the logic that the Constitution of Alaska required those benefits to be extended." Adoption of Version "G" would say "no, the judiciary on this particular issue should not be getting out ahead of the people of Alaska It would put the issue back into the democratic process because across the country when marriage and marriage related amendments get presented to the people" those amendments pass by overwhelmingly margins. The people of the country do not want the courts to make decisions on these types of issues.

[9:55:46 AM](#)

Senator Bunde discerned therefore that this resolution would further the "separation of powers". The message to the courts would be that this is a legislative and public decision to make rather than a judicial issue. The basic law would not change regardless of whether the resolution was adopted.

Mr. Clarkson clarified that SJR 20 would change the *ACLU v. State & Municipality of Anchorage* court decision which specified that "the Alaska Constitution mandates that these benefits be extended by all public employers".

Senator Bunde acknowledged. The adoption of this resolution would make the extension of benefits by various entities of the State permissive rather than required.

Mr. Clarkson affirmed.

[9:56:49 AM](#)

Senator Olson inquired to the number of states banning gay marriage, and the related benefit language of those laws.

Mr. Clarkson communicated that 19 states, including Alaska, currently have marriage amendments. Of those, "seven include language that addresses marriage related benefits". Some prohibit extending benefits to people not in a "man and woman" marriage relationship, and some contain permissive language similar to that contained in this resolution. Marriage related amendments would be on 12 other states' election ballots this November. Were it adopted, this resolution would also be on the November general election ballot. Some of the benefit language of the 12 other ballot measures would be similar to that proposed in Version "G".

[9:58:29 AM](#)

Senator Olson asked the reason this benefit was not considered one of employment rather than one of marriage.

Mr. Clarkson replied that historically, the matter has been "a benefit of employment that is extended because of the marriage relationship".

AT EASE [9:59:37 AM](#) / [10:01:00 AM](#)

[10:01:40 AM](#)

MARGOT KNUTH, former State employee, observed that people participating in this hearing were "disadvantaged" as copies of Version "G" were unavailable.

Co-Chair Green apologized and ordered copies of Version "G" to be distributed.

Ms. Knuth voiced concern regarding the possible legal effects of Version "G". She deemed the impacts to be not "nearly as clear" as professed by Mr. Clarkson. Her testimony was as follows.

It says that no provision in this Constitution shall be construed to require that marriage or the legal incidence of marriage be construed on a union other than the union of

a man and woman and as pointed out by Senator Olson, there is a distinction between what are the legal incidence of marriage and what are the legal incidence of employment. And that is what the Alaska Supreme Court was addressing in the ACLU case. I don't know that this new language impacts the Alaska Supreme Court decision at all. To the extent that this language is meant to accomplish something, I'm not sure what that is. It is ambiguous, it is unclear and I think an extremely good argument can be made that it does not impact the decision and I've heard a number of people that have said that the problem that we're trying to address is judicial activism. If you are going to address judicial activism, you need to be as clear as you can. Otherwise, all you're doing is inviting further litigation. I also think that April 28th is late in the [legislative] session to try to develop a clear, helpful Constitutional amendment. Constitutional amendments are something that should happen very, very rarely, and for a compelling reason. And if we're hearing that this is not supposed to have a significant impact on the State of Alaska, legally speaking, why are we doing it? If it is supposed to have significant legal impact what is that impact? Members of the Committee, I would like to suggest that what's really wrong with this resolution and with the amendment is that it's divisive and it will divide this State once again. It's a topic that is painful to people and it's within the control of this Committee to not let it go forward. And I just believe that what we want is a unified Alaska. We have enough issues like oil and gas taxes that we need to be rallying around and that splintering us and making us focus on what we don't like about each other is not the right direction to go. I thank you for your consideration and I thank you especially for your compassion.

[10:05:03 AM](#)

Senator Bunde voiced his appreciation for the legal advice Ms. Knuth had provided to legislators when she worked for the State. As indicated by his questions to Mr. Clarkson, he is confused about what this resolution would accomplish. To garner further insight as to the affect of Version "G" he had hoped a supporter of the original version of the resolution would testify. Continuing, he asked Ms. Knuth whether she agreed with Mr. Clarkson's view that the two major things that this initiative would accomplish would be placing this issue back within "the

legislative arena rather than the judicial" arena, making these mutually beneficial relationships "permissive for local entities rather than mandatory".

10:06:25 AM

Ms. Knuth disagreed with both points. Responding to the second question, she made the following statement.

"There is nothing in this language that addresses domestic partnerships or mutually beneficial relationships at all. This is completely silent about that, and so it can't support those or allow those in its silence. At most you're saying that those are allowed under the Alaska Constitution already and that they would continue to be allowed. But there's nothing in the language that says no other union is similarly situated to a marriage; no provision in this Constitution shall be construed to require something. There's nothing in that language at all that's helpful to domestic relationships or partnerships.

Ms. Knuth continued as follows.

On the first question, counsel had said that the affect of this amendment would be to change the Alaska Supreme Court's ruling in the ACLU case. I'm not sure that that's true either because the Alaska Supreme Court was not interpreting marriage and the benefits of marriage; it was interpreting employment and the benefits of employment. And, as an example, I'm a Tier I State of Alaska employee. I paid as much of a contribution for benefits the entire time that I worked for the State of Alaska and if I have a same sex partner, why should I not have the right to buy the same insurance for that person, or as a Tier I to have it provided by the State of Alaska, as somebody who's dependent or partner is a legally recognized marriage.

Senator Seekins was trying to lump marriages that are illegal; to wed cousins within a degree of consanguinity with gay and lesbian marriages. The United States Supreme Court has said that you cannot do that. There is a distinction. The U.S. Supreme Court recognizes the rights of states to prohibit certain marriages...and to say that this is illegal conduct. They have ruled that states cannot criminalize gay and lesbian relationships. It cannot be

criminalized. And the fact that it cannot be criminalized is what put the Alaska Supreme Court in the bind in the ACLU case. You have said that I'm not going to grant you the same civil recognition for same sex marriage, but by federal Constitution, you cannot criminalize it. And so the Alaska Supreme Court was saying in that case, what I have to do is say for this class of people who you are prohibiting from the civil rights of marriage, but which is conduct that is constitutionally permissible, now that has to be treated equally. And that's going to remain true after this amendment to SJR 20. It's a complicated issue."

10:09:33 AM

Senator Bunde appreciated the information Ms. Knuth provided.

10:10:28 AM

MARSHA BUCK, Representative, Parents Families and Friends of Lesbians and Gays (PFLAG) - Juneau, voiced being "equally as confused" as Committee members. She also appreciated Margo Knuth's testimony. As a public citizen, she would have appreciated having advance notice that a committee substitute would be offered today as many people's testimony, including hers, was based on the previous version of the resolution. As a consequence, that testimony might be inappropriate to the discussion. Therefore, she would speak to the issue at hand contemporaneously.

Ms. Buck spoke to her initial opposition of the resolution: gay and lesbian sons and daughters and bisexual citizens were being marginalized today in the same way that groups of people even in Biblical times "have been marginalized throughout history". Provisions in the original resolution "definitely marginalized" her lesbian daughter as well as her daughter's children as it would have denied them access to the same rights and benefits. This was an affront to her Christian beliefs.

Ms. Buck stated that, like the original version, Version "G" might, upon review, also "feel discriminatory". There is concern that making the provision of benefits permissive rather than mandatory for the State would also marginalize gays and lesbians; it would "protect the rights of the minority". "What if there were a legislature that didn't look at protecting the rights of the minority but looked only at taking a vote out to

the majority, since we know the majority doesn't always protect the rights of a minority." The rights of people such as her daughter might not be protected were the issue put to a vote of the people. The benefits of State employees should be available to her daughter and her grandchildren. This is an important issue. Committee members should take note of events that occurred in the past.

10:14:20 AM

REVERAND MICHAEL BURKE, Rector, St. Mary's Episcopal Church, testified via teleconference from Anchorage in opposition to the Resolution. He is a husband and father and his family would represent "one of those traditional families people talk about upholding and strengthening". "The whole issue of gay and lesbian people and their partnerships is far from settled in our faith communities." In his Christian denomination, for example, these lifelong monogamous partnerships are called blessings of holy union and the discussion of what the Hebrew and Christian scriptures say about human sexuality is a lively discussion and it's far from settled.

Rev. Burke reminded Members that a generation or so ago, the place of people who were divorced or remarried were of a similar uncertain status in our faith communities and in society. "The argument back then is the same that I'm hearing among folks today. That we need to uphold traditional marriage, strengthen families, prevent the erosion of what was called public morality, but in both churches and civil law, we recognize, I think, the complexity of human relationships. That's been reflected in changes in the law and in the moral judgments we make about people who are divorced or remarried. Make no mistake, I believe there are threats to the family unit today that are real, that are substantial, but those threats do not come from long-term stable monogamous lifelong loving relationships whether they're straight or whether they are gay or lesbian. Those are the kinds of relationships that strengthen our family and our civil societies.

Rev. Burke continued, "So, to close, as an Alaskan, as a father, as a husband, as a Christian minister, as one who has two young kids that are going to grow up in this great State, I ask that you reject" this resolution and "unequivocally take a stand for the full human rights and respect in human dignity of all Alaskans", regardless of what actions are taken in other states.

"Join me in being proud to be an Alaskan where basic civil rights are never called special rights".

10:16:54 AM

FRANCIS MANYOKY, Student, University of Alaska Anchorage, testified via teleconference from Anchorage in opposition to SJR 20 as it would deprive the State and its citizens of social and economic benefits. Those supporting the bill tout it "to protect the traditional marriage" by providing benefits only to married couples. However, federal law has recognized "homosexuality as an acceptable lifestyle, which means it's not immoral or unethical". Thus, denying homosexuals the right to marry has resulted in "an acceptable, ethical, and moral minority" who are denied the right to joint health benefits.

Mr. Manyoky stated that the question would be whether this resolution might encourage homosexual people "to conform to the viewpoint of those who propose this bill and have fraudulent heterosexual marriages in order to receive these benefits or do those who propose this bill expect to discourage homosexuals from seeking employment" with the State; "either way the bill would have a negative social and economic impact" on the State. Were this bill to encourage heterosexual marriages among homosexual Alaska State employees "it would mock the very sacredness of marriage those who propose this bill claim to be protecting". On the other hand, "were this bill to discourage homosexuals from working for the State, it would be unethically discriminative towards an acceptable minority but it would also economically disadvantage the State as it would discourage many exceptionally qualified applicants from applying for State employment." Those people would instead seek employment with more accepting entities such as Wells Fargo Bank and Providence Hospital. The Alaska Native Hospital would loose "desperately needed" skilled nurses and doctors. "Since the professional skills of a person are relevant to his or her income," and being that the national average income of homosexuals is approximately \$20,000 higher than the income of heterosexuals according to information on the Family Research Council website, this would indicate that "there would be highly valuable professional" homosexuals who would be discouraged from working for the State. He shared that Anchorage, with an index rating of 100, is on par with the national average number of homosexual relations; Juneau's index is 140. These numbers would underscore the

negative social and economic impacts that passage of this bill would incur to the State.

Co-Chair Green stated that in order to provide sufficient time for public testimony on this bill, the two minute time limit would be strictly enforced.

10:22:02 AM

Senator Bunde noted that the bill's sponsor had distributed a three-page letter [copy on file] from pastors and churches belonging to the Alaska Family Council, in support of SJR 20. His question however, was to which version of the bill the letter was written. If it was to the original bill, he wondered whether that support would continue to apply to Version "G". He also noted that his pastor was not one of the letter signers.

10:23:00 AM

KAY ROLLISON testified via teleconference from Anchorage in opposition to the resolution. She could not understand how the Committee could make a decision on this "extremely important" issue in a short period of time when it took the founders of the State's Constitution several months to develop that document. Their educated and well-researched effort produced such things as excellent resource development and equal protection clauses. They endeavored to establish a government that would protect citizens' equality rather than "second guessing it by social norms of the day". In days gone by, racial marriages were unacceptable. However that has changed as the result of a change in social norms rather than a change in any type of "legal contractual provision". A lively debate is occurring in this country. She is proud to be an Alaskan as this State's Constitution was well founded. The Committee had insufficient time in which to address such an important issue.

Co-Chair Green announced that individuals who had testified previously to the earlier version of this resolution would not be permitted to testify again due to time constraints.

10:25:00 AM

CRYSTAL SCHRIER, Mother, Student at the University of Alaska/Fairbanks, and Inactive Reserve Member of the United States Army National Guard testified via teleconference from

Fairbanks. "As a soldier", she took the Constitutions of Alaska and the country "very seriously". She took exception to putting forth "an amendment that discriminates and that really doesn't appear to have a purpose based on the testimony" presented. Contrary to the bill sponsor's statement, this resolution would not allow mutual beneficiary contracts such as those currently offered by the University of Alaska, as the experiences of the states of Oregon, Kansas and Nebraska, which have adopted similar language, would indicate that the language could be used "to deny benefits for same sex partners" and common law partners.

Ms. Schrier stressed that "the United States Supreme Court has decided that gay/lesbian employees and citizens should not be discriminated against, and this resolution, in its current form, says that it is recognizing marriage as the union of a man and a woman. I don't believe that this is an issue of marriage ... Civil partnerships are a matter of giving civil rights to all citizens, all taxpayers, all workers". Soldiers are risking their lives to protect the Constitution that the Committee is thinking about changing. This "very very serious matter" should not be acted upon without sufficient public input. The civil rights of all Americans must be protected. She urged the Committee to oppose the legislation.

[10:27:31 AM](#)

JEREMY SMITH testified via teleconference from Fairbanks to urge the Committee to reject this resolution.

[10:27:46 AM](#)

MATTHEW WIEDERHOLT testified via teleconference from Fairbanks. He was confused about the purpose of bill. There is no danger in allowing same sex marriages and the fact that that issue is not being addressed adds to "the ambiguity" of the bill. In his opinion, if people are worried about such things as perversions, "the institution of marriage has been perverted since the very beginning when people began getting divorces and making prenuptial agreements and getting married for reasons that had nothing to do with love and raising a family... It is further perverted by us discussing this issue and spending further money on it." He agreed with the comments made by Reverend Burke: "there are way more" important issues to address than this. He was opposed to this bill.

10:29:13 AM

CHERYL HUMME testified via teleconference from Fairbanks against the bill. Instead of working towards "fairness, equal treatment, and equal rights", this resolution would further discrimination of people the supporters of the bill "consider outside the norm". Instead of expanding health care to Alaskans, this proposal would "narrow and restrict health care". Her sister is married to a man who has had extramarital relations, disrespected her numerous times and "has taken advantage of her financially". However, because they are married, they are entitled to better rights than those provided to her brother who is in a long-term, financially stable heterosexual relationship but not married.

Ms. Humme, who was also "a strong supporter of gay rights", stated that "the essence of this resolution is harmful to all Alaskans". She was "skeptical" of the committee substitute, particularly to the vagueness of its language. Supporters of this proposed amendment bring the issue of same sex unions to the forefront because this issue "can stir up indignation". "This proposal is against any individual who does not conform to the mandate of" its supporters. She has heard repeatedly that "people who support this amendment are good people but it is simply a moral issue for them". She has come to "loathe the use of the term 'morals' because it is usually a codeword for judgment". She could not fathom how people "could talk about morals and still be willing to work to destroy families that are simply different from your own". She urged the Committee not to support this resolution. She also did not appreciate Senator Seekins's comparing incestuous couples to same sex couples.

10:31:30 AM

AMY PAGE voiced her opposition to the resolution. The democratic process should not be utilized in this manner, as this is not an issue that the "wider population" should decide. The individual civil rights of minorities are protected in both the United States and Alaska Constitutions. Allowing the wider population to vote on the Marriage Amendment allowed it to be added to the State's Constitution. Continuing with this resolution in that manner would be deplorable.

Ms. Page viewed the language in Version "G" as vague in regards to mutual beneficiary relationships. "It would allow for any kind of interpretation." Efforts should be made to ensure that all people could be treated equally under the law, in regards to employer based health care benefits and numerous other rights.

[10:33:56 AM](#)

JUDY CRONDAHL addressed "the poorly drafted and ambiguous amendment" language in both the original version of the bill and Version "G". While the passage of this legislation would not incur any financial impact to the public at large, the State would incur expenses due to the years of litigation that would result. "Conversely, failure to pass this resolution would help many people to obtain health insurance and reduce personal medical expenses at no additional cost to the State." Members of the legislature, especially members "of this Committee would be irresponsible to approve a resolution "that would place an additional financial burden on the Department of Law and serve no public function". Furthermore, it would be contrary to the teachings of Jesus who promoted loving one's neighbors and helping the most vulnerable among us. This would, in today's society, include those who have no health insurance.

[10:35:17 AM](#)

EVE DILLINGHAM, Representative, University of Alaska Southeast Faculty Senate, read into the record the organization's resolution [copy on file], dated March 24, 2006. The resolution supported the University of Alaska Board of Regents' policy of non-discrimination and commended its policy of providing "financially interdependent partner (FIPs) benefits".

Ms. Dillingham also agreed with the remarks of Margo Knuth and Reverend Burke.

[10:37:58 AM](#)

DANIEL COLLISON, State of Alaska Employee, spoke in opposition to SJR 20. This resolution would, on a "practical level", impact his family. For example, had his partner who is also a State of Alaska employee been able to submit his recent \$1,200 dental work claim as a joint benefit coverage, his out of pocket expense would have been significantly reduced. Version "G" would "allow public entities to discriminate against gays and

lesbians". The citizens of the State should have the right to vote on public policy matters such as sales taxes; however, "in a democracy, neither the public nor the legislature should have the right to vote" on minority or civil rights issues. This is what would be allowed were this resolution to pass.

[10:40:07 AM](#)

KEN SMITH, State of Alaska Employee, stated his opposition to SJR 20. The intent of both the original resolution language and that of Version "G" would be "to deny benefits to partners of same sex couples".

[10:40:47 AM](#)

PAULA TERREL appreciated hearing Senator Olson's earlier remark that this discussion "is not about marriage, it is about employment rights and benefits". She urged legislators to focus on that issue because that is the issue. That was what the Alaska Supreme Court ruling addressed. She understood that Version "G" would make extending benefits "permissive". In other words, "it would allow, for example, the legislature to either grant or not grant employment benefits to same sex partners". In her opinion, this would "open up a can of worms". If the State or the legislature refused to grant benefits, "it would come right smack back in front of the courts because again it is discriminatory". The Alaska Supreme Court could not be told how to interpret the State Constitution. Alaska's Constitution is "very strong" on rights of individuals and is not discriminatory. It should not be compared to the constitutions of other states. In summary, this resolution would create more problems. She was opposed to SJR 20.

[10:42:54 AM](#)

Senator Dyson asked Ms. Terrel to share her thoughts as to what should constitute "a couple or a family, and therefore who should get the benefits of an employee".

Ms. Terrel was unsure how to respond, as even "a committed relationship" in a marriage could end in divorce. She communicated however, that the University of Alaska has specified guidelines for its benefits determination.

Senator Dyson agreed with Ms. Terrel's use of the words "committed relationship". However, the fact that he is "really committed to a quite a number of people" would not "make us a couple". In addition to being a committed relationship, some states require there be "an intimate relationship, which is code word for sexual". Were the State to expand beyond the formalized process that we call marriage, it would encounter a slew "of subjective things". Therefore, he asked Ms. Terrel whether a couple must have an intimate relationship as well as a committed relationship.

Ms. Terrel responded that identifying "the standards" as to who would qualify for health care and other benefits would be "overstepping" her expertise. However, more thought should be given to SJR 20 as it "is really discriminatory". Careful consideration should be taken in order to avoid creating "a lot of pain and ... legal problems".

[10:45:29 AM](#)

GLENN GRAY spoke in opposition to Version "G" "because it would allow discrimination". When his Irish ancestors came to the United States centuries ago, they were discriminated against. When his mother married his father in 1934, "the family was scandalized because he was an Italian American". While his father "dealt with that" by changing the family name to "Gray", such an easy solution would not be available to people dealing with this issue. The "live and let live attitude" he enjoyed when he moved to the State in 1976 has changed over time. Now a "vocal minority" is telling us "that it's okay to be different as long as you're just like them". He asked the Committee to oppose the resolution. The committee substitute is confusing and, rather than being permissive as argued, it would be permissive in that it would allow and promote discrimination.

[10:47:10 AM](#)

STEVE HAMILTON, local businessman, stated "that this is the first time in all of my 54 years that I have found it necessary to tell anyone that I am gay. I am disappointed that you are making an attempt to discriminate against me simply because of my sexuality." His sexuality "has never been an issue" in either his work or family life. He grew up in the Midwest with "ultraconservative" parents who loved him "unconditionally". "God created me ... and loves me for who I am. God simply created

me a little different than some of you. The same as we have no choice in our physical makeup," either in the color of our skin, the color of our eyes or our statute, "God created us the way he chose. Please have the respect for all of us, and let this bill die. Thank you."

[10:48:51 AM](#)

KAREN WOOD, accompanied by her and her partner's six year old daughter, Willa, informed the Committee that she and her partner were two of the plaintiffs in the *ACLU v. State & Municipality of Anchorage* lawsuit which prompted this resolution. She and her partner joined the lawsuit because "we believed we were being discriminated against by not being able to cover one another under our respective health insurance policies". They have spent tens of thousands of dollars out of pocket "that our married co-workers and their spouses did not have to spend. This affects our family" financially and "emotionally as it is yet another message to us that we are not equal or as good as our straight married co-workers."

Ms. Woods revealed that she had wanted to stay home a few years with Willa after she was adopted because they believed it was important for a child to have that time with a parent. However, because she had medical issues and could not be covered under her partner's health insurance, she could not stay home with Willa. This situation affected her and her partner's life as well as Willa's. Were this resolution adopted and something to happen to either her or her partner, the surviving parent could not "access benefits or the deceased partner's health benefits". This would place the family at financial risk.

Ms. Woods continued, stating "By writing discrimination into Alaska's Constitution, you would not only be discriminating against us as gay and lesbian people, you would be discriminating against our children". Parents want to provide their children good lives. Gay and lesbians are no exception. "Why should their children be offered less than any child in the State whose parents are married? Why shouldn't she be provided the same financial security and economic options as those children? There are thousands of children who live in families like ours in the State. Please do what you know in your hearts is right, to allow our kids to be provided for as equals to the other children in our State." She urged the Committee to "do the right thing".

[10:52:42 AM](#)

LAURA MINNE opposed both the original version of the bill and Version "G". The time is now for Alaska to respect its Constitution and the people it protects. Amending the State's Constitution further "to remove, rather than to enhance, protections is undeniably un-American". Families and schools endeavor to teach children to welcome diversity, "to accept differences in others, and to be willing to take a stand for what we believe is right". As parents of a ten-year old boy, she and husband work diligently to teach him values including fairness, tolerance and acceptance of all types of people and families, "both conventional and unconventional". Children are not borne with discriminating thoughts or prejudices; they learn it from adults in their lives. Parents and "leaders like you have the responsibly to all our children, to all our families, to begin, as a society, to walk this talk of embracing diversity through the demonstration of equality and justice for all". She pleaded with the Committee not to advance legislation "that would undeniably discriminate against a minority group of citizens who have the same commitments to their families, their churches, their relationships, their communities, and to this state as you do. Equal protection of the law means everyone. I ask that you take a stand for what is truth and just and do not allow this proposed amendment to go any further."

[10:55:13 AM](#)

Senator Dyson asked whether Ms. Minne considered federal congressional actions in the 1880s that refused a state that condoned polygamy to enter the union, to be "improper or discriminatory".

Ms. Minne could not comment, as the different philosophical reasoning that accompanied that issue made it difficult to compare to the issue before the Committee. SJR 20 addressed the issue of committed relationships.

Senator Dyson clarified that, rather than asking for a comparison, his question was whether she considered it improper for the government to decide that committed relationships would only include two people.

Ms. Minne could not comment.

There being no further testifiers, Co-Chair Green announced that public testimony on SJR 20 was concluded.

AT EASE [10:56:14 AM](#) / [10:56:37 AM](#)

Co-Chair Green reminded that the Committee would reconvene later in the day to address the other bills on today's agenda.

Co-Chair Green removed her objection to the adoption of the Version "G" committee substitute.

Co-Chair Wilken moved to report the committee substitute from Committee with individual recommendations and accompanying fiscal note.

Senator Bunde objected. Furthering this legislation would not accomplish anything.

Co-Chair Green informed the Committee that the three page letter from church pastors, which had been distributed earlier, was written to the original version of the bill. While that version would be their preference, they would extend their support to the committee substitute.

A roll call was taken on the motion to report the bill from Committee.

IN FAVOR: Senator Dyson, Co-Chair Wilken, Senator Olson, and Co-Chair Green

OPPOSED: Senator Stedman, Senator Bunde, and Senator Hoffman

The motion PASSED (4-3)

SRJ 20 (FIN) was REPORTED from Committee with previous \$1,500 fiscal note #1 from the Division of Elections, Office of the Lieutenant Governor.

RECESS [10:58:28 AM](#) / [3:09:29 PM](#)
#sb272

CS FOR SENATE BILL NO. 272(L&C)

"An Act relating to mortgage lenders, mortgage brokers, state agents who collect program administration fees, and

other persons who engage in activities relating to mortgage lending; relating to mortgage loan activities; relating to fees for recorded mortgage loan instruments; and providing for an effective date."

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

Co-Chair Green moved to adopt CS SB 272 24-LS1644\U, as the working document, and objected to receive an explanation.

[3:09:59 PM](#)

AMY SEITZ, Staff to Senator Tom Wagoner, the bill's sponsor, informed the Committee this bill would establish mortgage licensing practices. Alaska is the only state that does not have this "consumer protection" feature in law, and as a result the Alaska Division of Banking and Securities does not have the authority to investigate complaints received. The Division receives approximately 20 legitimate complaints each week, in addition to 50 phone calls regarding questionable lending practices. Five years worth of efforts have culminated in the current "U" version of the bill.

Co-Chair Green asked what interests may lead a person to support or oppose this bill.

[3:12:00 PM](#)

Ms. Seitz informed that support is the result of recognition that consumers need protection. The industry and the State support the bill for that reason. The opposition comes from people who would rather license the loan originators.

Co-Chair Green asked where she might find a loan originator.

Ms. Seitz replied that an originator would meet with an applicant "face-to-face" to enter into a loan agreement.

Ms. Seitz explained that the proposed legislation would protect consumers from any problems caused by the originator, as the language applies to employees of a licensed business. Opposition to the bill is based on "personal preference" rather than issues of protection.

[3:13:42 PM](#)

Co-Chair Green asked regarding certification or license requirements.

Ms. Seitz responded that no licensure requirements exist in the State. Some groups are federally regulated, such as State banks. Small residential mortgage companies, however, are not licensed.

Senator Olson understood the bill contained protections against "predatory lenders", and asked how those provisions would affect loans negotiated between private parties.

[3:14:48 PM](#)

MARK DAVIS, Director, Division of Banking & Securities, Department of Commerce, Community and Economic Development testified via teleconference from Anchorage, and responded that under Sec. 06.60.020(1) added by Section 2 on page 2 lines 14 through 17 of the bill, a person who makes fewer than six mortgage loans in a 12 month period would be exempt from the licensing requirements.

Senator Olson acknowledged.

Mr. Davis continued that while the proposed legislation would take two years to fully implement, it would allow the Division to immediately require licensing of all new companies wishing to enter the Alaska mortgage marketplace. He indicated that the State's "strong housing market" had made it attractive to mortgage lenders, and the ability to license those businesses as they enter the marketplace would be beneficial to Alaska. State banks are currently regulated by federal guidelines, but other subsidiary mortgage companies operated by banks are not. This legislation would create a "more even playing field". He urged passage of the bill.

[3:18:20 PM](#)

Senator Olson asked how the regulations would apply to the self-financed sale of a building.

[3:18:55 PM](#)

ROGER PRINCE, Department of Commerce, Community and Economic Development, testified via teleconference from Anchorage that that type of transaction would be exempt from this bill.

Senator Olson asked where the exemption was defined in the bill.

Mr. Prince located the language in Sec.06.60.990 (11)(A), added by Section 2 on page 21 lines 25 through 30.

[3:19:53 PM](#)

Senator Dyson was "wary" of bills that require licensing, as he considered them often an attempt by an established group to control competition. He asked for assurance that this bill was truly aimed at protecting consumers and not an attempt to restrict access to other potential lenders.

[3:20:51 PM](#)

Co-Chair Wilken presided over the following portion of the meeting.

Ms. Seitz relayed that larger entities are already regulated. This bill would address the smaller mortgage lenders that are not currently licensed.

[3:21:34 PM](#)

Mr. Davis referred to a "payday lending" bill that had been passed the previous year. It was anticipated that that regulatory bill would decrease competition in the field. The opposite effect occurred, as 23 additional lenders entered the marketplace and rates decreased. He concluded that the effect of licensure was to "increase competition and increase the number of members in the industry", and surmised the same results could be expected in the field of mortgage lending. He stressed that the Division would endeavor to ensure the burden of licensing did not have detrimental effects on small businesses.

[3:23:10 PM](#)

Senator Dyson assumed that mortgage lending companies that chose not to conduct business in Alaska did so due to the possibility of "undercutting" by un reputable, unlicensed companies. He asked

for examples of such "horror stories" as indication of what this legislation intended to prevent.

3:23:51 PM

Mr. Davis exemplified one case currently under investigation in which mortgage lending appeared to be used as a method of laundering money. Another problem related to lack of oversight is referred to as the "bait and switch" tactic, in which a person is promised one rate by a mortgage broker, but at closing are locked into a higher rate. Variations in disclosure letters and "less than honest" prequalification letters also pose potential fraud risks to the consumer. This bill would preserve the Department of Law's ability to address these issues.

3:25:50 PM

DOUG ISAACSON, Past President, Alaska Association of Mortgage Brokers, President, Gold Coast Mortgage, testified via teleconference from Fairbanks, that this bill would encourage accountability. He addressed the "bait and switch" issue and explained that while some instances of higher interest rates at closing are in fact due to dishonest or fraudulent claims, some merely reflect changes in the market. If a person enters loan negotiations without "locking" the discussed interest rate, it is common for rates to fluctuate during the time it takes to finalize a mortgage loan, which may result in a higher rate at the time of closing. He understood language was developed to address this.

Mr. Isaacson was concerned that the current "U" version of the bill did not include "a person who is exempt under AS 06.60.020" in the language of Sec. 06.60.420 Prohibited activities., as added by Section 2 as the previous Labor & Commerce Committee substitute Version "R" had. He suggested that language was necessary to protect consumers in all types of mortgage transactions, including those through an "exempt" entity. He also contended that an exempt person should be required to file for exemption with the State. He proposed the provision in Sec. 06.60.340 of Section 2 which required the Department to conduct examinations of licensees every 36 months be modified to allow, but not require, the examinations. He encouraged clarification of Sec. 06.60.600(b) and recommended allowing the fee to be paid by any party to the transaction.

3:30:39 PM

Co-Chair Green resumed Chair, and asked the location of the proposed language change.

Mr. Isaacson stated the Alaska Association of Mortgage Brokers support for the bill, and commented that if the fiscal note indicated a profit from the licensing fees, the cost of audits and regulations should correspondingly be reduced.

3:32:44 PM

GREG WILLIAMS, Regional Director of State Government Affairs, American Financial Services Association (AFSA), testified via teleconference from an offnet location in Denver, Colorado. He informed that AFSA members are all supervised or regulated under state and federal law, and engage in auto finance, personal loans, and mortgage lending. He appreciated the efforts of the Department and the Division of Banking, and would support the bill as amended. He understood that several concerns AFSA had with the original bill had been addressed through the committee process.

3:37:29 PM

Co-Chair Green asked if Mr. Williams' concerns had been addressed in the current "U" Version of the bill.

Ms. Seitz replied that an amendment had been sent to the Legislative Affairs Agency, Division of Legal Research Services to be drafted but had not yet been completed.

Co-Chair Green removed her objection to adopting Version "U".

Without further objection, Version "U" was ADOPTED as the working document.

Amendment #1: This amendment deletes "Except for AS06.60.400 - 06.60.440", from Sec. 06.60.020 added by Section 2 on page 2, line 14. The amended language reads, "Sec. 06.60.020. Exemptions. This chapter does not apply to..."

In addition, this amendment deletes "a record of" from Sec. 06.60.090(4) added by Section 2 on page 6 line 22; deletes "a conviction" and inserts "been convicted" in subparagraph (A) on

line 23; and deletes "an act, an omission, or a practice" and inserts "committed an act, made an omission, or engaged in a practice" in subparagraph (B) on line 26. The amended language reads as follows.

- (4) has, within the previous seven years,
 - (A) been convicted, including a conviction based on a guilty plea or plea of nolo contendere, of a crime, including fraud or another crime involving personal dishonesty;
 - (B) committed an act, made an omission, or engaged in a practice that constitutes a breach of a fiduciary duty;

Furthermore, this amendment deletes the language of Sec. 06.60.090 (C) and (D) added by Section 2 on page 6, line 28, through page 7, line 1 and inserts new language to read as follows.

- (C) had the person's participation in the conduct of a business limited by an administrative act of a federal or state agency, including the suspension of a license for engaging in an occupation; or
- (D) had a license for engaging in an occupation revoked or terminated for cause by a federal or state agency.

The amendment also inserts a new subsection to Sec. 06.60.120 added by Section 2 following line 18, page 8 to read as follows.

- (i) While a license is inactive under this section, the person holding the inactive license shall continue to maintain records as required by AS 06.60.250 for the business transactions of the person that occurred before the license became inactive.
- (j) While a license is inactive under this section, the department may take action against the license, the person holding the inactive license, or both under AS 06.60.300 - 06.60.360 and 06.60.500 - 06.60.540 for noncompliance with this chapter before the license became inactive or for noncompliance with this section while the license is inactive.
- (k) Except as otherwise provided in this section and by regulations adopted by the department, the provisions of

this chapter do not apply to a person holding an inactive license under this section.

Co-Chair Green moved for adoption and objected for an explanation.

[3:39:18 PM](#)

Ms. Seitz explained that this amendment would address two issues raised in a memorandum from Division of Legal and Research Services, as well as make a technical deletion. The amendment clarified additional grounds for denial of license as specified in Sec. 06.60.090, added by Section 2. It also specified which provisions would be applicable to an inactive license, requiring the licensee to retain records for three years and providing the Division the authority to investigate claims brought against the licensee while they were active.

Co-Chair Green remarked that "this is a lot of new law".

[3:41:23 PM](#)

Without further objection, Amendment #1 was ADOPTED.

Co-Chair Green stated that Mr. Williams had proposed additional language changes for the bill, which would be addressed after completion of public testimony.

[3:42:58 PM](#)

LAURIE HOLT, Officer of Residential Lending, Mortgage Operations, Alaska Housing Finance Corporation (AHFC), Department of Revenue testified via teleconference from an offnet location on behalf of AHFC. While she had not had an opportunity to review the current committee substitute, AHFC was supportive of the "concept" of the legislation. She urged passage of the bill.

[3:44:07 PM](#)

Mr. Prince was available to answer questions.

[3:44:48 PM](#)

JOE BRAMMER, Alaska Association of Mortgage Brokers, testified via teleconference from Anchorage in support of the intent of this legislation. His Association had been working closely with the Alaska Association of Mortgage Bankers and others to address obstacles within the industry. Many members of the Alaska Association of Mortgage Brokers are small businesses employing only a few people. Alaska regulations have been detrimental to these businesses; therefore, they support the proposed legislation. He was concerned about the nine exemptions within the bill. During a Senate Labor & Commerce Committee hearing, he had proposed that a person must apply for and be granted exemption. This provision is not currently contained in the bill. He told of "chatter" within the industry indicating that many mortgage brokers have been attempting to define themselves as "exempt" based on the current language.

[3:46:51 PM](#)

JOHN MARTIN, testified via teleconference from Anchorage, and referred to his written testimony [copy on file]. He informed that his suggestions had not been incorporated into the current committee substitute. He requested his submissions be included in the bill. He stated that licensing is needed, and this bill is "on the right track".

[3:48:40 PM](#)

KEN GAIN, Secretary/Treasurer, Independent Lenders of Alaska, testified via teleconference from Anchorage, that the proposed legislation is "not unduly burdensome" to small businesses, and provides needed protection. He described the amendments as appropriate, and noted that the bill is supported by three regulated trade associations as well as by the Department.

[3:49:57 PM](#)

JOHN CARMAN, Past President, Alaska Mortgage Bankers Association, testified via teleconference from Anchorage, that he had been involved in advancing legislation of this type for approximately five years. He noted the efforts and compromises that have occurred to reach this position. No regulations currently exist, and he offered anecdotal evidence that the lack of regulations make mortgage lending attractive to untrustworthy persons. He urged passage of the bill.

Amendment #2: This conceptual amendment inserts "as defined in 15. U.S.C.A. 1602(a)" following "a mortgage loan"; deletes "best" following "borrower's"; and inserts "may include, but are not limited to" following "interest" in Sec. 06.60.430, added by Section 2 on page 16, lines 20 through 24. The amended language reads as follows.

Sec. 06.60.430. Certain refinancing prohibited. (a) A mortgage broker may not refinance a mortgage loan as defined in 15 U.S.C.A. 1602(aa) within 12 months after the date the mortgage loan is originated by the lender or broker, unless the refinancing is in the borrower's interest.

(b) The factors to be considered when determining if a mortgage is in the borrower's interest may include, but are not limited to, whether

(1)...

This amendment also deletes "mortgage broker" where it appears in Sec. 06.60.440 and makes necessary conforming changes; deletes "30 days before a change occurs in the billing address of the mortgage lender or mortgage broker"; inserts new language following "writing" in subsection (c); and adds a new subsection (d). The amended language reads as follows.

Sec. 06.60.440. Escrow accounts. (a) A mortgage lender and a borrower may agree that the mortgage lender will keep in an escrow account all money that the borrower is required to pay to defray future taxes or insurance premiums or for other lawful purposes. The escrow account must be a trust account or another account that is segregated from the other accounts of the mortgage lender. The mortgage lender may not commingle the borrower's money with the general funds of the mortgage lender.

(b) A mortgage lender may not require a borrower to pay money into escrow to defray future taxes, to defray insurance premiums, or for another purpose, in connection with a subordinate mortgage loan, unless an escrow account for that purpose is not being maintained for the mortgage loan that is superior to the subordinate mortgage loan.

(c) A mortgage lender who is holding money in escrow for insurance premiums shall notify the insurer in writing within 30 days after the billing address of the mortgage

lender changes, or 60 days before the renewal date of the insurance policy, whichever is later.

(d) A mortgage broker who accepts funds belonging to a borrower in connection with a mortgage loan shall deposit all those funds into a trust fund account maintained by the broker in a bank or recognized depository in this state. The mortgage broker may not commingle the borrower's money with the general funds of the mortgage broker. All funds deposited by the broker in a trust fund account shall be maintained there until disbursed by the broker in accordance with the instructions from the borrower.

Co-Chair Green moved the amendment and objected for explanation.

[3:55:23 PM](#)

Ms. Seitz explained that because no legal definition of "best" is provided in regard to the phrase "borrower's best interest" the amendment removes the word "best" from Sec. 06.60.430 lines 28 and 30. It also clarifies other restrictions that may be used to determine what is in the borrower's best interest.

Co-Chair Green read the amended language, "may include but are not limited to".

Ms. Seitz continued that the amendment also modifies the requirements for escrow accounts in Sec. 06.60.440, creating a new subsection (d) in that section to regulate how those funds shall be managed.

Co-Chair Green read the language added by the amendment.

[3:57:31 PM](#)

Co-Chair Green asked Senator Bunde, as Chair of the Labor & Commerce Committee, if he found the changes acceptable.

Senator Bunde affirmed.

Co-Chair Green removed her objection.

Amendment #2 was ADOPTED without further objection.

[3:57:57 PM](#)

Senator Bunde moved to report the bill, as amended, from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS SB 272(FIN) was REPORTED from Committee with \$259,200 fiscal note #1 from the Department of Commerce, Community and Economic Development.

AT EASE [3:58:53 PM](#) / [3:59:09 PM](#)
#sb309

CS FOR SENATE BILL NO. 309(L&C)

"An Act establishing a construction trades training grant program for award by the Department of Labor and Workforce Development, providing for special employee unemployment contributions to fund the program and an offsetting credit against the employees' general unemployment contribution, and providing for an expiration date for the program, contributions, and credit; and providing for an effective date."

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

GREG O'CLARAY, Commissioner, Department of Labor and Workforce Development, characterized the bill as "must pass legislation" necessary to meet the State's needs in the construction industry, and to prepare Alaska's workforce for the potential formation of a natural gas pipeline in the future.

TOM MAHER, Staff to Senator Therriault, explained the bill and the sponsor statement [copy on file], which reads as follows.

This legislation responds to the upcoming opportunity to train resident Alaskans to fill the thousands of high paying jobs that will be created in the construction of a gas pipeline by providing a stable stream of revenue, subject to legislative appropriation, to Alaska Work Partnership, Inc. or other qualified nonprofits for both training and increasing the capacity of training facilities.

With a project as large as the gas pipeline and the thousands of jobs it will create, we must start now to make

sure resident Alaskans are trained and employable. This bill provides the multi-year commitment necessary to do that. This funding will leverage industry investment in training facilities and equipment to build private sector training capacity and increase industry capability for sustaining training into the future.

In 2005 there were more than 20,000 individuals employed in Alaska construction trades with annual incomes approaching \$60,000. Unfortunately, one in every five jobs, or 20% belongs to individuals, who according to Permanent Fund Dividend Eligibility are recent arrivals to Alaska. These high paying jobs will continue to attract workers from other states and countries. Also, with our 45% of our resident construction workforce being over 45 years old, industry must renew it's workforce with thousands of appropriately training workers.

Alaska Works Partnership, Inc. has developed successful programs that are proven effective in moving residents into construction jobs. In the past five years AWP has helped more than 1,000 residents become employed in construction. More than 85% of the residents AWP has served are employed in construction as a result of training. More than 90% of the workers Alaska Work Partnership, Inc. trains are not members of a union. The majority of workers placed in jobs work for non-union employers.

SB 309 will divert 1/10th of a percent of current employee contributions to a new "holding account" for appropriation by the Legislature. Estimated income to the account is projected to be over five million a year. With increased payroll within the state, the Department of Labor has projected that it is highly unlikely that this small percentage diversion will cause any increase in unemployment insurance rates.

The Senate Labor and Commerce Committee amended this legislation to allow grants to other nonprofit corporations, as determined by the Commissioner, to be qualified and capable of providing this training.

SB 309 is slated to sunset in six years and requires an annual report on performance.

Mr. Maher overviewed the fiscal notes, and noted the six-year termination date with annual reporting requirements. He located changes made by the Senate Labor & Commerce Committee on page 2 line 12, that allowed for grants to be made to nonprofit training entities other than AWP.

[4:06:48 PM](#)

Mr. Maher referenced numerous letters of support for this bill.

AT EASE [4:07:24 PM](#) / [4:08:00 PM](#)

[4:08:38 PM](#)

Senator Hoffman requested further information about the construction labor force's growth of "15 percent over the next five years" referred to in fiscal note #1.

Commissioner O'Claray replied that the figure was a statewide projection. He informed that the Alaska Works Partnership (AWP) trains more rural residents than urban residents, and considered the program a "good balance". This funding stream would allow "concerted" training efforts in both rural and urban areas, as well as redirecting more than \$3 million from the State Training and Employment Program (STEP) fund back to the State for use in other industries.

Co-Chair Green inquired as to the relation between this bill and the funding for the proposed King Career Center.

Commissioner O'Claray responded that the King Career Center would likely receive funding in the FY 07 Capital Budget for a pilot program and this funding stream would sustain those programs beyond the pilot period.

Co-Chair Wilken had received comments regarding this bill as a "union/non-union" issue. He had directed those concerns to Senator Therriault's office, and hoped Senator Therriault had addressed those matters.

[4:11:32 PM](#)

Senator Bunde reported that the amendment adopted in the Senate Labor & Commerce Committee offered the opportunity for any non-

profit corporation to apply for funding for training programs under this bill.

Co-Chair Green asked if that was the language specified on page 2, line 12.

Senator Bunde affirmed.

[4:12:24 PM](#)

Co-Chair Wilken was aware of concerns that this bill would divert monies away from the unemployment insurance (UI) fund. He asked if UI benefits would be fully funded.

Commissioner O'Claray predicted 20 years of continual growth in the State's economy, with new employees' UI contributions being added to the fund along with existing employees'. The affect of this bill would be "minimal", and would not have an adverse affect on employers' rates, as the fund is supported by employee contributions.

Senator Olson asked regarding training of rural residents.

Commissioner O'Claray speculated that approximately 40 percent of the participants involved in pipeline training in Fairbanks in recent years were residents of Rural Alaska. He recounted that AWP trains primarily in rural areas.

Senator Olson inquired where the training had occurred, other than King Career Center.

Commissioner O'Claray would provide the requested information.

Senator Olson asked if dormitory facilities were available at the training locations.

Commissioner O'Claray informed that many of the facilities provide housing for the trainees.

[4:15:06 PM](#)

Co-Chair Green asked online testifiers to abbreviate their testimony in light of the time constraints.

[4:15:44 PM](#)

MIKE ANDREWS, Director, Alaska Works Partnership Inc., had provided a map [copy not provided] indicating the regions where AWP had conducted training. He urged support for the bill. He qualified that AWP was formed as another avenue for people to receive training outside of the traditional union membership. The two entities are symbiotic, not competitive, and for that reason, this bill should not be viewed as a "union/non-union" matter.

[4:17:37 PM](#)

JOHN BITNEY, Lobbyist, Alaska State Homebuilders Association, testified in support of the bill. The Association is not a union group, but supportive of the bill as "a rising tide floats all boats". He hoped his Association would be included in the annual reporting requirements contained in the bill.

[4:18:59 PM](#)

RICHARD CATTANACH, Executive Director, Associated General Contractors, testified via teleconference from an offnet location in support of the bill.

[4:19:21 PM](#)

JAY QUAKENBUSH, President, Building and Construction Trades, testified via teleconference from Fairbanks and urged support of the bill. He recognized the potential future natural gas pipeline as a monumental construction project, and warned that "our borders are open" for out-of-state workers to fill jobs in Alaska. He exemplified the thousands of workers who came from other states to work on the construction of the Trans Alaska Pipeline System (TAPS) and left the state upon completion. He understood this bill as providing a "proactive" way of addressing employment issues in Alaska.

[4:20:54 PM](#)

JIM LAITI, Business Manager, Pipefitters Local 375, testified via teleconference from Fairbanks in support of the bill. He identified demand for construction workers for the proposed natural gas pipeline, TAPS maintenance, possible development of the NPR-A area, and Alpine development. These projects

illustrate a need for more trained workers, and he urged support of the bill.

[4:21:56 PM](#)

CLICK BISHOP, testified via teleconference from Fairbanks in support of the bill.

[4:22:26 PM](#)

MIKE SAMSON, President, Samson Electric, testified via teleconference from Anchorage. He is a member of the Associated Building Contractors (ABC) and dedicated to the training process, but was concerned that ABC may not be included in the program. Neither Samson Electric nor ABC has received any funding under the STEP program for their training practices. He would support an amendment to specifically include ABC along with AWP.

[4:24:33 PM](#)

BILL WATTERSON, President, Watterson Construction, testified via teleconference from Anchorage. His company employs approximately 200 people, and more than 98 percent of payroll checks are written to Alaska residents. He opined that trained Alaskan workers are better employees than "boomers" that come to the state to work for short periods. He informed that over 35 percent of people employed by his company as craft workers are members of ethnic minority groups. He would support the bill if the employer was allowed to designate which training program their contribution would fund.

[4:26:40 PM](#)

JULIE AUNE, Vice President, AAA Fence, testified via teleconference from Anchorage. She represents a small, family owned company with no means to train employees as there are no specialty training programs. She would like to be able to chose the training provider if her company is contributing financially in any way.

[4:28:38 PM](#)

MIKE SEXTON, Executive Director, Mechanical Contractors of Fairbanks, testified via teleconference from Fairbanks in support of the bill, and encouraged its passage.

[4:29:12 PM](#)

WENDY REDMAN, University of Alaska, testified via teleconference from Fairbanks in support of the bill. The University does not have the capacity to provide this type of training, and has therefore partnered with Alaska Works and ABC to develop training programs.

[4:30:10 PM](#)

REBECCA LOGAN, President, Associated Building and Contractors (ABC) of Alaska, testified via teleconference from Anchorage. She commented that ABC supports the concept of the bill, but does not support the "delivery". She considered the training contract that this legislation proposed to award solely to AWP a "procurement" issue that was not open to the competitive bidding process that other State grants are subject to.

[4:31:00 PM](#)

Co-Chair Green asked if a restriction would be placed on awarding funds to a non-profit entity other than Alaska Works.

Commissioner O'Claray replied that there was no such prohibition. The aforementioned amendment adopted in the Senate Labor & Commerce Committee substitute clarified that issue.

Co-Chair Green furthered, asking if a group of companies would have to form a nonprofit training center to qualify for funding.

[4:31:41 PM](#)

Senator Bunde responded that a consortium of building contractors would need a non-profit entity to receive funding monies, rather than the State awarding training funds to the construction company directly.

Co-Chair Green informed that she would support the bill only if she could be assured that private companies would be able to organize to receive funding for their collective training practices.

Commissioner O'Claray guaranteed this bill was developed to be non-partisan in regard to the union/non-union issue. He asserted that there are many people to train, and the bill endeavors to encompass as many employees as possible.

Co-Chair Green appreciated Commissioner O'Claray's "positive attitude".

Co-Chair Wilken moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CSSB 309(L&C) was REPORTED from Committee with two fiscal notes from the Department of Labor and Workforce Development: fiscal note #1 in the amount of \$5,043,300, and fiscal note #2 for \$247,700.

#sb317

[4:33:51 PM](#)

SENATE BILL NO. 317

"An Act relating to the purchase by the Alaska Housing Finance Corporation of a parking garage in Anchorage, Alaska and approving the issuance of bonds for the purchase of that parking garage; providing notice of, and authorizing the commissioner of the Department of Administration to enter into, a lease-purchase agreement with the Alaska Housing Finance Corporation for that parking garage; and providing for an effective date."

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

SCOTT NORDSTRAND, Commissioner, Department of Administration, introduced the bill, and explained it as a proposal to build a parking garage to serve the Atwood Building in downtown Anchorage.

[4:34:45 PM](#)

Commissioner Nordstrand referred to a presentation titled "Atwood Building Parking Center" [copy on file]. He explained that the State purchased the Atwood Building and the adjacent

"Block 80" lot at the same time, and had since used Block 80 as a parking area for State employees working in the Atwood Building. He directed attention to the map on page 3 of the presentation. The Municipality of Anchorage and the State recently concluded negotiations to sell Block 80 to the Municipality for construction of a convention center.

Commissioner Nordstrand continued that the State was compensated in a "block for block" trade, and acquired one half of "Block 70" directly across the street from the Atwood Building, where the Dimond Center parking lot is currently located. In addition, the State was paid market value of \$2.3 million by the Municipality of Anchorage for the other half of Block 80. The State is statutorily required to provide 40 visitor parking places as well as a specified number of handicap parking places within one half block from the door of the Atwood Building, in addition to employee parking, for a total of approximately 930 parking spaces. These parking needs are currently met with multiple parking lots within a 12 square block area.

[4:38:54 PM](#)

This bill proposes a long term solution to the Atwood Building's parking issues in the form of a parking structure to be built on the State's portion of Block 70. As part of the negotiated terms between the State and the Municipality, the State committed to build a parking garage within seven years on Block 70, or to allow the Municipality the option to buy back the lot at market value to do so themselves. The erection of a parking structure would enable the State to sell Block 102, currently used for parking and valued at approximately \$4 million, and put those funds into the parking facility.

The parking facility would include a "skybridge" to the Atwood Building, as the building was configured to receive that type of overpass. Per request of the Mayor of Anchorage, the ground level would be available for lease by retail stores, resulting in additional income generated by the parking facility.

Commissioner Nordstrand reported that the Alaska Housing Finance Corporation (AHFC) owns the Atwood Building; the State Department of Administration leases the space from AHFC, and charges the departments that occupy the offices. The Municipality was once planning to build the parking garage themselves, but found it financially burdensome. Under this

proposal, the developer retained by the Municipality of Anchorage would be used by the State to design and construct the facility. The State would engage an independent cost expert to determine a fixed price for the project which would be agreed to by both parties. AHFC would issue the debt for construction of the facility and purchase the completed parking garage from the Municipality, whereby the Department of Administration would lease the structure. Commissioner Nordstrand anticipated the construction bonds would be paid off in 21 years, at which time the deed for the parking garage would be turned over to the State. This bill requested authority to bond for up to \$44 million, although he did not anticipate the cost would be that high. If, however, the project incurred the maximum amount of debt, the annual debt payment would be \$3.7 million for 21 years. The debt would be issued at the beginning of construction to pay for construction expenses.

[4:43:12 PM](#)

Commissioner Nordstrand estimated the cost of the project to be approximately \$1.22 per square foot, if the full bond amount was issued. The State currently pays roughly \$1.30 per square foot for the offices in the Atwood Building, bringing the total new lease rate to \$2.52 per square foot. The market rate for this type of office accommodations in Anchorage averages approximately \$2.75.

[4:44:12 PM](#)

Commissioner Nordstrand assumed that the cost to lease parking spaces would increase with time. An escalation in parking fees would provide cost avoidance savings to the State, as well as generate additional income by renting spaces in the parking structure for after-hours and weekend parking. In addition to retail lease income and revenues from the sale of surrounding parking areas, including Block 80 and Block 102, he projected the parking facility would generate the equivalent of \$23.5 million. He considered these figures evidence of the State's ability to "buy down the debt".

[4:45:59 PM](#)

Commissioner Nordstrand summarized that the demand for parking would remain constant, if not increase, in the future, and the construction of a parking facility would allow the State and the

occupants of the Atwood Building to provide for their own needs rather than paying market price for rented parking.

[4:46:21 PM](#)

Commissioner Nordstrand added that the parking structure would provide "safety and convenience" for visitors to the Atwood Building, as well as State employees.

[4:46:41 PM](#)

Senator Hoffman asked how Block 102 would be sold.

Commissioner Nordstrand answered that the parcel would be sold "competitively". The lot was appraised for approximately \$3.7 million in January 2006, and he expected the value to increase dramatically with the completion of the nearby convention center.

Senator Hoffman assumed the land would be advertised publicly.

Commissioner Nordstrand affirmed.

[4:47:33 PM](#)

Senator Olson asked regarding maintenance and operating costs related to the facility.

Commissioner Nordstrand replied that operating the parking structure would incur costs, such as management of the lease space and employment of a parking attendant, but he was unsure what the total cost would be. He expected the costs would be "minimal", and operations may be handled by the Atwood Building managers or the Anchorage Parking Authority.

[4:48:31 PM](#)

Co-Chair Wilken was frustrated with the decision to bond for this project and invest \$30 million in debt services. He pointed to the \$2.5 billion in the Constitutional Budget Reserve (CBR) account and \$2 billion in the Earnings Reserve Account (ERA) as possible revenue sources to pay for the parking facility outright, thus avoiding the \$30 million the State would pay in interest under the current proposal.

[4:49:46 PM](#)

DAN FAUSKE, CEO, Alaska Housing Finance Corporation, testified via teleconference from an offnet location. He directed attention to Sec. 2(b) on page 2, line 16, and noted that the terms of the bonds should indicate a 21-year period rather than 20 years.

[4:50:16 PM](#)

Commissioner Nordstrand confirmed this.

Co-Chair Green voiced support for the bill.

Co-Chair Wilken moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, SB 317 was REPORTED from Committee with zero fiscal note #1 from the Department of Administration.

[4:51:21 PM](#)

#

ADJOURNMENT

Co-Chair Lyda Green adjourned the meeting at [4:51:42 PM](#).