

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 14, 2005

1:34 p.m.

MEMBERS PRESENT

Senator Con Bunde, Chair
Senator Ralph Seekins, Vice Chair
Senator Ben Stevens
Senator Johnny Ellis
Senator Bettye Davis

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 108

"An Act relating to the regulation of insurance, insurance licensing, surplus lines, insurer deposits, motor vehicle service contracts, guaranteed automobile protection products, health discount plans, third-party administrators, self-funded multiple employer welfare arrangements, and self-funded governmental plans; and providing for an effective date."

MOVED CSSB 108(L&C) OUT OF COMMITTEE

SENATE BILL NO. 157

"An Act relating to the maximum annual regulatory cost charge collected from certain regulated public utilities and pipeline carriers; and providing for an effective date."

MOVED SB 157 OUT OF COMMITTEE

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 149

"An Act relating to breaches of security involving personal information, consumer report security freezes, consumer credit monitoring, protection of social security numbers, disposal of records, factual declarations of innocence after identity theft, furnishing consumer credit header information, and filing police reports regarding identity theft; and amending Rule 60, Alaska Rules of Civil Procedure."

HEARD AND HELD

SENATE BILL NO. 148

"An Act relating to breaches of security involving personal information; and relating to credit report security freezes."

HEARD AND HELD

SENATE BILL NO. 175

"An Act relating to dispensing opticians, to dispensing optician apprentices, to the Board of Dispensing Opticians, and to the practice of dispensing opticianry; and providing for an effective date."

HEARD AND HELD

CS FOR HOUSE BILL NO. 61(FIN)

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

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 108

SHORT TITLE: INSURANCE

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/14/05	(S)	READ THE FIRST TIME - REFERRALS
02/14/05	(S)	L&C, FIN
03/31/05	(S)	L&C AT 1:30 PM BELTZ 211
03/31/05	(S)	Heard & Held
03/31/05	(S)	MINUTE(L&C)
04/07/05	(S)	L&C AT 1:30 PM BELTZ 211
04/07/05	(S)	Heard & Held
04/07/05	(S)	MINUTE(L&C)
04/12/05	(S)	L&C AT 1:30 PM BELTZ 211
04/12/05	(S)	Heard & Held
04/12/05	(S)	MINUTE(L&C)
04/14/05	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 157

SHORT TITLE: REG. COST CHARGES: UTILITIES/PIPELINES

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/31/05	(S)	READ THE FIRST TIME - REFERRALS
03/31/05	(S)	L&C, FIN
04/12/05	(S)	L&C AT 1:30 PM BELTZ 211
04/12/05	(S)	Heard & Held
04/12/05	(S)	MINUTE(L&C)
04/14/05	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 149

SHORT TITLE: PROTECTION OF PERSONAL INFORMATION

SPONSOR(s): SENATOR(s) GUESS

03/21/05 (S) READ THE FIRST TIME - REFERRALS
03/21/05 (S) L&C, JUD
03/31/05 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
03/31/05 (S) L&C, JUD
04/14/05 (S) L&C AT 1:30 PM BELTZ 211

BILL: SB 148

SHORT TITLE: INFORMATION SECURITY

SPONSOR(s): SENATOR(s) ELLIS

03/21/05 (S) READ THE FIRST TIME - REFERRALS
03/21/05 (S) L&C, JUD
04/14/05 (S) L&C AT 1:30 PM BELTZ 211

BILL: SB 175

SHORT TITLE: DISPENSING OPTICIANS

SPONSOR(s): LABOR & COMMERCE

BILL: HB 61

SHORT TITLE: GAMING: CALCUTTA POOLS & CRANE CLASSICS

SPONSOR(s): REPRESENTATIVE(s) MCGUIRE

01/10/05 (H) READ THE FIRST TIME - REFERRALS
01/10/05 (H) L&C, FIN
01/31/05 (H) L&C AT 3:15 PM CAPITOL 17
01/31/05 (H) Moved CSHB 61(L&C) Out of Committee
01/31/05 (H) MINUTE(L&C)
02/02/05 (H) L&C RPT CS(L&C) 3DP 3NR
02/02/05 (H) DP: KOTT, LEDOUX, ANDERSON;
02/02/05 (H) NR: LYNN, GUTTENBERG, ROKEBERG
02/09/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/09/05 (H) <Bill Hearing Postponed>
03/16/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/16/05 (H) Heard & Held
03/16/05 (H) MINUTE(FIN)
03/17/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/17/05 (H) Moved CSHB 61(FIN) Out of Committee
03/17/05 (H) MINUTE(FIN)
03/18/05 (H) FIN RPT CS(FIN) NT 3DP 5NR
03/18/05 (H) DP: HAWKER, FOSTER, CHENAULT;
03/18/05 (H) NR: HOLM, STOLTZE, KELLY, CROFT, MEYER
03/29/05 (H) TRANSMITTED TO (S)
03/29/05 (H) VERSION: CSHB 61(FIN)
03/29/05 (S) READ THE FIRST TIME - REFERRALS
03/29/05 (S) L&C, FIN
04/14/05 (S) L&C AT 1:30 PM BELTZ 211

WITNESS REGISTER

LINDA HALL, Director
Division of Insurance
Department of Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800
POSITION STATEMENT: Supported SB 108.

KATHY GIARD, Executive Director
Regulatory Commission of Alaska (RCA)
701 W Eighth Ave Ste 300
Anchorage, AK 99501
POSITION STATEMENT: Supported SB 157.

ERIC YOULD, Executive Director
APA, Alaska Power Association
703 W. Tudor Rd., Suite 200
Anchorage AK 99503
POSITION STATEMENT: Supported SB 157.

SENATOR GRETCHEN GUESS
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of SB 149.

STEVEN CLEARLY, Executive Director
Alaska Public Interest Research Group (AKPIRG)
PO Box 101093
Anchorage AK 99510
POSITION STATEMENT: Supported SB 148 and SB 149.

SAM TRIVETTE
Retired Public Employees of Alaska
Juneau AK
POSITION STATEMENT: Supported SB 148 and SB 149.

RITA HATCH
Older Persons Action Group
Anchorage AK
POSITION STATEMENT: Supported SB 149.

TERRY BANNISTER
Legislative Legal Services
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 148 and SB 149.

TIM KELLY
Progressive Insurance
Anchorage AK

POSITION STATEMENT: Commented on SB 148 and SB 149.

JANE ALBERTS
Staff to Senator Bunde
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 175 for the sponsor.

PAT DAVIDSON
Division of Legislative Audit
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 175.

SHANA PICKFORD,
Opticians Association member
Anchorage AK

POSITION STATEMENT: Supported SB 175.

MATT MARUKIAN, Optician
No address provided

POSITION STATEMENT: Supported SB 175.

KRISTY BRANT, President
State Opticians Association
Fairbanks AK

POSITION STATEMENT: Supported SB 175.

ROBIN MARQUIS, Optician
Fairbanks AK

POSITION STATEMENT: Supported SB 175.

SHALON SZYMANSKI
Staff to Representative McGuire
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on HB 61 for the sponsor.

LARRY MEYERS, Deputy Director
Tax Division
Department of Revenue
PO Box 110400

Juneau, AK 99811-0400

POSITION STATEMENT: Commented on HB 61.

VICKI OTTE, Executive Director

ANCSA CEO's Association

Anchorage AK

POSITION STATEMENT: Supported HB 61.

JEFF BARNHART, Head Professional

Palmer Golf Course

Palmer AK

POSITION STATEMENT: Supported HB 61.

ACTION NARRATIVE

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at [1:34:51 PM](#). Present were Senators Ben Stevens, Ellis and Chair Con Bunde.

^#SB108

SB 108-INSURANCE

CHAIR CON BUNDE announced SB 108 to be up for consideration.

SENATOR BEN STEVENS moved conceptual Amendment 1.

SENATOR ELLIS objected for an explanation.

SENATOR BEN STEVENS explained that Amendment 1 adds new sections regarding bid fixing and a director's ability to require written reports from people for reasonable cause. This is a check and balance measure for the director to use.

CHAIR BUNDE asked how "reasonable cause" is defined.

SENATOR STEVENS answered that using "reasonable cause" is a lesser-degree compromise to the legal term, "probable cause."

[1:38:10 PM](#)

SENATOR BETTYE DAVIS joined the committee.

SENATOR JOHNNY ELLIS asked if the drafter suggested that.

[1:38:24 PM](#)

SENATOR BEN STEVENS replied that the drafter did suggest that language, because it gives the director access to the information she needs to make a determination.

SENATOR ELLIS said he thought the director already had that power.

SENATOR BEN STEVENS responded that she does.

CHAIR BUNDE asked Ms. Hall if Amendment 1 supports what already happens.

[1:39:25 PM](#)

LINDA HALL, Director, Division of Insurance, supported Amendment 1 and explained that probable cause is a higher standard than reasonable cause, but explained that she didn't want to work with that kind of legal concept or high of a standard. "We certainly do have authority to investigate. We do that regularly...."

CHAIR BUNDE asked if there had been complaints about investigations being done for unreasonable cause.

MS. HALL replied that there have been pleadings to criminal charges and a lot of allegations in the insurance industry about bid rigging and improper steering of business for the financial gain of the individual. She initiated an investigation to make sure she knew what was occurring in the Alaska marketplace and didn't find any violations. Several national brokers have recently paid fines amounting to \$850 million, but she is not aware of other complaints or broad-reaching investigations. She pointed out that one of her roles as director of her division is compliance with statute before there is consumer harm.

[1:44:30 PM](#)

CHAIR BUNDE asked her how this amendment would change her procedures.

MS. HALL replied that Alaska has a small marketplace and it doesn't have the clout to do what some of the large national brokers in New York did. "I would probably tailor what I did a little differently with this, but just from prior experience, also."

CHAIR BUNDE asked if this amendment would have prevented her from moving forward.

MS. HALL replied no.

[1:45:59 PM](#)

SENATOR ELLIS removed his objection and Amendment 1 was adopted.

SENATOR BEN STEVENS moved CSSB 108(L&C) from committee with individual recommendations. Senators Ellis, Ben Stevens, Davis and Chair Bunde voted yea; and CSSB 108(L&C) moved from committee.

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^#SB157

SB 157-REG. COST CHARGES: UTILITIES/PIPELINES

CHAIR CON BUNDE announced SB 157 to be up for consideration.

KATHY GIARD, Executive Director, Regulatory Commission of Alaska (RCA), commented that she was asked in the previous meeting on this bill how much more a ratepayer would pay to fund the proposed information technology (IT) projects and the RCA estimated that a typical ratepayer with three regulated services would pay up to \$6.48 more over a three-year period or about \$2 a year.

A second question is how the RCA plans to phase in those IT projects. First, Ms. Giard said, it is important that the RCA do these projects to address the complaints and concerns that have been expressed. The goal is to have them substantially completed before 2007 when the sunset provision takes effect.

She explained that the commission discussed the temporary rate increase from .7 percent to .9 percent and reducing it back to .685 rather than 7 percent. She related that AWWU deregulation and moving RAPA to the Attorney General's office removed a substantial portion of the RCA's revenues and her workforce will be reduced by eight employees on May 2.

[1:49:41 PM](#)

SENATOR RALPH SEEKINS joined the committee.

MS. GIARD continued explaining that the Governor's office suggested bringing the rate back to .7 percent just in case costs do increase. She is not certain of what the RCA's revenue streams are going to be in the future.

[1:52:39 PM](#)

The way the IT projects are going to be implemented is to do those projects which will provide the RCA internally with the best ability to quickly get to a higher level of performance in the management of dockets. Her priority would be to move forward

with putting the case management system in place, which tracks staff resources and that will indicate whether she is over or under-staffed and will provide the docket tracking mechanism. Then she would put in the electronic filing project that contains the electronic content management system for the utilities, which will allow her to update the web portal and website.

MS. GIARD said, "The entire project will span three years; the majority of the work will be performed in FY 2006 and early 2007 with the goal of coming to you in January for sunset saying, 'We've addressed these problems.' "

[1:54:54 PM](#)

SENATOR ELLIS said he thought this action was necessary, but at the same time wanted to be cognizant of people with fixed incomes.

MS. GIARD gave her word that she would be cognizant of that issue.

[1:56:34 PM](#)

ERIC YOULD, Executive Director, Alaska Power Association, supported SB 157. He said the revenue from temporarily raising the RCC would benefit both the agency and consumers.

CHAIR BUNDE closed public testimony.

[1:59:13 PM](#)

SENATOR STEVENS moved CSSB 157(L&C) from committee with individual recommendations. Senators Davis, Ellis, Ben Stevens and Chair Bunde voted yea; and CSSB 157(L&C) moved from committee.

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^#SB149

SB 149-PROTECTION OF PERSONAL INFORMATION

CHAIR CON BUNDE announced SB 149 to be up for consideration.

SENATOR GRETCHEN GUESS, sponsor of SB 149, said her office conducted a study of how easy it is to get social security numbers and other information - enough to apply for a credit card - and it only took a couple of hours.

[2:01:42 PM](#)

She said this is her attempt at a comprehensive approach to fill in the gaps the federal government said the state was to deal with at the state level.

The bill has several provisions and the first article regards breach of security information. She said that you have to tell people if you may have disclosed their personal, non-public information and it also sets forth how to do that.

The second section is the consumer report security freeze section and allows someone to put a freeze on his own customer report. It could be unfrozen when needed either on a one-time or an on-going basis. Section 3 concerns access to consumer reports and how much can be charged for them. The federal legislation allows one free report a year.

Section 4 concerns protection of social security numbers. The next section concerns disposal of records to protect personal information given to employers. The next section is a declaration of innocence. It allows a means to go to court and say you are not the one who committed the crime that was perpetrated in your name. It also allows a way for the court to say, 'No, you were lying; it really was you.'

SENATOR GUESS said the next section deals with credit header information, which is often sold by credit reporting agencies to people who mass-market. It often contains social security numbers, mother's maiden name, birth date, et cetera. She said, "You can't sell that anymore."

The last section is the right to file a police report in your own jurisdiction to trigger an investigation even if the theft didn't happen in your jurisdiction.

This is important because often times, especially with the federal law, you need a police report before you can trigger some provisions that the federal government has provided to us. We have talked with APD and DPS; they don't seem to have a problem with it. It's a citizen's report and there's provision in here that it doesn't go into their open cases.

[2:06:29 PM](#)

CHAIR BUNDE wondered if this is too little and too late to make a difference.

SENATOR GUESS replied yes and no. Over time it would make data more difficult to access and it will stop the practice of selling social security numbers.

[2:09:03 PM](#)

CHAIR BUNDE asked if the security freeze would be similar to opt out provisions. "Is everyone automatically opted out or would you have to request an opt out?"

SENATOR GUESS replied that it would be a conscious decision to opt out.

CHAIR BUNDE asked if she had seen a letter from Choice Point.

SENATOR GUESS replied no.

CHAIR BUNDE asked Senator Guess to respond to that letter in writing and she agreed to do that.

He said there was another similar bill and asked what the difference is from SB 149 and could they possibly be joined.

SENATOR GUESS responded that SB 148 and SB 149 are similar in intent, but they were modeled after two different pieces of legislation. She said that she would work with Senator Ellis to see what could be done.

SAM TRIVETTE, Capital City Task Force, strongly supported both bills.

[2:14:53 PM](#)

RITA HATCH, Older Persons Action Group, said seniors are the most vulnerable because they don't understand that their identity can be stolen. She supported SB 149.

[2:15:52 PM](#)

STEVE CLEARY, Executive Director, Alaska Public Interest Research Group (AKPIRG), supported SB 148 and SB 149. These incidents keep happening; he just heard yesterday how 187,000 consumers who are GM Master Card holders have had their information compromised.

CHAIR BUNDE asked how this related to federal legislation.

SENATOR GUESS said the federal government passed comprehensive legislation and she feels comfortable with the state provisions.

[2:20:19 PM](#)

SENATOR ELLIS said the California Choice Point law affected 251 Alaskans in a negative way and nothing in the federal act protected them. He thought state laws could help in Alaska where there are some unique situations.

SENATOR RALPH SEEKINS explained that Seekins Ford credit information is sent to a data bank that is outside of Alaska and asked how the security section in article 2 would affect that.

SENATOR GUESS replied if an outside business has enough commerce in Alaska, it can be affected by state law. Before or after a client went in to Seekins Ford, he would have to unfreeze his information.

SENATOR SEEKINS asked what right the State of Alaska has to tell an out-of-state company to freeze information on an Alaskan resident. He warned that there would be opposition to this section, because 60 percent of people buy cars in the first 24 hours and their information needs to be available.

TERRY BANNISTER, Legislative Legal Services, said there is no bright line on how state laws affect out-of-state businesses operating here and it depends on court interpretation. State laws are designed to extend as far as possible under both federal and state constitutions. Companies that have minimal contact here are subject to Alaskan law and, "We can enforce it." She said the issue is becoming more prevalent because of the Internet and how everything is becoming more interrelated.

[2:31:17 PM](#)

SENATOR GUESS related that she read the Choice Point letter and it makes two points. One is to make the security freeze a consumer choice and she said its okay with her to make it "immediate" on either side.

The other issue is that customer reports need to be accessed for underwriting and pages 9 and 10 say that one of the exemptions is for a financial contractual relationship or someone you owe. In response to that, she said she would check with Ms. Hall on why any insurance company should be able to get customer reports for their underwriting.

CHAIR BUNDE said he would hold this bill.

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^#SB148

SB 148-INFORMATION SECURITY

CHAIR CON BUNDE announced SB 148 to be up for consideration.

SENATOR JOHNNY ELLIS, sponsor of SB 148, said he is completely flexible and would roll his bill into Senator Guess' SB 149.

[2:35:19 PM](#)

He said they were drafted on different models that were similar in effect. He did not mind the policy of insurance companies accessing credit reports with consumer consent and would consider that as a friendly amendment.

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STEVE CLEARY, Executive Director, Alaska Public Information Group (AKPIRG), supported SB 148.

MR. TRIVETTE, Retired Public Employees of Alaska (RPEA), supported SB 148.

SENATOR ELLIS said he would work with staff to roll the two bills together along with the amendment.

TIM KELLY, Progressive Insurance, said he hadn't seen the language on the proposed amendment, but the sponsors indicated to him that they were willing to work with him on it. The insurance exception is in Colorado law already.

CHAIR BUNDE said he would wait for the CS to come back to the committee.

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^#SB175

SB 175-DISPENSING OPTICIANS

CHAIR BUNDE announced SB 175 to be up for consideration and said it is one of the Legislature's goals to reduce the number of boards and commissions. While in this bill the board goes away, the licensing requirement for dispensing optician remains and it would become a function of the Division of Occupational Licensing.

JANE ALBERTS, staff to Senator Bunde, explained that SB 175 sunsets the Board of Dispensing Opticians and transfers the authority for licensure to the Division of Occupational Licensing. It increases from 2 to 4 the number of apprentices who can work under one licensed optician, optometrist or medical

doctor. This is included to perhaps allow more individuals to get into this occupation.

SB 175 also simplifies in statute the process for licensing opticians from other states in Alaska and it transfers administration of the apprenticeship program from the Department of Labor to the U.S. Department of Labor. The U.S. Department of Labor already administers a number of apprenticeship programs across the nation, so the state's division would license applicants based on each one's meeting the basic requirements of the U.S. Department of Labor's apprenticeship program.

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SENATOR BEN STEVENS asked if anything in law prohibits reverse reciprocity if licensure is issued by a department and not a board.

PAT DAVIDSON, Division of Legislative Audit, responded that often reciprocity is based on experience, education or testing accomplishments. It doesn't matter whether it's a department or board doing the licensing and not all states license dispensing opticians. That is part of the reason for Section 9, which acknowledges a master's certificate from a professional association for people practicing in those states that do not license them. "It increases the pool of people who can act in the state as a dispensing optician."

[2:47:21 PM](#)

SHANA PICKFORD, member, Alaska Opticians Association, Anchorage, supported SB 175. She related that Rick Urion, Director, Division of Occupational Licensing, has said he would involve the association in the transition and she looks forward to working with him.

[2:48:52 PM](#)

MATT MARUKIAN, licensed optician, said the Alaska public is being served well by the licensing system. His goal is to work with the Division of Occupational Licensing to have a seamless transition. He supported SB 175 overall.

[2:50:29 PM](#)

KRISTY BRANT, President, Opticians Association of Alaska, Fairbanks, supported SB 175. It streamlines the regulation process, maintains licensing and transfers the administration of the apprenticeship program to the U.S. Department of Labor, which should be more efficient for everybody involved. She pointed out that if this legislation does not pass by June 30,

the statutes will no longer be valid and the board will no longer be there to regulate them. It could be confusing and cost the state time and money.

CHAIR BUNDE explained that it is the committee's practice to not pass a bill after only one hearing and he said he would hold it for another meeting.

[2:52:58 PM](#)

ROBIN MARQUIS, licensed optician, Fairbanks, said she used to practice in a state that didn't license dispensing opticians and she knew that not every office provided good care. She has worked at various offices in Fairbanks and has a good relationship with other doctors and opticians. Topnotch speakers are brought in to meet continuing education requirements. They are trying their best to make sure the consumer comes first, not the almighty buck. She felt confident that SB 175 would streamline the licensing process.

CHAIR BUNDE thanked her for her comments and said that the bill would be held for a second hearing.

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^#HB61

CSHB 61(FIN)-GAMING: CALCUTTA POOLS & CRANE CLASSICS

CHAIR CON BUNDE announced CSHB 61(FIN) to be up for consideration.

SHALON SZYMANSKI, staff to Representative McGuire, sponsor of CSHB 61(FIN), explained that under current state law, there is a very narrow and specific list of allowable games of chance and skill for charitable purposes. HB 61 adds Calcutta pools and crane classics to this list. Calcutta pools have been held in the past and have been shown to be a very effective way to raise money for charities across the state. With Calcutta pools, prior to a tournament, teams are auctioned off and people will bid on the team that they think will win. All the money that is raised in the auction is placed into a pot. The person who is the high bidder for the winning team gets a predetermined percentage of that pot and the remaining money goes to the organization holding the permit. The bill is limited to sporting events that are held within the State of Alaska only.

MS. SZYMANSKI explained that 30 percent of the pot has to go to the charity, but the organization holding the permit can choose to donate more.

CHAIR BUNDE asked if other monies could be added to the pool.

MS. SZYMANSKI replied only the money that the organization raised in the auction.

SENATOR BEN STEVENS said he has been involved with Calcutta pools a number of times and asked why the minimum is set at 30 percent.

MS. SZYMANSKI replied that the Department of Revenue suggested setting up Calcutta pools similar to pulltabs, which use thirty percent as a minimum.

SENATOR BEN STEVENS said most of the pools he has participated in have a 50/50 distribution. Many times the teams get together and make a contribution, which makes the pot go up considerably.

[3:00:08 PM](#)

He asked if the sponsor would support an increase to the minimum of the distribution stating, "Thirty percent is not enough."

MS. SZYMANSKI replied that she would have to talk to the sponsor, but didn't think she would have a problem since she brought the bill forward for charitable purposes.

SENATOR BEN STEVENS said he would work with the sponsor to raise the distribution.

SENATOR SEEKINS asked if the number of pools for each event is limited.

MS. SZYMANSKI replied that the bill did not limit each sporting event to one Calcutta pool, but she thought it would be something to look into.

SENATOR SEEKINS said that most pools he's seen have been at golf tournaments and no one else besides the people who were putting it on were involved.

[3:04:19 PM](#)

CHAIR BUNDE asked Ms. Szymanski to define a qualified organization.

MS. SZYMANSKI replied that a qualified organization is one that obtains its permit through the Department of Revenue and uses it for charitable purposes, like non-profit scholarships.

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SENATOR BEN STEVENS said some charities auction off the numbers of the participants - like in the Iditarod. The bid number depends on who gets to ride in what basket. The difference is that in the Iditarod, the participant doesn't split the pot; the award is to ride in the basket. In a Calcutta pool, one bids on the team number and the team that wins, wins the pot and splits it with the charity.

3:06:58 PM

SENATOR SEEKINS commented that he learned in the pulltab wars that Alaska is a not-for-profit corporation gambling state and, "To refer to these things as charitable gaming is an absolute mischaracterization, Mr. Chairman."

CHAIR BUNDE agreed and insisted on having a definition of qualified charitable organization.

SENATOR ELLIS said, "It's not near enough benefit for the charities - the 30 percent."

CHAIR BUNDE said current law limits a municipality or qualified organization to a maximum of \$1 million each year in prize activities and he wondered if the sponsor would entertain an increase in the amount a municipality could raise.

MS. SZYMANSKI replied that that idea has been brought to the sponsor's attention in the past and she chose to stay away from it, because she didn't want to complicate the bill any more than what it already was. However, she offered to bring it up with Representative McGuire again. She added:

You will find that this bill also has many limitations on how a Calcutta pool can be run. First of all, Calcutta pools can be held only at a sporting event held within the State of Alaska. The Calcutta pools cannot be held for elementary, secondary, post-secondary or youth organization sporting events and all participants must be at least 18 years of age. And Calcutta pools can only be held in auctions; and in order to even hold this auction, organizations must go through the Department of Revenue to obtain a permit.

In addition to obtaining this permit, a report must be filed with the department after the Calcutta is held. A Calcutta pool must be conducted by a permittee; an

operator cannot be hired to run a Calcutta pool. This will insure that the permittee oversees the entire event. And, finally, no less than 30 percent of the money raised during the auction must go to the charity though this is up to the charity holding the permit to decide if it wants to give more than 30 percent....

CHAIR BUNDE said he also wanted a definition of "team" and asked if a jockey and a horse would be a team.

MS. SZYMANSKI guessed that would be considered a team. Calcutta pools were actually started with horse races. She agreed that defining team would be important.

CHAIR BUNDE added that he wanted the percentage to be part of the gross, not of the net.

LARRY MEYERS, Deputy Director, Tax Division, Department of Revenue, clarified that qualified organizations are defined in statute already and that the current 30 percent is on the percentage of gross.

[3:13:31 PM](#)

CHAIR BUNDE asked if all 1,200 qualified organizations in Alaska suddenly decided they wanted to do a Calcutta, what fiscal impact would that have on the department.

MR. MEYERS replied that the department doesn't have any experience with this type of gaming activity, but if all 1,200 applied for permits and filed reports, that would be a lot more work than the department currently has before it.

CHAIR BUNDE asked what he thought of creating a percentage for the state to cover the cost of regulation.

MR. MEYERS responded, "We always welcome any help we can get."

[3:14:10 PM](#)

SENATOR BEN STEVENS asked if any qualified organization for a gaming permit can run a Calcutta pool.

MR. MEYERS replied yes.

SENATOR BEN STEVENS asked, "Even if that entity is not managing their own sporting event?"

MR. MEYERS replied the bill provides that the participants bid at an auction. The intent he has seen in the past at golf tournaments, for instance, is there would be a banquet before the event and the teams would be auctioned before tee-off time. The bill clarifies the type of auction.

[3:15:56 PM](#)

SENATOR BEN STEVENS remarked that his son's hockey organization has a charitable gaming permit and one of the most competitive things he has witnessed is the annual state youth hockey tournament.

CHAIR BUNDE reminded him that kids' teams and school and college teams are not allowed.

SENATOR BEN STEVENS said he is talking about the parents. He wanted to tighten up the eligibility section and require a qualified gaming permit holder to apply for each specific event.

[3:17:31 PM](#)

MR. MEYERS agreed and added that he envisions that each event would need a permit sanctioned by the department.

CHAIR BUNDE asked what the department would do if two people applied for the same permit.

MR. MEYERS replied that he would look for guidance from the committee on that, but he thought that only the entity hosting the event should be able to have a permit.

CHAIR BUNDE noted that both Nome and Anchorage host the Iditarod.

SENATOR SEEKINS envisioned that the Iditarod Committee, not the cities of Nome and Anchorage, would be able to have a Calcutta pool.

[3:18:39 PM](#)

SENATOR SEEKINS said he thought only the event sponsor should be eligible to hold a Calcutta pool if it had a gaming permit and he wanted only one pool per event.

SENATOR ELLIS commented that allowing Calcutta pools could have the biggest impact since pulltabs and asked why only three other states have them.

MR. MEYERS pointed out that those three are western states with small populations.

3:22:45 PM

CHAIR BUNDE brought up the fiscal note and said he didn't want to cost the state money. He supported the user pay notion.

MR. MEYERS said he would look at that issue.

SENATOR BEN STEVENS commented that only two states don't allow organized gaming and Alaska is one of them. "They can go to the bookie and bet on the sporting event that they want and not share the profits with the charity."

VICKI OTTE, Executive Director, ANCSA CEO's Association supported HB 61. She is an avid golfer and is a very strong supporter and board member of quite a few non-profit organizations in this state. she said:

As you all know, in this day and age, raising money for non-profit organizations that benefit people in need is very difficult. However, there is a group of people in the state that love to play golf as many of you do and they play in golf tournaments and like to give money to charities. At any golf course on any given day during the summer, of course, there is at least one tournament being held....

There was one premier golf classic that ceased its Calcutta event in 2001 when it came to their attention that a Calcutta event was not legal. At least it wasn't clear that they were legal until we had a legal opinion done by the state. Up until that time, this event was ceased it raised \$800,000 that was given to various charities. Ceasing the Calcutta decreased the proceeds to those charities significantly.

People in organizations like to give money, but they also like to have fun doing it. Golf is a sport that is becoming more and more popular in this state. Calcuttas are a time-honored method of charitable fund raising uniquely suited to golfing events. They raise substantial amounts of money, as I mentioned earlier, and present no more harm to the public than any other charitable activities including pulltabs, rat races and other classics, which are already legal under state law. I speak in support of HB 61 and urge that

you consider passing this bill. As you know, revenue generated helps cease the burdens that you all have in funding programs that benefit people in need.

MS. OTTE related that there are premier golf classics in the Anchorage and Fairbanks areas that receive big sponsorships because of Calcutta pools. She thought if proceeds were limited to 50 percent, even though all of them give 50 percent now, that it might diminish the number of sponsors.

[3:27:43 PM](#)

JEFF BARNHART, Head Professional, Palmer Golf Course, supported HB 61. He said he helps administer golf tournaments for 30 to 50 different organizations throughout a summer and a majority of them are conducted to raise money for charities like Rotary and Boys and Girls Clubs. He is continuously asked how more money can be raised and Calcutta pools have been very successful for many years for raising money. He thought every organization would agree to pay a fee to the state to support a fiscal note for administration of the regulations.

CHAIR BUNDE thanked everyone for their comments and said he would hold HB 61 for another hearing and adjourned the meeting at [3:33:40 PM](#).