

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

March 6, 2006

8:55 a.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. 297

"An Act relating to contributions from permanent fund dividends to certain educational organizations and to certain charitable organizations that provide a positive youth development program, workforce development, aid to the arts, or aid and services to the elderly, low-income individuals, individuals in emergency situations, disabled individuals, or individuals with mental illness; and providing for an effective date."

MOVED CSSB 297(STA) OUT OF COMMITTEE

SENATE BILL NO. 274

"An Act relating to the disposition of surplus firearms by the state."

HEARD AND HELD

CS FOR HOUSE BILL NO. 167(STA) am

"An Act relating to providing a death certificate for a deceased veteran without cost; and relating to a program to honor the memory of a deceased veteran."

MOVED SCS CSHB 167(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 297

SHORT TITLE: CONTRIBUTIONS FROM PERM. FUND DIVIDENDS

SPONSOR(S): STATE AFFAIRS

02/14/06 (S) READ THE FIRST TIME - REFERRALS

02/14/06 (S) STA, FIN
 02/16/06 (S) STA AT 3:30 PM BUTROVICH 205
 02/16/06 (S) Heard & Held
 02/16/06 (S) MINUTE(STA)
 03/06/06 (S) STA AT 9:00 AM BUTROVICH 205

BILL: SB 274

SHORT TITLE: STATE FIREARM DISPOSAL AND INVENTORY
 SPONSOR(s): SENATOR(s) DYSON

02/09/06 (S) READ THE FIRST TIME - REFERRALS
 02/09/06 (S) STA, FIN
 02/14/06 (S) STA AT 3:30 PM BUTROVICH 205
 02/14/06 (S) <Bill Hearing Rescheduled to 2/23/06>
 02/23/06 (S) STA AT 3:30 PM BELTZ 211
 02/23/06 (S) Heard & Held
 02/23/06 (S) MINUTE(STA)
 03/06/06 (S) STA AT 9:00 AM BUTROVICH 205

BILL: HB 167

SHORT TITLE: DECEASED VETERAN DEATH CERTIFICATE/HONOR
 SPONSOR(s): MILITARY & VETERANS' AFFAIRS

02/22/05 (H) READ THE FIRST TIME - REFERRALS
 02/22/05 (H) MLV, STA
 03/17/05 (H) MLV AT 1:00 PM CAPITOL 124
 03/17/05 (H) Moved CSHB 167(MLV) Out of Committee
 03/17/05 (H) MINUTE(MLV)
 03/18/05 (H) MLV RPT CS(MLV) 5DP
 03/18/05 (H) DP: THOMAS, GRUENBERG, CISSNA, ELKINS,
 LYNN
 03/21/05 (H) FIN REFERRAL ADDED AFTER STA
 04/12/05 (H) STA AT 8:00 AM CAPITOL 106
 04/12/05 (H) Scheduled But Not Heard
 04/14/05 (H) STA AT 8:00 AM CAPITOL 106
 04/14/05 (H) Moved CSHB 167(STA) Out of Committee
 04/14/05 (H) MINUTE(STA)
 04/15/05 (H) STA RPT CS(STA) NT 6DP
 04/15/05 (H) DP: GARDNER, LYNN, GRUENBERG, RAMRAS,
 ELKINS, SEATON
 04/25/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 04/25/05 (H) Moved CSHB 167(STA) Out of Committee
 04/25/05 (H) MINUTE(FIN)
 04/26/05 (H) FIN RPT CS(STA) NT 6DP 3NR
 04/26/05 (H) DP: HAWKER, MOSES, WEYHRAUCH, FOSTER,
 MEYER, CHENAULT;
 04/26/05 (H) NR: HOLM, JOULE, KELLY

04/29/05	(H)	TRANSMITTED TO (S)
04/29/05	(H)	VERSION: CSHB 167(STA) AM
05/01/05	(S)	READ THE FIRST TIME - REFERRALS
05/01/05	(S)	STA, FIN
02/28/06	(S)	STA AT 3:30 PM BELTZ 211
02/28/06	(S)	Heard & Held
02/28/06	(S)	MINUTE(STA)
03/06/06	(S)	STA AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

Senator Fred Dyson
 Alaska State Capitol
 Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of SB 274

Dan Spencer, Director
 Administrative Services
 Department of Public Safety
 PO Box 111200
 Juneau, AK 99811-1200
POSITION STATEMENT: Testified on SB 274

Heather Brakes, Staff
 Senator Gene Therriault
 Alaska State Capitol
 Juneau, AK 99801-1182
POSITION STATEMENT: Explained proposed changes to SB 297

Sharon Barton, Director
 Permanent Fund Dividend Division
 Department of Revenue
 PO Box 110400
 Juneau, AK 99811-0400
POSITION STATEMENT: Answered questions related to SB 297

Heather Brakes, Staff
 Senator Therriault
 Alaska State Capitol
 Juneau, AK 99801-1182
POSITION STATEMENT: Explained proposed changes to HB 167

Representative Bob Lynn
 Alaska State Capitol
 Juneau, AK 99801-1182
POSITION STATEMENT: Supported proposed changes made to HB 167

ACTION NARRATIVE

CHAIR GENE THERRIAULT called the Senate State Affairs Standing Committee meeting to order at [9:11:10 AM](#). Present were Senators Thomas Wagoner, Charlie Huggins, Bettye Davis, Kim Elton and Chair Gene Therriault. [The March 2, 2006 meeting was recessed to March 6, 2006.]

SB 274-STATE FIREARM DISPOSAL AND INVENTORY

SENATOR GENE THERRIAULT announced SB 274 to be up for consideration. He asked for a motion to adopt the Version I committee substitute (CS).

SENATOR THOMAS WAGONER moved Version I as the working document and there was no objection.

SENATOR FRED DYSON, Sponsor of SB 274, explained that he would like to make sure that the Department of Public Safety (DPS) continues to get the highest value possible for surplus firearms while expanding the pool of potential buyers to include all Alaskans who are legally qualified to purchase firearms. Under the current system DPS surplus firearms are sold at auctions that are open only to federally licensed firearm dealers.

With regard to the issue of liability, he reported that research and legal opinions indicate that DPS would incur no more liability in selling a used firearm than any other piece of used equipment. His intention is for DPS to realize that it doesn't have to continue jumping through hoops to keep from exposing the state to increased liability.

[9:14:53 AM](#)

DAN SPENCER, Director of Administrative Services for the Department of Public Safety, stated that DPS is reluctant to give up the ability to trade in surplus weapons to acquire new ones. He related that on a number of occasions the department has reached agreement with firearms manufacturers to completely change over all trooper service weapons. In an exchange in 2002 DPS got about 436 Glock 40-caliber firearms with holsters, extra magazines and magazine pouches at no cost to the state. That came about because all duty weapons and all confiscated and unclaimed firearms were traded in at a value of about \$227,000. If the department had been compelled to forfeit that opportunity a capital appropriation would have been necessary. He stated that the department is happy to work with Senator Dyson to

ensure that it doesn't lose the ability to trade in service firearms.

MR. SPENCER brought up the issue of disposing of other firearms in the department's possession. Currently DPS has about 500 but disposal of those will involve the Department of Administration (DOA) because that department is statutorily charged with disposal of surplus state property. What DPS has done with previous trade ins is to get written approval to waive the normal sale process from the chief procurement officer for DOA. The liability issue is a concern for DPS and DOA, but Senator Dyson has indicated that isn't a problem.

Noting that Version I speaks to donating firearms to a museum or dismantling firearms to sell as legal parts, he said DPS would be inclined to have DOA work with a gunsmith to accomplish that work. DPS isn't in the business of parting out unfamiliar weapons and the decision about whether a particular firearm part is safe or unsafe is beyond its expertise.

A final concern relates to ammunition disposal. What happens now is that it's given to the academy so disposal decisions are made there. He reasoned that because it's difficult to tell whether casings are safe or not, it would make sense to have further discussions about the ammunition issue.

[9:20:33 AM](#)

SENATOR DYSON asked what sorts of illegal weapons show up in DPS inventory because he's only aware of cannons and those with defaced serial numbers.

MR. SPENCER replied a common modification is from semi automatic to fully automatic. Another is a commando style modification, which includes a folding stock to make the firearm more concealable.

SENATOR DYSON pointed out that both are fully legal for qualified citizens to own.

MR. SPENCER responded even if the bill were amended so that DPS could trade in service weapons, there would still be the issue of cost because department service weapons are well maintained and have good value.

SENATOR DYSON said he hadn't thought about the fact that DOA would probably end up doing the disposal. That would entail some work and more than likely the cost of hiring a gunsmith. He

asked about whether there should be a signed disclaimer to make it clear that the state assumes no responsibility.

He mentioned he had an amendment to institute rigorous inventory and reporting requirements. Although he has full confidence in the current commissioner's integrity he said he worries about a future administration that might decide to destroy legal and valuable weapons as a matter of public policy.

MR. SPENCER said he couldn't comment on what a future administration might do but DPS would prefer not to publish an inventory of its weapons until there is a sale.

[9:26:13 AM](#)

SENATOR KIM ELTON asked Mr. Spencer to comment on the advisability of further defining museum.

MR. SPENCER conceded it's a valid point and that DOA should weigh in on that subject. Certainly the department wouldn't be interested in donating machine guns to a roadside museum so further discussion is warranted.

CHAIR THERRIAULT asked if the department would get more value from the trade in process than from a direct sale.

MR. SPENCER replied that's a tough question because it entails assigning a value to the seized or recovered weapons inventory. Generally, the department gets very good value from the manufacturers when trading in service weapons, but he couldn't speculate what they would get for the other firearms if they went to auction.

He mentioned the Department of Administration fiscal note that includes the cost of a gunsmith but didn't include trading in surplus weapons.

SENATOR DYSON asked if the DPS budget has a line item for the value gained from the sale of the surplus property.

MR. SPENCER said no.

SENATOR DYSON suggested that might be part of the solution.

SENATOR HUGGINS asked how many sidearm weapons the department has.

MR. SPENCER replied about 500 service weapons of one type or another.

SENATOR HUGGINS opined that the good will factor of recycling service weapons to the public is beyond the dollar value that might be attached to any particular weapon.

MR. SPENCER responded the department doesn't regularly dispose of firearms because it isn't in the business of selling guns. Having the ability to leverage trades has worked well and that's what has been done. The question of whether the department should sell guns at public auctions is the Legislature's purview. Certainly, he said, the department understands the issue of good will.

SENATOR HUGGINS mentioned that headlines were made during a previous administration when firearms were cut up. That has caused some people to be skeptical about what happens to department service weapons when they are no longer used in the line of duty, because the only thing they know is that they are never seen again.

CHAIR THERRIAULT asked Senator Huggins if he thinks the good will component would mandate that firearms be sold to the public even though the department would get less than it could have gotten if it made a trade-in deal with a manufacturer.

SENATOR HUGGINS replied that's exactly what he was saying. It could be a good investment and he would assume that the disparity wouldn't be that great.

[9:39:27 AM](#)

SENATOR ELTON referenced page 1 line 9 and suggested deleting the word "department" because it isn't clear whether the reference is to DPS or to DOA. The firearms belong to DPS, but DOA actually disposes of the firearms as surplus property.

CHAIR THERRIAULT announced he would hold SB 274 in committee.

SB 297-CONTRIBUTIONS FROM PERM. FUND DIVIDENDS

CHAIR GENE THERRIAULT announced SB 297 to be up for consideration. He asked for a motion to adopt Version L.

SENATOR WAGONER moved Version L as the working document and there was no objection.

[9:41:57 AM](#)

HEATHER BRAKES, Staff to Senator Therriault, outlined the following changes:

- Page 2, line 1 - contribution amounts begin at \$50 rather than \$10. She mentioned there was some interest in amending the minimum contribution to \$25.
- Page 2, line 5 - allows the applicant to prioritize contributions to particular organizations.
- Page 2, lines 17 and 24 - provides the date by which the organization must contact the department to be included on the list for the following January. She noted that the September 1 date might be too far out and amending to August has been suggested.
- Page 3, line 14 - adds the requirement for a financial audit with an unqualified opinion from an independent CPA if the organization's annual budget exceeds \$250,000.
- Page 3, lines 21-27 - provides that a public agency filing for a dividend on behalf of a child in custody may not elect to contribute the dividend away. Subsection (g) adds an annual reporting requirement so the legislature has an idea how much is elected for contribution and to which organizations.

[9:46:39 AM](#)

CHAIR THERRIAULT moved Amendment 1. On page 2, lines 17 and 24 change September 1 to August 1.

SHARON BARTON, Director of the Permanent Fund Dividend Division in the Department of Revenue, said when she testified that the August 1 time might be too short, she hadn't heard from the United Way, the agency that would be handling the program through the Rasmuson Foundation. She has since received the fiscal note and it assumes a 10-month lead-time for processing the applications through to a list. She noted that at a higher cost the timeline could be shortened. Acknowledging that she didn't have the particulars she said it's clear that it will take more time than originally envisioned.

CHAIR THERRIAULT questioned whether she was referring to the United Way organization.

MS. BARTON clarified she spoke with Michelle Brown who Rasmuson had asked to calculate the costs for soliciting organizations, processing the applications, putting the list together, and distributing the money to the organizations. She hadn't spoken to Dianne Kaplan with the Rasmussen Foundation.

CHAIR THERRIAULT asked if changing the date to August would allow enough lead-time.

MS. BARTON responded it wouldn't help very much.

CHAIR THERRIAULT withdrew Amendment 1.

[9:50:56 AM](#)

CHAIR THERRIAULT referenced a question from the previous hearing and clarified that school districts are not classified as 501(c)(3), they're 501(c)(4)s and 501(c)(6)s so money that would potentially accrue to a school district would not impact the local contribution requirement.

MS. BRAKES agreed.

SENATOR THERRIAULT summarized and commented on the changes: the audit having no qualification makes sense; requiring a list and what money the organization has been able to generate is information the Legislature will want; not allowing someone in state personnel to check a box and make a contribution on a minor's application makes sense; there is the issue of adding back a \$25 contribution; the Rasmuson Foundation is interested in having a paper application but he would like to avoid that expense at this point.

SENATOR THERRIAULT found there were no further questions or comments and asked for a motion.

[9:53:24 AM](#)

SENATOR WAGONER motioned to report CSSB 297(STA) and attached fiscal notes from committee with individual recommendations.

SENATOR DAVIS questioned moving the bill on to the Finance Committee before receiving the information that had been discussed.

CHAIR THERRIAULT said he wouldn't ask for a Finance hearing until he had received input from United Way regarding how much lead-time they would need.

SENATOR DAVIS did not object.

CHAIR THERRIAULT announced that without objection, CSSB 297(STA) would move from committee.

CSHB 167(STA) AM -DECEASED VETERAN DEATH CERTIFICATE/HONOR

[9:54:47 AM](#)

CHAIR GENE THERRIAULT announced HB 167 to be up for consideration. Without objection he moved Version L as the working document.

HEATHER BRAKES, Staff to Senator Therriault, detailed the changes in Version L.

- Page 2, line 22-26 - clarifies that eligible recipients may receive one certified copy of a veteran's death certificate for the purpose of receiving a benefit related to the death of the veteran.
- Page 3, lines 14-21 - relates to the meaning of "veteran." The language is re-crafted to be as broad as possible to include individuals on active duty or those with honorable or general discharges from the U.S. armed services. It also includes the Alaska Scouts and the Alaska Territorial Guard and reconciles the difference between the two.

[9:59:55 AM](#)

SENATOR HUGGINS interjected to advise that there are two components to the Alaska National Guard. He moved Amendment 1 page 3, line 17 to insert Alaska Air National Guard.

CHAIR THERRIAULT announced that Amendment 1 was adopted without objection.

SENATOR KIM ELTON asked if there had been discussion about including the U.S. Coast Guard.

CHAIR THERRIAULT asked if he would like to move that amendment.

SENATOR ELTON moved conceptual Amendment 2 to add U.S. Coast Guard and any reserve unit that may be involved.

CHAIR THERRIAULT announced that without objection conceptual Amendment 2 was adopted.

MS. BRAKES asked the committee to consider an immediate effective date.

CHAIR THERRIAULT moved Amendment 3 to add an immediate effective date and acknowledged it may trigger a title change resolution. There was no objection.

[10:04:39 AM](#)

REPRESENTATIVE BOB LYNN, Chair of the House Special Committee on Military and Veterans Affairs, expressed support for the changes that had been made.

SENATOR HUGGINS pointed out that the fiscal note is based on issuing five death certificates and that sometimes only one is needed.

CHAIR THERRIAULT clarified that the language was modified so that the number isn't limited to five. It says that an eligible individual may receive a copy of the death certificate for the purpose of applying for a benefit. It's likely that the fiscal note would be recast as indeterminate.

SENATOR WAGONER motioned to report SCS CSHB 167(STA) and attached fiscal notes from committee with individual recommendations. There being no objection, it was so ordered.

There being no further business to come before the committee, Chair Therriault adjourned the meeting at [10:06:50 AM](#).