

HOUSE FINANCE COMMITTEE  
February 22, 2007  
1:46 P.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:46:43 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Harry Crawford  
Representative Richard Foster  
Representative Les Gara  
Representative Mike Hawker  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Mary Nelson  
Representative Bill Thomas Jr.

MEMBERS ABSENT

None

ALSO PRESENT

Representative Jay Ramras; Jane Pierson, Staff,  
Representative Jay Ramras; Rick Union, Director, Division of  
Occupational Licensing, Department of Commerce, Community &  
Economic Development; Chris Wyatt, Administrative Manager,  
Division of Corporations, Businesses and Professional  
Licensing, Department of Commerce, Community and Economic  
Development; Denny DeWitt, Alaska State Director, National  
Federation of Independent Business

PRESENT VIA TELECONFERENCE

Duane Bannock, Director, Division of Motor Vehicles,  
Department of Administration, Anchorage

SUMMARY

HB 75 An Act relating to driver's licenses and alcohol awareness testing.

CS HB 75 (STA) was reported out of Committee with a "do pass" recommendation and with a new zero note by the Department of Health and Social Services and fiscal note #1 by the Department of Administration.

HB 111 An Act decreasing the fee for a business license;  
and providing for an effective date.

HB 111 was HEARD and HELD in Committee for further  
consideration.

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#HB75

HOUSE BILL NO. 75

An Act relating to driver's licenses and alcohol  
awareness testing.

REPRESENTATIVE JAY RAMRAS, SPONSOR, stated that HB 75 would  
continue his efforts to improve alcohol management and  
awareness in Alaska. The bill stipulates that all drivers'  
licenses issued to a person under 21 years old would expire  
ninety-days after their 21<sup>st</sup> birthday. HB 75 would further  
require that a person turning 21 must take a test regarding  
alcohol safety awareness and laws related to drinking and  
driving prior to receiving their adult Alaska driver's  
license.

Representative Ramras explained that once the bill takes  
effect, all drivers' licenses of Alaskans, 21 years old  
would be adult licenses. The alcohol awareness test would  
serve to relate the privileges of driving to the  
responsibility of consumption of alcohol. The test would be  
designed by the Division of Motor Vehicles (DMV). It is the  
sponsor's intent to have Mother's Against Drunk Driving  
(MADD) participates in the process of the test design.

HB 75 will help cut down on minors consuming alcohol, by  
creating a bright-line between adult and minor driver  
licenses as the license issued to a person over 21 would be  
an adult license and look different than the one issued to a  
minor.

Representative Ramras referenced the sheet distributed by  
the DMV, indicating the .08 level which qualifies that  
person as legally drunk for a Driving Under the Influence  
(DUI). (Copy on File). The legislation attempts to  
identify the youth-at-risk group, emphasizing the harm that  
these young people do to their own life as well as others.  
He pointed out that many businesses will not hire any person  
with a DUI. Representative Ramras added that there are  
young people committing a crime, sometimes a matter of  
ignorance.

Representative Ramras summarized that HB 75 is good public  
policy making the general knowledge test mandatory to minors  
getting their renewed license. The test will consist of

eight questions on driving and eight regarding alcohol and insurance.

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Representative Joule commented that in many parts of the State, access to a DMV is difficult and worried about the 90-day restriction. Representative Ramras explained that there has to be law, applying to both urban and rural areas. He understood the concerns and offered to discuss them further with legislators and Mr. Bannock from the DMV.

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DUANE BANNOCK, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION, ANCHORAGE, pointed out that there are many customers who have off-system licenses. With an off-system license, the customer does not take a driving test nor is their license printed with a photo on it and recommended that the off-system license not be included in the bill. Those people do not take a driving skills test, only a knowledge test. The DMV is prepared that the proposed law will not affect that group; the key words are "off-system license".

Representative Joule did not want to see anyone in the State sidestep the responsibility for learning the restrictions that happen when an individual comes of age. He understood that eventually they would have to take the test. It would be more effective if all citizens received the benefit of such education, addressing the responsibility and privilege of having a driver's license.

Mr. Bannock agreed. The DMV has provided testimony in other Committees regarding the benefit of the provision outlined in Section 1-creating the distance knowledge test. He noted copies of that test included in member's file. (Copy on File).

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Representative Hawker referenced Alaska statute, addressing the concern & wondered why the responsibility would be duplicated: AS 28.15.081:

"Examination of applicants which includes a test of the applicant's knowledge of the effects of drugs and alcohol and the dangers of driving under the influence."

Representative Ramras responded that the test is not administered at 16 but rather at 14 years old. He believed that the maturity & poise of someone at the age of 16 is quite different than that at 21. The judgment of the

younger adult population is not always able to manage well, the responsibility of alcohol, placing others at risk. He believed that all communities would benefit at a moderate cost.

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Representative Hawker asked why the State does not require the test at each renewal date. Representative Ramras agreed that would be a great benefit; however, he did not believe he could get a bill like that moved through the Committee process. Initially, the bill was drafted to testing all adults, but some suggested that was too intrusive.

Representative Hawker noted concern when drawing arbitrary age lines. Representative Ramras stated it was not arbitrary, as 21 years old is recognized in statute as the legal age to consume alcohol.

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Co Chair Chenault commented on the license age extension dates indicated on licenses and the confusion transpiring from that notation. He supported the 90-day period. He inquired the percentage of DUI's at 16 versus 21 years old.

JANE PIERSON, STAFF, REPRESENTATIVE JAY RAMRAS, responded that those statistics are not available at this time.

Co Chair Chenault voiced concern with the testing. He agreed with Representative Hawker that the statutes are already in place. He supported the concept testing at every renewal age.

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Representative Thomas asked about inclusion of military exemptions. Ms. Pierson explained that those exemptions were indicated in the Alaska Administrative Code (AAC), title 2.90.430, which provides 90-days when returning from active duty.

Representative Thomas commented on license expiration related to losing the Permanent Fund check. He worried about "legislating morality". He supported driver's education classes in high school. Representative Ramras responded that the bill does not have anything to do with legislating morality but rather educating young people about the perils of consuming alcohol & driving at age 21.

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Representative Gara agreed with the concept, but he did not like the way it was written. He thought that education was

the important part. Representative Ramras explained that alcohol awareness is one of the two major components of the bill.

Representative Gara stated that the test would not accomplish anything unless the education portion was there. He suggested that an instructional video, showing what driving while impaired, looks like. Representative Ramras disagreed with putting such a burden on the Division. He reiterated that providing a publication & having a test would be best. He hoped that the test would consist of a broader knowledge.

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Representative Gara asked how the questions would be worded on the written test. Mr. Bannock referenced Page 2, Question 4, on the "knowledge test", as submitted by the Division. (Copy on File).

Representative Crawford stated that the bill addresses prevention, which he applauds. He noted that it will provide one more tool to save lives, indicating he had co-sponsored the bill.

Representative Gara referenced the test questions, offering his own experience taking the driving written test. He noted that he did not remember any of the test questions but did remember the video he watched showing the consequences of a drunk-driving accident. He believed that if the State is to have a serious impact, a video viewing must be required. Representative Ramras responded that if that were the determination made by the DMV, he would abide by it; however, during his conversation with Director Bannock, it was agreed to be accomplished through the publicized test. The general knowledge test has been designed so that a 14 year old could pass it. The proposed test will be designed for a 21 year old and specific in the knowledge tested. He did not agree with the comments of Representative Gara.

Representative Gara asked if it would be possible for DMV offices to offer a video showing the consequences of drunk driving. Mr. Bannock replied anything is possible; however, pointed out that most DMV offices are very small and that they are not in the business of training and educating people.

Mr. Bannock added there had been excellent commentary in previous committee provided by Representative Roses - a school teacher, about how important a driver's license is to today's youth. Few school districts teach drivers education. He submitted that a proposed test could be more focused and specific to the age at which the law allows legal drinking.

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Representative Gara worried what education would be required if it was not submitted by the State.

Co-Chair Meyer recommended that a certain amount of the education should come from parents, MADD and other groups interested, the DMV should not be totally responsible for education.

Representative Nelson asked the provisions for out-of-state college students. Representative Ramras explained that it would be the same provision allowed for the military. When they return home, they have 90-days to take care of that business. Mr. Bannock added that those are the regulations for both out of out-of-State college students and the military, which is a courtesy provision extension provision and can be up to one year. Sometimes, it is needed when a person is out of State on vacation.

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Representative Hawker addressed the education aspect and how it could best be delivered. He summarized previous discussion comments, suggested that since the State was imposing a mandate, it should be through the school system.

Representative Ramras emphasized that there are many young people struggling in how to handle alcohol. He believed that the correct place to disseminate the information would be the DMV. He stressed his interest in alcohol awareness. The bill provides an opportunity to message-out to the 21 year old, to marry the privilege of driving with the responsibility drinking. He worried about the number of young people that get DWI's.

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In response to Co-Chair Meyer, Mr. Bannock addressed the fiscal note request in the amount of \$5 thousand dollars, which would be used for proprietary software. Co-Chair Meyer agreed that the bill will do more good than harm.

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Representative Gara advised that he would introduce an amendment to the bill on the House floor. He inquired if the DMV offices have the capability for someone to watch a video. Mr. Bannock said no. The DMV offices usually are not physically bigger than they have to be and that the same standards would have to be imposed on all the smaller offices.

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Representative Foster MOVED to REPRT CS HB 75 (FIN) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 75 (STA) was reported out of Committee with a "do pass" recommendation and with a new zero note by the Department of Health and Social Services and fiscal note #1 by the Department of Administration.

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#HB111

HOUSE BILL NO. 111

An Act decreasing the fee for a business license; and providing for an effective date.

RICK URION, DIRECTOR, DIVISION OF OCCUPATIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT, spoke in support of the legislation. HB 111 reduces the increased license fee of \$100 to \$25, in an attempt to attract and retain business. The business license was created in 1939 as a source of revenue and is currently used as a means to determine local sales tax. The legislation would return business license issuance too biannually.

Mr. Urion explained that the fiscal note reflects that it would take two years to return to the biannual license. He explained the transitional period and costs associated with the return to a \$25 biannual license. The penalty in present law is a maximum fine of \$2,000 dollars and 6 months in jail, which has never been implemented. The legislation reduces that to a \$100 fine. He spoke in support of increasing the fine to \$300.

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Representative Foster questioned if consideration had been made to a graduated cost for business licenses reflecting differences in revenue. Mr. Urion advised that it would be difficult to manage a graduated program, requiring examination of tax returns and limit Internet transactions.

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Representative Gara reiterated his concerns regarding discrepancy in business revenues and questioned if such a program could be implemented. Mr. Urion noted that the Division serves at the direction of the Legislature; however, emphasized the need for a simplified operation.

Representative Gara referenced individuals that occasionally sell handcrafted goods such as beading, and how the licensing determination is made by the Division. Mr. Union clarified that any business making a profit is required to have a business license.

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Representative Gara pointed out that AS 43.70.105 indicates that licenses are not required unless the person is "regularly engaged in furnishing goods or services". Mr. Union explained that was part of the reason that Governor Palin decided to decrease the license price.

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Vice Chair Stoltze understood that the Governor's intent was simplicity for the operation of business.

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In response to Representative Kelly, Mr. Union explained that it would be returned to a two year \$50 dollar license.

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Co Chair Chenault asked if the \$25 fee could cover the costs for running the Division. Mr. Union said that it was sufficient.

Co-Chair Chenault asked if the change to \$300 would need to be accomplished through an amendment. Mr. Union thought that would provide more leeway for the investigators and would rarely be used.

Co-Chair Chenault mentioned individuals with multiple businesses, suggesting they have a one-fee combination license.

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Representative Joule referenced the federal perception that Alaska needs to have more "skin in the game" regarding revenue participation, while seeking federal dollars. He cautioned reduction of revenue when federal contributions are also being lowered.

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Co-Chair Meyer said the bill would be HELD in Committee as the legislation reduces State revenue at a time the Administration is attempting to reduce the budget. He submitted that it be discussed as a part of the entire revenue package.

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Representative Thomas agreed with comments of Representative Joule regarding reduction of State expenditures in areas such as fish and game, at the same time revenues are reduced.

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Representative Gara suggested that consideration be made only to reducing fees for small business. He asked about a graduated fee structure. Mr. Union explained that the Division does not have information on what a business might gross or the actual size.

Representative Kelly asked about the purpose of a business license. Mr. Union explained that it was established as a revenue producer and provides some statistical information to the local governments.

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Representative Foster indicated that he supports less government and prefers to do away with that tax rather than having it placed on small business people just trying to get by.

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DENNY DEWITT, ALASKA STATE DIRECTOR, NATIONAL FEDERATION OF INDEPENDENT BUSINESS, testified in support of the legislation. He maintained that the fee should support the administrative activity and not be a revenue source. He spoke in support of a simple process. He acknowledged the impact of multiple fees for individuals that have multiple businesses. He noted that the State is investing the cost of the activity, but should not subsidize other activities. The reduction could help businesses with increasing the cost of operations.

In response to a question by Vice Chair Stoltze, Mr. DeWitt addressed other taxes paid by municipalities such as sales tax, business property tax and other fees.

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Vice Chair Stoltze pointed out that others (such as the Mayor of Anchorage) use the information for statistical values.

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Representative Gara reiterated his concern that individuals selling cupcakes should not need a business license.

PUBLIC TESTIMONY WAS CLOSED.

HB 111 was HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 3:17 P.M.