

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

April 28, 2005

3:38 p.m.

MEMBERS PRESENT

Senator Gene Therriault, Chair
Senator Thomas Wagoner, Vice Chair
Senator Charlie Huggins
Senator Bettye Davis
Senator Kim Elton

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 121

"An Act establishing the State of Alaska Capital Corporation; authorizing the issuance of bonds by the State of Alaska Capital Corporation to finance capital improvements in the state; and providing for an effective date."

MOVED SB 121 OUT OF COMMITTEE

SENATE BILL NO. 122

"An Act establishing the Alaska capital income account within the Alaska permanent fund; relating to deposits into the account; relating to certain transfers regarding the Amerada Hess settlement to offset the effects of inflation on the Alaska permanent fund; and providing for an effective date."

MOVED SB 122 OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 181(L&C)

"An Act authorizing a waiver for active duty military service of continuing education requirements for renewal of occupational licenses."

MOVED CSHB 181(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 201

"An Act relating to an application for a permanent fund dividend for a member of the armed forces of the United States serving on active duty outside of the state; and providing for an effective date."

MOVED HB 201 OUT OF COMMITTEE

HOUSE BILL NO. 229

"An Act relating to the reinstatement of Native corporations;
and providing for an effective date."

MOVED HB 229 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 121

SHORT TITLE: STATE OF AK CAPITAL CORP.; BONDS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/28/05	(S)	READ THE FIRST TIME - REFERRALS
02/28/05	(S)	STA, FIN
03/31/05	(S)	STA AT 3:30 PM BELTZ 211
03/31/05	(S)	Heard & Held
03/31/05	(S)	MINUTE(STA)

BILL: SB 122

SHORT TITLE: AMERADA HESS INCOME; CAPITAL INCOME ACCT.

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/28/05	(S)	READ THE FIRST TIME - REFERRALS
02/28/05	(S)	STA, FIN
03/31/05	(S)	STA AT 3:30 PM BELTZ 211
03/31/05	(S)	Heard & Held
03/31/05	(S)	MINUTE(STA)

BILL: HB 181

SHORT TITLE: WAIVE CONTINUING EDUC. REQ FOR MILITARY

SPONSOR(s): REPRESENTATIVE(s) COGHILL

02/28/05	(H)	READ THE FIRST TIME - REFERRALS
02/28/05	(H)	MLV, L&C
03/17/05	(H)	MLV AT 1:00 PM CAPITOL 124
03/17/05	(H)	Moved Out of Committee
03/17/05	(H)	MINUTE(MLV)
03/18/05	(H)	MLV RPT CS(MLV) 6DP
03/18/05	(H)	DP: THOMAS, GRUENBERG, CISSNA, ELKINS, MCGUIRE, LYNN
04/15/05	(H)	L&C AT 3:15 PM CAPITOL 17
04/15/05	(H)	Moved CSHB 181(L&C) Out of Committee
04/15/05	(H)	MINUTE(L&C)
04/18/05	(H)	L&C RPT CS(MLV) 5DP

04/18/05 (H) DP: LYNN, LEDOUX, GUTTENBERG, ROKEBERG,
KOTT
04/19/05 (H) CORRECTED L&C RPT CS(L&C) NT 4DP 1NR
04/19/05 (H) DP: GUTTENBERG, LYNN, LEDOUX, KOTT;
04/19/05 (H) NR: ROKEBERG
04/21/05 (H) TRANSMITTED TO (S)
04/21/05 (H) VERSION: CSHB 181(L&C)
04/22/05 (S) READ THE FIRST TIME - REFERRALS
04/22/05 (S) STA, L&C
04/28/05 (S) STA AT 3:30 PM BELTZ 211

BILL: HB 201

SHORT TITLE: PERM. FUND DIVIDEND APPS OF MILITARY

SPONSOR(S): REPRESENTATIVE(S) CHENAULT

03/04/05 (H) READ THE FIRST TIME - REFERRALS
03/04/05 (H) MLV, STA
03/17/05 (H) MLV AT 1:00 PM CAPITOL 124
03/17/05 (H) Moved Out of Committee
03/17/05 (H) MINUTE(MLV)
03/18/05 (H) MLV RPT 6DP
03/18/05 (H) DP: THOMAS, GRUENBERG, CISSNA, ELKINS,
MCGUIRE, LYNN
03/29/05 (H) STA AT 8:00 AM CAPITOL 106
03/29/05 (H) Heard & Held
03/29/05 (H) MINUTE(STA)
04/05/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/05/05 (H) <Pending Referral><Bill Postponed>
04/07/05 (H) STA AT 8:00 AM CAPITOL 106
04/07/05 (H) Moved CSHB 201(STA) Out of Committee
04/07/05 (H) MINUTE(STA)
04/08/05 (H) STA RPT CS(STA) NT 6DP 1NR
04/08/05 (H) DP: LYNN, GATTO, GRUENBERG, ELKINS,
RAMRAS, SEATON;
04/08/05 (H) NR: GARDNER
04/21/05 (H) TRANSMITTED TO (S)
04/21/05 (H) VERSION: HB 201
04/22/05 (S) READ THE FIRST TIME - REFERRALS
04/22/05 (S) STA, JUD
04/28/05 (S) STA AT 3:30 PM BELTZ 211

BILL: HB 229

SHORT TITLE: REINSTATEMENT OF NATIVE CORPORATIONS

SPONSOR(S): REPRESENTATIVE(S) FOSTER

03/22/05 (H) READ THE FIRST TIME - REFERRALS
03/22/05 (H) CRA, FIN

03/31/05 (H) CRA AT 8:00 AM CAPITOL 124
 03/31/05 (H) Moved Out of Committee
 03/31/05 (H) MINUTE(CRA)
 04/01/05 (H) CRA RPT 4DP
 04/01/05 (H) DP: LEDOUX, SALMON, OLSON, THOMAS
 04/04/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 04/04/05 (H) Moved Out of Committee
 04/04/05 (H) MINUTE(FIN)
 04/05/05 (H) FIN RPT 8DP 1NR
 04/05/05 (H) DP: HAWKER, HOLM, WEYHRAUCH, STOLTZE,
 MOSES, FOSTER, MEYER, CHENAULT;
 04/05/05 (H) NR: KELLY
 04/08/05 (H) TRANSMITTED TO (S)
 04/08/05 (H) VERSION: HB 229
 04/11/05 (S) READ THE FIRST TIME - REFERRALS
 04/11/05 (S) CRA, STA
 04/20/05 (S) CRA AT 1:30 PM BELTZ 211
 04/20/05 (S) Heard & Held
 04/20/05 (S) MINUTE(CRA)
 04/22/05 (S) CRA AT 1:30 PM BELTZ 211
 04/22/05 (S) Moved HB 229 Out of Committee
 04/22/05 (S) MINUTE(CRA)
 04/25/05 (S) CRA RPT 3DP
 04/25/05 (S) DP: STEVENS G, WAGONER, STEDMAN
 04/28/05 (S) STA AT 3:30 PM BELTZ 211

WITNESS REGISTER

CHERYL FRASCA, Director
 Office of Management & Budget
 Office of the Governor
 Alaska State Capitol
 Juneau, AK 99801-1182

POSITION STATEMENT: Answered questions on SB 122

MIKE BARNHILL,
 Assistant Attorney General
 Civil Division
 Department of Law
 PO Box 110300
 Juneau, AK 99811-0300

POSITION STATEMENT: Answered questions on SB 122

REPRESENTATIVE JOHN COGHILL
 Alaska Capitol Building
 Juneau, AK 99801

POSITION STATEMENT: Sponsor of HB 181

KAREN LIDSTER,
Staff to Representative John Coghill
Alaska Capitol Building
Juneau, AK 99801
POSITION STATEMENT: Answered questions on HB 181

ERIC DELAND,
Staff to Representative Mike Chenault
Alaska Capitol Building
Juneau, AK 99801
POSITION STATEMENT: Introduced HB 201 for sponsor

SHARON BARTON, Director
Permanent Fund Dividend Division
Department of Revenue
PO Box 110400
Juneau, AK 99811-0400
POSITION STATEMENT: Answered questions related to HB 201

SUE WRIGHT,
Staff to Representative Mike Chenault
Alaska Capitol Building
Juneau, AK 99801
POSITION STATEMENT: Answered questions related to HB 201

CHRIS POAG,
Assistant Attorney General
Civil Division
Department of Law
PO Box 110300
Juneau, AK 99811-0300
POSITION STATEMENT: Answered questions related to HB 201

PAUL LABOLLE,
Staff to Representative Richard Foster
Alaska Capitol Building
Juneau, AK 99801
POSITION STATEMENT: Introduced HB 229 for sponsor

ACTION NARRATIVE

CHAIR GENE THERRIAULT called the Senate State Affairs Standing Committee meeting to order at [3:38:55 PM](#). Present were Senators Elton, Wagoner, Huggins, and Chair Therriault. Senator Davis arrived momentarily.

SB 121-STATE OF AK CAPITAL CORP.; BONDS

[3:39:05 PM](#)

CHAIR THERRIAULT announced SB 121 to be up for consideration.

He advised the members that the co-chairs of the Finance Committee asked that the bill be moved to that committee. He asked if there were any questions from the previous hearing. Hearing none, he asked for a motion.

SENATOR WAGONER motioned to report SB 121 and attached fiscal notes from committee with individual recommendations.

CHAIR THERRIAULT announced that without objection, SB 121 would move to the next committee of referral.

SB 122-AMERADA HESS INCOME; CAPITAL INCOME ACCT.

CHAIR THERRIAULT announced SB 122 to be up for consideration. He said he understood that the House version of the bill was under reconsideration. He asked Ms. Frasca if modifications had been made that the committee should consider.

[3:40:43 PM](#)

CHERYL FRASCA, Director, Office of Management & Budget, replied the House amended the companion to SB 122 [HB 187] and Mr. Barnhill would provide an explanation.

MIKE BARNHILL, Assistant Attorney General, Department of Law (DOL), explained that both the House bill and SB 122 create a fund within the earnings reserve of the Alaska Permanent Fund. The House took the fund out of the earnings reserve of the Permanent Fund and put it in the General Fund. It also changed the name from Capital Income Account to Capital Income Fund.

The earnings that flow from the segregated Amerada Hess principal would go into the new fund within the General Fund and be available for appropriation. The House didn't adopt the idea of using those earnings to finance a bond issue as Governor Murkowski originally proposed.

Another change the House made related to inflation proofing. It ensured that the money that was segregated within the principal of the Alaska Permanent Fund would continue to be inflation proofed. He noted that at the previous hearing Senator

Therriault asked why it was accounted for within the "picket fence." Under the House version, all the inflation proofing will happen outside the "picket fence." The nominal amount would stay the same, but the entire principal of the Permanent fund would continue to be inflation proofed.

[3:43:34 PM](#)

SENATOR KIM ELTON asked for verification that Amerada Hess would not be inflation proofed. The inflation proofing that would have covered it would be in the corpus of the Permanent Fund.

MR. BARNHILL responded yes.

SENATOR ELTON said if you assume it is being inflation proofed now it would be slightly more than inflation proofed then.

MR. BARNHILL offered the opinion that it's a stretch to say that any one part of the principal of the Permanent Fund is inflation proofed. The Permanent Fund Corporation has been accounting for the inflation proofing separately, but that's just book accounting. The bill the House passed clarifies that the inflation proofing would be accounted for outside the segregated principal of Amerada Hess.

SENATOR ELTON said in that event the Amerada Hess sub-account would diminish over time due to inflationary erosion.

CHAIR THERRIAULT clarified that the purchasing power would erode but when forced to say were it occurs, the inflation proofing is on the outside of the "picket fence."

SENATOR WAGONER remarked that doesn't keep the legislature from putting money back in to inflation proof the principal.

MR. BARNHILL opined the legislature could direct the Permanent Fund Corporation to book the inflation proofing within the Amerada Hess "picket fence." The earnings from the Amerada Hess segregated fund would continue to flow out under the House bill and into the General Fund.

SENATOR WAGONER said total earnings.

MR. BARNHILL responded the total earnings on \$424 million. That figure would stay the same throughout time.

SENATOR WAGONER said he didn't agree.

CHAIR THERRIAULT remarked it's apparent there are a variety of ideas. Nonetheless, the question before the committee is whether it wants to incorporate the House ideas as a CS or just move the bill with its companion piece.

SENATOR ELTON stated his preference is to move the bill as is. He and Senator Davis accede to the finance co-chairs' request to move the bill.

CHAIR THERRIAULT asked if he would like to make the motion.

SENATOR ELTON motioned to report SB 122 and attached zero fiscal note from committee with individual recommendations.

CHAIR THERRIAULT announced that without objection, SB 122 would move to the Finance Committee.

CSHB 181(L&C)-WAIVE CONTINUING EDUC. REQ FOR MILITARY

[3:47:20 PM](#)

CHAIR GENE THERRIAULT announced HB 181 to be up for consideration.

REPRESENTATIVE JOHN COGHILL, Sponsor, said HB 181 provides a continuing education waiver for members of the armed forces who are away on active duty. This is a partial exemption that allows the license holder to fulfill the requirements when they return to Alaska without risking the loss of their license for non-compliance.

CHAIR THERRIAULT outlined an example and asked how long a licensee could take to fulfill the requirement after returning to Alaska.

REPRESENTATIVE COGHILL said the bill allows flexibility because occupational licensing renewals range considerably.

[3:50:21 PM](#)

KAREN LIDSTER, Staff to Representative John Coghill, explained that the various boards and commissions have the ability to waive the requirement or set the timeframes according to what it believes is best for a particular profession.

SENATOR CHARLIE HUGGINS restated that it creates a mechanism, but there is no requirement. The board or commission has latitude to make the decision.

MS. LIDSTER said that's correct.

SENATOR HUGGINS said he likes the idea.

REPRESENTATIVE COGHILL advised that the original version referenced just the active war zone, but the current version provides greater flexibility and opportunity for the boards or commissions to make individual determinations.

[3:54:13 PM](#)

CHAIR THERRIAULT noted there were no further questions and asked for the will of the committee.

SENATOR WAGONER motioned to report CSHB 181, \S version, and attached fiscal notes from committee with individual recommendations.

CHAIR THERRIAULT announced that without objection, CSHB 181(L&C) would move to the next committee of referral.

HB 201-PERM. FUND DIVIDEND APPS OF MILITARY

CHAIR GENE THERRIAULT announced HB 201 to be up for consideration.

[3:54:49 PM](#)

ERIC DELAND, Staff to Representative Chenault, explained the purpose of HB 201 is to help individuals who are serving on active duty with the U.S. armed services to file a Permanent Fund application. This would be accomplished by means of a power of attorney.

CHAIR THERRIAULT asked whether personnel preparing for deployment are typically encouraged to sign a power of attorney. If so, is the form specific or general.

MR. DELAND responded a spouse typically signs a general power of attorney before being deployed.

CHAIR THERRIAULT asked if the Permanent Fund Dividend Division finds the form acceptable with respect to its interpretation of the statute.

MR. DELAND replied when he asked the division why the standard form wouldn't apply he was told that legislative change was necessary.

SENATOR THOMAS WAGONER questioned why that would be if a power of attorney had been signed.

[3:57:42 PM](#)

SHARON BARTON, Director, Permanent Fund Dividend Division, explained that with few exceptions the statute specifically requires an individual to personally sign the application so a power of attorney isn't allowed.

SENATOR CHARLIE HUGGINS drew on his military experience and offered the opinion that the bill is a good idea. He wasn't concerned about abuse of the system and asked Ms. Barton if she had concerns.

MS. BARTON responded the division had early concerns related to representing another's intent because the statute requires intent to return and remain in the state. The House CS sought to remedy that by requiring the member to sign a separate statement saying they intend to return.

SUE WRIGHT, Staff to Representative Chenault, explained that intent is included within a general power of attorney so this should no longer be a concern of the Permanent Fund Division.

MS. BARTON said the division has no problem implementing the provisions of the bill but according to Mr. Poag it would need a technical amendment to remedy the requirement to sign.

MS. WRIGHT clarified that the original version of HB 201 passed the House; it was not a committee substitute.

MR. POAG, Assistant Attorney General, Department of Law (DOL) said Director Barton expressed concern about opening the door wider than necessary to address the problem and she would probably like to be heard.

MS. BARTON said the division would do whatever the legislature directs, but it sees no reason to implement the provision for

any military personnel beyond those serving under hostile fire/imminent danger.

CHAIR THERRIAULT asked if the sponsor wanted the power of attorney to apply to any military personnel serving outside the state.

MS. WRIGHT said Representative Chenault respectfully feels that certain military personnel could be deployed with such speed that they may not have the time to prepare or sign a PFD application. He feels very strongly that no one in a military uniform should in any way be impeded from applying for his/her PFD. The general power of attorney that is signed under the direction of the Alaska post should be sufficient.

CHAIR THERRIAULT asked Senator Huggins to offer his view.

SENATOR HUGGINS said he would echo Ms. Wright's comments and added that this is a common sense vehicle.

CHAIR THERRIAULT commented it's difficult to strike a balance between allowing entrance to the deserving while squeezing out fraud.

SENATOR HUGGINS said when you make the mesh smaller you entangle more people. Although he doesn't want to open the window, he has no concern about fraud here.

SENATOR ELTON said he didn't have a problem with \A version because it applies only to members of the armed forces serving outside the United States.

CHAIR THERRIAULT agreed and said that addresses much of his concern.

SENATOR ELTON said he wouldn't be comfortable if the accomodation were extended to anyone in active military status regardless of location.

[4:17:40 PM](#)

MS. BARTON clarified that a parent or friend may file an unsigned application on behalf of someone serving outside the state. The application is pended until a signature is sent. HB 201 would facilitate that sort of situation, but the provision is already there.

The other difference between the versions is that the CS includes the statement of intent to return to the state.

CHAIR THERRIAULT remarked he didn't care for that part.

SENATOR HUGGINS reiterated his point that people who are deployed shouldn't have to worry about their dividend.

There were no further questions or testimony.

[4:20:26 PM](#)

CHAIR THERRIAULT asked for the will of the committee.

SENATOR WAGONER motioned to report HB 201 and attached fiscal notes from committee with individual recommendations.

CHAIR THERRIAULT announced that without objection, HB 201 would move to the next committee of referral.

HB 229-REINSTATEMENT OF NATIVE CORPORATIONS

CHAIR GENE THERRIAULT announced HB 229 to be up for consideration.

[4:21:02 PM](#)

PAUL LABOLLE, Staff to Representative Richard Foster, introduced the bill as a housekeeping measure. It allows Native corporations that have been involuntarily dissolved under AS 10.06.633 to reincorporate and maintain the same assets, powers, and liabilities as granted in the Alaska Native Claims Settlement Act (ANCSA). It's a one-time window that would sunset in 2006.

CHAIR THERRIAULT remarked this has been done before.

SENATOR WAGONER suggested going out to 2010.

MR. LABOLLE explained that the short term is related to the constitutional issue of not binding another legislature.

CHAIR THERRIAULT asked what led the corporations to the point of dissolution.

MR. LABOLLE explained that the corporations have failed to complete necessary paperwork and file with the state in a timely

manner. Those that didn't file within the grace period were involuntarily dissolved.

CHAIR THERRIAULT questioned what harm might result.

MR. LABOLLE explained that the ANCSA land grants given to the Native corporations would no longer be the assets of any corporations were they to reincorporate as a new corporation. It's unclear what would happen to those assets if a new corporation were formed.

CHAIR THERRIAULT asked if that's because the federal law was specific that the land was granted to those corporations that were formed at that time.

MR. LABOLLE answered yes.

There were no further questions.

SENATOR THOMAS WAGONER motioned to report HB 229 and attached fiscal notes from committee with individual recommendations. There being no objection, it was so ordered.

[4:23:37 PM](#)

There being no further business to come before the committee, Chair Therriault adjourned the meeting at [4:24:08 PM](#).