

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

May 2, 2006

3:36 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 288

"An Act declaring September Education Savings Month."

SCHEDULED BUT NOT HEARD

CS FOR HOUSE BILL NO. 347(JUD) am

"An Act relating to mandatory motor vehicle insurance, license suspensions, mandatory impoundments of vehicles used in certain offenses, notices relating to motor vehicles, and notices relating to driver's licenses."

SCHEDULED BUT NOT HEARD

CS FOR HOUSE BILL NO. 399(FIN)

"An Act establishing the office of elder fraud and assistance; and relating to fraud involving older Alaskans."

MOVED SCS CSHB 399(STA) OUT OF COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 25(STA)

Urging the United States Congress to adopt Sec. 303 of the United States House of Representatives version of the Tax Relief Extension Reconciliation Act of 2005.

SCHEDULED BUT NOT HEARD

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 133(JUD) am

"An Act relating to incorporation of boroughs, to annexation by local action, and to regulations of the Local Boundary Commission to provide standards and procedures for municipal incorporation, reclassification, dissolution, and certain

municipal boundary changes; and providing for an effective date."

MOVED SCS CSSSHB 133(STA) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 300(O&G)

"An Act relating to the qualifications of the member of the Alaska Oil and Gas Conservation Commission who need not be certified, trained, or experienced in either the field of petroleum engineering or the field of petroleum geology."

MOVED CSHB 300(O&G) OUT OF COMMITTEE

Confirmation Hearing Claire Hall, Commissioner - APOC
CONFIRMATION ADVANCED

PREVIOUS COMMITTEE ACTION

BILL: HB 399

SHORT TITLE: ELDER FRAUD AND ASSISTANCE/OPA

SPONSOR(S): REPRESENTATIVE(S) CHENAULT

01/27/06	(H)	READ THE FIRST TIME - REFERRALS
01/27/06	(H)	STA, FIN
02/07/06	(H)	STA AT 8:00 AM CAPITOL 106
02/07/06	(H)	Moved Out of Committee
02/07/06	(H)	MINUTE(STA)
02/08/06	(H)	STA RPT 1DP 1NR 3AM
02/08/06	(H)	DP: LYNN;
02/08/06	(H)	NR: GRUENBERG;
02/08/06	(H)	AM: GARDNER, ELKINS, GATTO
03/07/06	(H)	FIN AT 9:00 AM HOUSE FINANCE 519
03/07/06	(H)	Heard & Held
03/07/06	(H)	MINUTE(FIN)
04/12/06	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/12/06	(H)	<Bill Hearing Postponed>
04/19/06	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/19/06	(H)	Moved CSHB 399(FIN) Out of Committee
04/19/06	(H)	MINUTE(FIN)
04/20/06	(H)	FIN RPT CS(FIN) 6DP 3NR
04/20/06	(H)	DP: HOLM, KELLY, FOSTER, KERTTULA, STOLTZE, CHENAULT;
04/20/06	(H)	NR: HAWKER, WEYHRAUCH, MEYER
04/24/06	(H)	TRANSMITTED TO (S)
04/24/06	(H)	VERSION: CSHB 399(FIN)
04/25/06	(S)	READ THE FIRST TIME - REFERRALS
04/25/06	(S)	STA, FIN
04/27/06	(S)	STA AT 3:30 PM BELTZ 211
04/27/06	(S)	-- Meeting Canceled --

05/02/06 (S) STA AT 3:30 PM BUTROVICH 205

BILL: HB 133

SHORT TITLE: MUNICIPAL BOUNDARY CHANGES/ COMMISSION

SPONSOR(S): REPRESENTATIVE(S) COGHILL

02/09/05 (H) READ THE FIRST TIME - REFERRALS
02/09/05 (H) CRA, STA
02/16/05 (H) SPONSOR SUBSTITUTE INTRODUCED
02/16/05 (H) READ THE FIRST TIME - REFERRALS
02/16/05 (H) CRA, STA
02/24/05 (H) CRA AT 8:00 AM CAPITOL 124
02/24/05 (H) Heard & Held
02/24/05 (H) MINUTE(CRA)
03/03/05 (H) CRA AT 8:00 AM CAPITOL 124
03/03/05 (H) Moved CSSSHB 133(CRA) Out of Committee
03/03/05 (H) MINUTE(CRA)
03/04/05 (H) CRA RPT CS(CRA) 5DP 2NR
03/04/05 (H) DP: SALMON, NEUMAN, KOTT, THOMAS,
OLSON;
03/04/05 (H) NR: LEDOUX, CISSNA
04/02/05 (H) STA AT 10:00 AM CAPITOL 106
04/02/05 (H) Moved CSSSHB 133(STA) Out of Committee
04/02/05 (H) MINUTE(STA)
04/04/05 (H) STA RPT CS(STA) NT 3DP 2NR
04/04/05 (H) DP: LYNN, ELKINS, SEATON;
04/04/05 (H) NR: GARDNER, GRUENBERG
04/04/05 (H) JUD REFERRAL ADDED AFTER STA
04/13/05 (H) JUD AT 1:00 PM CAPITOL 120
04/13/05 (H) <Bill Hearing Postponed to 4/18>
04/18/05 (H) JUD AT 1:00 PM CAPITOL 120
04/18/05 (H) Moved CSSSHB 133(JUD) Out of Committee
04/18/05 (H) MINUTE(JUD)
04/19/05 (H) JUD RPT CS(JUD) NT 2DP 3NR
04/19/05 (H) DP: COGHILL, MCGUIRE;
04/19/05 (H) NR: GRUENBERG, DAHLSTROM, GARA
04/25/05 (H) TRANSMITTED TO (S)
04/25/05 (H) VERSION: CSSSHB 133(JUD) AM
04/26/05 (S) READ THE FIRST TIME - REFERRALS
04/26/05 (S) CRA, STA
05/02/05 (S) CRA AT 1:30 PM BELTZ 211
05/02/05 (S) Heard & Held
05/02/05 (S) MINUTE(CRA)
05/06/05 (S) CRA AT 1:30 PM BELTZ 211
05/06/05 (S) Heard & Held
05/06/05 (S) MINUTE(CRA)
05/01/06 (S) CRA AT 1:30 PM BELTZ 211

05/01/06 (S) Moved CSSSHB 133(JUD) am Out of
Committee
05/01/06 (S) MINUTE(CRA)
05/02/06 (S) STA AT 3:30 PM BUTROVICH 205

BILL: HB 300

SHORT TITLE: OIL & GAS CONSERVATION COMMISSION MEMBER
SPONSOR(S): REPRESENTATIVE(S) KOHRING

05/04/05 (H) READ THE FIRST TIME - REFERRALS
05/04/05 (H) O&G, RES
01/24/06 (H) O&G AT 5:00 PM CAPITOL 124
01/24/06 (H) Moved CSHB 300(O&G) Out of Committee
01/24/06 (H) MINUTE(O&G)
01/25/06 (H) O&G RPT CS(O&G) 5DP 1NR
01/25/06 (H) DP: GUTTENBERG, SAMUELS, DAHLSTROM,
ROKEBERG, KOHRING;
01/25/06 (H) NR: GARDNER
02/15/06 (H) RES AT 1:00 PM CAPITOL 124
02/15/06 (H) Moved CSHB 300(O&G) Out of Committee
02/15/06 (H) MINUTE(RES)
02/17/06 (H) RES RPT CS(O&G) 2DP 1NR 4AM
02/17/06 (H) DP: SAMUELS, RAMRAS;
02/17/06 (H) NR: CRAWFORD;
02/17/06 (H) AM: GATTO, SEATON, ELKINS, LEDOUX
03/22/06 (H) TRANSMITTED TO (S)
03/22/06 (H) VERSION: CSHB 300(O&G)
03/24/06 (S) READ THE FIRST TIME - REFERRALS
03/24/06 (S) STA, RES
04/20/06 (S) STA AT 3:30 PM BUTROVICH 205
04/20/06 (S) Heard & Held
04/20/06 (S) MINUTE(STA)
05/02/06 (S) STA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

Claire Hall
Fairbanks, AK

POSITION STATEMENT: Alaska Public Office Commission (APOC)
Candidate

Representative Vic Kohring
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of HB 300

John Norman, Chair

Alaska Oil & Gas Conservation Commission (AOGCC)
333 W. 7th Ave., Ste. 100
Anchorage, Alaska 99501

POSITION STATEMENT: Supported HB 300

Representative John Coghill
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of HB 133

Mark Hickey, Lobbyist
Lake and Peninsula Borough
211 Fourth Street
Juneau, AK 99801

POSITION STATEMENT: Supported HB 133

John Hozey, City Manager
City of Valdez
Valdez, AK

POSITION STATEMENT: Suggested amendment to HB 133

Dan Bockhorst, Staff
Local Boundary Commission
Department of Commerce, Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800

POSITION STATEMENT: Responded to questions related to HB 133

Sue Wright, Staff
Representative Mike Chenault
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Introduced HB 399

Pat Luby, Advocacy Director for AARP in Alaska
3601 C Street
Anchorage, AK

POSITION STATEMENT: Supported HB 399

Ed Sniffen, Assistant Attorney General
Department of Law
PO Box 110300
Juneau, AK 99811-0300

POSITION STATEMENT: Supported HB 399 & suggested a clarifying amendment

ACTION NARRATIVE

CHAIR GENE THERRIAULT called the Senate State Affairs Standing Committee meeting to order at [3:36:12 PM](#). Present were Senators Kim Elton, Thomas Wagoner, Charlie Huggins, and Chair Gene Therriault. Senator Bettye Davis arrived during the course of the meeting.

CONFIRMATION HEARING - Claire Hall, Commissioner - APOC

CHAIR THERRIAULT announced the confirmation hearing for Claire Hall as Commissioner of Alaska Public Offices Commission (APOC) to be the first order of business.

[3:37:31 PM](#)

CLAIRE HALL, APOC Confirmation Candidate, reviewed her resume and noted that members had the information in the packets.

CHAIR THERRIAULT asked if this would be her first appointment.

MS. HALL said that's correct.

CHAIR THERRIAULT noted there were no questions and asked for a motion to report Ms. Hall's name to the full body for confirmation.

SENATOR WAGONER motioned to report the name of Claire Hall to the full body for confirmation.

CHAIR THERRIAULT announced that without objection Ms. Hall's name would be forwarded to the full body for consideration, but that this did not constitute an obligation to vote for or against the confirmation before the full body.

CSHB 300(O&G)-OIL & GAS CONSERVATION COMMISSION MEMBER

[3:39:34 PM](#)

CHAIR GENE THERRIAULT announced HB 300 to be up for consideration.

REPRESENTATIVE VIC KOHRING, sponsor of HB 300, recapped that the legislation requires that the public member of the Alaska Oil & Gas Conservation Commission (AOGCC) have a basic fundamental knowledge of the industry. Given the significance of the commission and the importance of the industry to the State of Alaska, it's important that the member have such knowledge.

CHAIR THERRIAULT recapped the discussion from the previous hearing and said that the AOGCC has indicated that it worked with the sponsor on the language.

SENATOR CHARLIE HUGGINS asked Mr. Norman for his thoughts on the proposed change.

JOHN NORMAN, Chair, AOGCC, replied requiring commissioners to have a basic or fundamental understanding of the regulated industry would improve the commission.

CHAIR THERRIAULT asked for the will of the committee.

[3:44:16 PM](#)

SENATOR WAGONER motioned to report CSHB 300(O&G) from committee with individual recommendations and attached fiscal note(s).

SENATOR KIM ELTON objected to say that the problem is the definition of "fundamental" and there is no reason to believe that this will constrain the governor in making an appointment. He said he appreciates the sponsor's intention, but he isn't sure the bill gets there. He removed his objection.

CHAIR THERRIAULT announced that without objection CSHB 300(O&G) moved from committee.

CSSSHB 133(JUD) AM-MUNICIPAL BOUNDARY CHANGES/ COMMISSION

[3:45:46 PM](#)

CHAIR THERRIAULT announced HB 133 to be up for consideration.

REPRESENTATIVE JOHN COGHILL, sponsor of HB 133, explained that the bill proposes changes to procedures for the Local Boundary Commission (LBC). It would change the LBC ability to propose petitions, amend petitions, deal with incorporations, and take public testimony.

Section 1 requires that the LBC provide public notice before amending a petition so that the public is included.

Section 2 calls for two public hearings for incorporation rather than just one.

Section 3 deals with the ability for people to vote on a proposed annexation. A current LBC regulation mandates an aggregate vote on proposed annexations and this change is to protect those in the proposed annexing area. As proposed, there

would be a vote in the municipal area that wants to annex and a vote in the area that is proposed for annexation. This change encourages public dialogue, he asserted.

Section 4 relates to LBC regulations and the need for accord with Title 29, which asserts legislative authority and forces participation in the dialogue.

REPRESENTATIVE COGHILL mentioned that he had an amendment relating to detachments.

[3:52:01 PM](#)

SENATOR KIM ELTON posed a hypothetical situation related to the Greens Creek annexation by the City and Borough of Juneau. If just two voters resided in the Greens Creek area, he asked if one of the two voters could have stopped the annexation process under proposed Section 3.

REPRESENTATIVE COGHILL acknowledged that property owners would have to agree on the annexation.

SENATOR ELTON commented that one public hearing might suffice in an area that has just two voters and asked if there isn't a need for an "escape hatch" to avoid such a scenario.

REPRESENTATIVE COGHILL replied he would need to ponder that circumstance.

SENATOR ELTON suggested that the problem comes from the wording. He questioned whether a property owner would qualify to vote without being a resident of the area.

CHAIR THERRIAULT pointed out that property ownership isn't a qualification for voting in an area.

SENATOR ELTON asked if a majority vote in both the annexing and the annexed areas would be required for detachments.

REPRESENTATIVE COGHILL said yes. Obviously it could be quite contentious, which is why he didn't address detachments initially. However, if the voters residing in an area aren't able to choose the form of government, he would question whether they are well served.

[3:59:38 PM](#)

MARK HICKEY, Lobbyist for the Lake and Peninsula Borough, testified in support of HB 133. Providing background on the two

methods that the LBC has to deal with annexations and detachments, he explained that Section 2 is current law and deals with local action. The alternative method provides for legislative review and requires legislative action to deny within 45 days.

Local action is addressed in Section 3 and is a scenario that the Lake and Peninsula Borough has faced several times. Without the change proposed in Section 1, Lake and Peninsula Borough residents could face a hostile takeover and have no opportunity to vote on the issue. Under Section 1 voters in both areas would have to affirm the action.

Addressing Senator Elton's question, he said it's complicated but there is a legislative review component to the LBC that is provided for in the Alaska State Constitution and the proposed change in Section 3 doesn't eliminate that.

[4:03:34 PM](#)

SENATOR HUGGINS asked for an interpretation of page 2, line 21.

MR. HICKEY replied that is existing law and his understanding is that a municipality may request a boundary change to include adjacent property that it owns.

SENATOR HUGGINS asked if that creates a problem for the areas he represents.

MR. HICKEY said no.

CHAIR THERRIAULT asked if he has an opinion on the proposed amendment relating to detachments on page 2, line 16.

MR. HICKEY offered the view that the amendment makes sense.

[4:07:04 PM](#)

JOHN HOZEY, City Manager for the City of Valdez, suggested the following amendment to Title 29.05.031:

In setting boundaries of a proposed borough or unified municipality, consideration shall be given to assisting administrative or corporate boundaries and to drainage basins or other regional geographic features. Such corporate and administrative boundaries may be considered, however such boundaries may not be entitled to any presumption in the determination of

appropriate boundaries under subsection (a) of this section.

MR. HOZEY explained that the amendment deals with the fact that inordinate weight is assigned to the model borough boundaries.

CHAIR THERRIAULT asked the sponsor if he had discussed the proposed amendment with Mr. Hozey.

REPRESENTATIVE COGHILL said yes and although the suggestion is good it is beyond the scope of the bill at this point.

4:11:24 PM

DAN BOCKHORST, Staff to the Local Boundary Commission, advised that he was available to answer technical questions. He noted the Chair Hargraves had provided a written statement to the committee.

CHAIR THERRIAULT asked if any issues that were raised needed clarification.

MR. BOCKHORST suggested that there is significant misunderstanding related to the model borough boundaries and how they were created. He asked that the record reflect that he did not agree with the characterization that inordinate weight is given to the model boundaries and that it has been an impediment to borough formation.

Calling Senator Elton's suggestion relating to the number of public hearings practical, he clarified that his reading of Section 2 is that it only applies in the event that the LBC submits a borough incorporation petition to the Legislature under the terms of Article X, Section 12. Therefore the hypothetical situation for the Green's Creek annexation would not have applied.

4:15:00 PM

CHAIR THERRIAULT asked if he would comment on the suggestion to add the word "detachment" on page 2, line 16.

MR. BOCKHORST replied the commission has no objection.

CHAIR THERRIAULT moved conceptual Amendment 1 on behalf of the sponsor to include detachments. Offering a conceptual amendment would provide the drafters the ability to provide conforming language.

SENATOR ELTON objected to ask whether the LBC suggested the language.

REPRESENTATIVE COGHILL replied Mr. Hargraves brought it up and it would provide consistency.

SENATOR ELTON agreed that consistency is good, but suggested that this would create a very high threshold for a detachment because it would remove property from the tax base.

CHAIR THERRIAULT offered the counter argument that there could be property tax value but delivery of services is difficult to cover with the amount that is raised from the property tax.

SENATOR ELTON maintained his objection to Amendment 1.

CHAIR THERRIAULT asked for a roll call vote. Conceptual Amendment 1 passed with Senators Wagoner, Huggins and Chair Therriault voting yea and Senator Elton voting nay.

CHAIR THERRIAULT noted that Legislative Finance has determined it's possible to zero the fiscal note and he would like to vote on that action separate from the bill.

He asked for the will of the committee.

Wagoner motioned to report SCS CSSSHB 133(STA) from committee with individual recommendations. There being no objection, it was so ordered.

CHAIR THERRIAULT informed the sponsor that the amendment would trigger a title change.

CHAIR THERRIAULT asked for a motion on a zero fiscal note.

SENATOR WAGONER moved that a zero fiscal note for SCS CSSSHB 133(STA) be prepared and forwarded from committee with the bill. There being no objection, the motion carried.

CSHB 399(FIN)-ELDER FRAUD AND ASSISTANCE/OPA

[4:22:31 PM](#)

CHAIR THERRIAULT announced HB 399 to be up for consideration.

SUE WRIGHT, Staff to Representative Mike Chenault, characterized HB 399 as an event driven piece of legislation that establishes a pilot program to address the issue of elder abuse in Alaska.

4:24:16 PM

CHAIR THERRIault noted that the bill establishes a new section and asked if the legislation is separate from the office of elder abuse.

MS. WRIGHT replied when the catalyst case came to light, the Alaska Office of Public Advocacy (OPA) stepped forward to help. Because of its standards, background and legal experience it is best qualified to handle elder abuse cases. She related that Josh Fink, OPA Director, has done a remarkable job of increasing efficiency so that the office is able to take on such cases at a very small cost.

SENATOR KIM ELTON asked if the definition of fraud would extend to Internet scams.

MS. WRIGHT replied fraud takes many forms but she believes that the federal government could handle Internet fraud better than other entities.

PAT LUBY, Advocacy Director for AARP in Alaska, encouraged support for HB 399 saying that elderly people are difficult to educate about fraud and they are particularly vulnerable. The more that can be done to shine a light on elder fraud and punish the perpetrators the more helpful it will be to Alaskans of all ages.

4:29:00 PM

ED SNIFFEN, Assistant Attorney General, Department of Law (DOL), stated support for HB 399. The one concern is that without clarifying language the bill could preempt and prohibit the attorney general from enforcing Alaska's Consumer Protection Act. Although the DOL routinely investigates and prosecutes crimes involving elder fraud, there is a statutory exemption that would prohibit it from doing that if another state agency is already doing the same thing. He asked that clarifying language be inserted and advised that the DOL is excited that there will be an additional resource to utilize to help combat fraud targeting the elderly.

CHAIR THERRIault asked Ms. Wright if the sponsor had contemplated that issue.

MS. WRIGHT responded when the case came to light she contacted the attorney general's office and was told to contact the U.S. Attorney and the FBI. In doing research she found that elder

abuse complaints had been filed in the state but none had been prosecuted.

CHAIR THERRIAULT asked Mr. Sniffen to review the section of existing statute that he referenced.

MR. SNIFFEN replied the exemption is found in AS 45.50.481 and reiterated his previous explanation.

CHAIR THERRIAULT remarked it seems to be an unanticipated consequence that the drafter could deal with it rather easily.

MR. SNIFFEN suggested adding subsection (g) on page 4 after line 15. It would read as follows: "Nothing in this section shall prohibit the attorney general from investigating or prosecuting unfair or deceptive acts or practices under AS 45.50.471."

CHAIR THERRIAULT questioned whether OPA is able to prosecute.

MR. SNIFFEN replied the way he reads the bill they do have the ability to bring civil cases against perpetrators.

CHAIR THERRIAULT asked Ms. Wright if she wanted to work with the drafter before the bill moved from committee.

MS. WRIGHT said her preference is to move the bill with the understanding that it will be clarified that it wouldn't interfere with the DOL investigating and prosecuting fraud or crimes against Alaska residents. She added that she believes the last section allows that to happen, but she isn't certain. This is the first time I've heard this complaint and I'm surprised to hear it at this point, she said.

SENATOR ELTON moved conceptual Amendment 1 to include the language as proposed by Mr. Sniffen.

CHAIR THERRIAULT announced that without objection, Amendment 1 passed. He noted the new fiscal note dated April 20, 2006, which brings the cost down to \$189,000.

SENATOR WAGONER motioned to report SCS CSHB 399(STA) and attached fiscal note(s) from committee with individual recommendations. There being no objection, it was so ordered.

Confirmation - Scott Nordstrand, Commissioner, Department of Administration[4:38:05 PM](#)

CHAIR THERRIAULT announced that although the committee members had signed the letter to advance the name of Scott Nordstrand as

Commissioner of the Department of Administration to the full Legislature for consideration, a motion had not been made.

SENATOR WAGONER motioned to report the name of Scott Nordstrand for Commissioner of the Department of Administration to the full Legislature for confirmation. There was no objection.

There being no further business to come before the committee, Chair Therriault adjourned the meeting at [4:38:41 PM](#).