

HOUSE FINANCE COMMITTEE  
April 3, 2007  
1:38 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:38:51 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

Karleen Jackson, Commissioner, Department of Health and Social Services; Janet Clarke, Assistant Commissioner, Division of Finance and Management Services, Department of Health and Social Services; Ellie Fitzjarrald, Acting Director, Division of Public Assistance, Department of Health and Social Services; Rex Shattuck, Staff, Representative Mark Neuman; Representative Ralph Samuels; Jerry Burnett, Director, Division of Administrative Services, Department of Revenue; Rosemary Hagevig, Catholic Community Services

PRESENT VIA TELECONFERENCE

Kathy Hansen, Office of Victims Rights; Linda Lord Jenkins, State Ombudsman, Office of the Ombudsman; Jeff Clarke, Vice President, Rasmuson Foundation; Brenda Hewitt, United Way, Southeast Alaska

SUMMARY

HB 198 "An Act establishing the Alaska senior assistance payment program; repealing the senior care and longevity bonus payment programs; and providing for an effective date."

CSHB 198 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by the Department of Administration and with four new fiscal notes by the Department of Health and Social Services.

HB 61 "An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes, including vocational education programs and courses at the secondary school level; and providing for an effective date."

CSHB 61 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with indeterminate fiscal note #1 by the Department of Revenue.

HB 92 "An Act removing the victims' advocate and the staff of the office of victims' rights from the jurisdiction of the office of the ombudsman in the legislative branch."

HB 92 was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by the Legislative Affairs Agency.

HB 166 "An Act relating to contributions from permanent fund dividends to community foundations, to certain educational organizations, and to certain other 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."

CSHB 166 (FIN) was reported out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Revenue.

[1:39:23 PM](#)

HOUSE BILL NO. 198

"An Act establishing the Alaska senior assistance payment program; repealing the senior care and longevity bonus payment programs; and providing for an effective date."

Representative Crawford MOVED to ADOPT Amendment #3:

Page 1, line 2:  
Delete "and longevity bonus programs"  
Insert "program"

Page 1, line 14:  
Delete "former"

Page 2, lines 12 - 19:  
Delete all material.

Renumber the following bill sections accordingly.

Page 2, lines 23 - 25:  
Delete all material.

Renumber the following bill sections accordingly.

Page 6, lines 14 - 17:  
Delete all material.

Renumber the following bill sections accordingly.

Page 9, lines 2 - 4:  
Delete all material and insert:  
" \* **Sec. 12.** AS 47.45.320 is repealed."

Renumber the following bill sections accordingly.

Page 9, line 12:  
Delete "sec. 12"  
Insert "sec. 9"

Page 9, line 19:  
Delete "sec. 7"  
Insert "sec. 4"

Page 9, line 25, through page 10, line 4:  
Delete all material and insert:  
" \* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to read:  
RETROACTIVITY AND REVIVAL. If secs. 1 - 12 of this Act take effect after June 30, 2007,  
    (1) AS 47.45.300 - 47.45.390, as amended by this Act, the repeal of AS 47.45.320, and secs. 11, 12, and 14 of this Act, are retroactive to June 30, 2007; and  
    (2) AS 47.45.300, 47.45.310, 47.45.330, 47.45.340, 47.45.350, 47.45.360, and 47.45.390, as amended by this Act, are revived.  
\* **Sec. 18.** Sections 15, 16(b), and 17 of this Act take effect immediately under AS 01.10.070(c).  
\* **Sec. 19.** Except as provided in sec. 18 of this Act, this Act takes effect June 30, 2007."

Representative Hawker OBJECTED.

Representative Crawford explained that he would like to remove the mention of the longevity bonus from the bill. He wanted to vote to pass HB 198 without killing the longevity bonus.

Representative Hawker spoke against the amendment. He related that the purpose of the bill is to replace the longevity bonus and senior care payment programs. He addressed the lowering of the poverty level rate and his work with state agencies to develop policy direction for the state in the future. He spoke in favor of the higher poverty allowance because the battle of pitting the rich vs. the poor is removed due to this legislation. He described HB 198 as a very good policy decision, which melds the best features of all ideas.

Representative Crawford disagreed that the senior benefits payment program replaces the longevity bonus program, a promise made to those eligible for the program.

[1:46:05 PM](#)

Co-Chair Meyer asked if there are legal concerns regarding reinstating the longevity bonus. Representative Hawker recalled testimony in the Health and Social Services Subcommittee that the attorney general's office had made the determination that a statutory change would be required to re-establish the longevity bonus program. He asked that the neediest populations be served.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara

OPPOSED: Joule, Kelly, Nelson, Thomas, Foster, Hawker, Chenault, Meyer

Vice-Chair Stoltz was absent from the vote.

The MOTION FAILED (2-8).

[1:48:55 PM](#)

Representative Kelly MOVED to ADOPT Amendment #4:

Page 5, line 8,  
Delete "175"  
Insert "150"

Page 6, line 1,  
Delete "175"  
Insert "150"

Page 7, line 2,  
Delete "175"  
Insert "150"

Page 7, line 15,  
Delete "175"  
Insert "150"

Representative Hawker OBJECTED.

Representative Kelly explained how the amendment would impact Denali Kid Care and the senior benefits payment program by changing the proposed poverty level from 175 percent to 150 percent. His concern is that the state is entering a period of deficit spending. He stated support for the senior benefits program, but not at the level of 175 percent of poverty level. He maintained that this program at this level is not sustainable. He emphasized that the Department of Health and Social Services budget is approaching \$2 billion. He called for personal responsibility. He requested a "yes" vote on Amendment #4.

[1:52:53 PM](#)

Representative Hawker reminded the committee that Alaska is the wealthiest state in the nation and the legislature lacks the vision and will to do "what's right by our communities." This bill addresses the "bookends" of the state's population, the most needy children and elders. He maintained that front-end loading the health care system saves future costs. He related how inflation has impacted social services for children.

Representative Hawker addressed the benefits regarding seniors. The most empowering way to give seniors assistance is through a cash assistance payment. This bill is not beyond Alaska's means. He opined that the two areas addressed in HB 198 are the priorities needed at this time.

[1:57:50 PM](#)

Representative Joule testified against Amendment #4. He brought up the fact that there is a sunset clause and the matter can be re-addressed in five years. He recalled the number of seniors who need these extra funds.

Representative Thomas also spoke against Amendment #4. He opined that the bill is needed to help children and seniors.

[2:00:01 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Kelly, Foster, Meyer, Chenault  
OPPOSED: Nelson, Thomas, Crawford, Gara, Hawker, Joule

Vice-Chair Stoltz was absent from the vote.

The MOTION FAILED (4-6).

[2:01:07 PM](#)

Representative Gara MOVED to ADOPT Amendment #5:

Page 1, line 3, following "age":

Insert "**for pregnant women, and for disabled persons; relating to the poverty guideline and cost sharing for certain recipients of medical assistance**"

Page 4, lines 29 - 31:

Delete "official poverty line applicable to a family of that size according to the federal Office of Management and Budget"

Insert "**federal poverty guideline for Alaska set by the United States Department of Health and Human Services** [OFFICIAL POVERTY LINE] applicable to a family of that size [ACCORDING TO THE FEDERAL OFFICE OF MANAGEMENT AND BUDGET]"

Page 5, line 31, through page 6, line 11:

Delete all material and insert:

"(14) pregnant women who are not covered under (a) of this section and whose household income does not exceed **175 percent of the federal poverty guideline for Alaska set by the United States Department of Health and Human Services**

[(A) \$2,208 A MONTH IF THE HOUSEHOLD CONSISTS OF TWO PERSONS;  
(B) \$2,782 A MONTH IF THE HOUSEHOLD CONSISTS OF THREE PERSONS;  
(C) \$3,355 A MONTH IF THE HOUSEHOLD CONSISTS OF FOUR PERSONS;  
(D) \$3,928 A MONTH IF THE HOUSEHOLD CONSISTS OF FIVE PERSONS;  
(E) \$4,501 A MONTH IF THE HOUSEHOLD CONSISTS OF SIX PERSONS;  
(F) \$5,074 A MONTH IF THE HOUSEHOLD CONSISTS OF SEVEN PERSONS;  
(G) \$5,647 A MONTH IF THE HOUSEHOLD CONSISTS OF EIGHT PERSONS;  
(H) \$5,647 A MONTH, PLUS AN ADDITIONAL \$574 A MONTH FOR EACH EXTRA PERSON ABOVE EIGHT PERSONS WHO IS IN THE HOUSEHOLD IF THE HOUSEHOLD CONSISTS OF NINE PERSONS OR MORE];"

Page 6, following line 13:

Insert new bill sections to read:

"\* **Sec. 6.** AS 47.07 is amended by adding a new section to read:

**Sec. 47.07.022. Extended medical assistance coverage for children; costs.** (a) In addition to the persons specified in AS 47.07.020, a person who resides in the state and who meets the criteria under (b) of this section is eligible for extended medical assistance coverage equivalent to the mandatory and optional services described under AS 47.07.030 if the person submits an annual application and contribution as specified in (c) of this section.

(b) The department shall administer a program of extended medical assistance coverage for a person who is under 19 years of age and whose household income is between 200 and 350 percent of the federal poverty guideline for Alaska set by the United States Department of Health and Human Services.

(c) The program administered under this section must include an annual application and sliding scale contribution, payable under terms specified in regulations adopted by the department. The regulations must

(1) include the option of an assignment of an applicant's permanent fund dividend and the permanent fund dividend of a parent, legal guardian, or other authorized representative of an applicant; and

(2) set the contribution amount for an applicant in an amount that, except as provided in (d) and (e) of this section, is not more than one-half percent of the federal poverty guideline for Alaska for the annual household income of a family of two if the applicant's income is between 200 percent and 225 percent of the federal poverty guideline for Alaska, and increases progressively to not more than three percent for an annual household income for a family of two that is between 300 percent and 350 percent of the federal poverty guideline for Alaska.

(d) In addition to the annual contribution established under (c) of this section, the department may impose a co-payment of not more than 20 percent of medical services and prescription drug costs covered under the program for a person whose household income is between 250 and 350 percent of the federal poverty guideline for Alaska.

(e) Except as provided in (f) of this section, the department may set the contribution amount for an applicant in an amount less than the amount specified in (c) and (d) of this section if a lesser amount is required to obtain federal approval for the maximum level of federal financial participation in the state's program under 42 U.S.C. 1396 - 1396v (Title XIX, Social Security Act) or 42 U.S.C. 1397aa - 1397jj (Title XXI, Social Security Act), whichever is applicable.

(f) The department may not provide for a contribution amount less than the amounts provided in (c) and (d) of this section for an applicant whose household income is not less than 250 percent of the federal poverty guideline for Alaska and who qualifies for coverage under a separate health insurance policy if the policy provides coverage that is equivalent to the coverage available under AS 47.07.030 for that applicant.

(g) The department may limit or exclude a person's eligibility for coverage under this section by regulation for an applicant who qualifies for coverage, with or without payment of an insurance premium, under a separate health insurance policy if the policy

(1) provides coverage that is equivalent to the coverage available under AS 47.07.030 for the applicant;

(2) is provided at a cost that does not create an undue hardship for the applicant or the applicant's family; the department shall describe in regulation the standards for finding an undue hardship; and

(3) would exclude an applicant from coverage under 42 U.S.C. 1396 - 1396v (Title XIX, Social Security Act) or 42 U.S.C. 1397aa - 1397jj (Title XXI, Social Security Act) or otherwise jeopardize federal approval of the state plan submitted under this section.

(h) The department may adopt regulations necessary to implement this section.

\* **Sec. 7.** AS 47.07.042(d) is amended to read:

(d) In addition to the requirements established under (a) and (b) of this section, the department **shall** [MAY] require premiums or cost-sharing contributions from recipients who are eligible for benefits under **AS 47.07.022. The** [AS 47.07.020(b)(13) AND WHOSE HOUSEHOLD INCOME IS GREATER THAN THE APPLICABLE AMOUNT SET OUT IN (f) OF THIS SECTION. IF THE DEPARTMENT REQUIRES

PREMIUMS OR COST-SHARING CONTRIBUTIONS UNDER THIS  
SUBSECTION, THE] department

(1) shall adopt in regulation a sliding  
scale for those premiums or contributions based on  
household income;

(2) may not exceed the maximums allowed  
under federal law; and

(3) shall implement a system by which  
the department or its designee collects those  
premiums or contributions."

Renumber the following bill sections accordingly.

Page 9, following line 6:

Insert a new bill section to read:

"\* **Sec. 19.** AS 47.07.042(f) is repealed."

Renumber the following bill sections accordingly.

Page 9, following line 7:

Insert a new bill section to read:

"\* **Sec. 21.** The uncodified law of the State of  
Alaska is amended by adding a new section to read:

NOTIFICATION OF FEDERAL APPROVAL. The commissioner  
of health and social services shall notify the revisor  
of statutes when federal approval under sec. 23 of this  
Act is obtained."

Renumber the following bill sections accordingly.

Page 9, line 12:

Delete "sec. 12"

Insert "sec. 14"

Page 9, line 19:

Delete "sec. 7"

Insert "sec. 9"

Page 9, line 22, following "proceed":

Insert "to seek federal approval and"

Page 9, line 27:

Delete "secs. 1 - 17"

Insert "secs. 1 - 5, 8 - 18, and 20"

Page 9, line 30:

Delete "secs. 14, 15, and 17"

Insert "secs. 16, 17, and 20"

Page 10, line 2:

Delete "Sections 18, 19(b), and 20"

Insert "Sections 21, 22, 23(b), and 24"

Page 10, following line 3:

Insert a new bill section to read:

"\* **Sec. 26.** Sections 6, 7, and 19 of this Act take effect six months from the effective date of sec. 23 of this Act or upon the approval of the changes necessitated by secs. 6 and 7 of this Act by the United States Department of Health and Human Services, whichever is later."

Renumber the following bill section accordingly.

Page 10, line 4:

Delete "sec. 21"

Insert "secs. 25 and 26"

Representative Hawker OBJECTED.

Representative Gara explained that the amendment is a scaled-back version of a proposal of universal health coverage for kids by Senator Wielechowski and himself. It would take advantage of a 70 percent federal match. He spoke about Denali Kid Care and the ability to buy into the program once the 175 percent level has been reached. He referred to page 3 of an attachment to Amendment #5 (copy on file), a spreadsheet addressing modifications of the Denali Kid Care program. He explained that this would extend coverage to families that cannot afford health insurance, and cost about \$500 to \$1,300 per person. He pointed out that HB 198 would cost the state about \$1.5 million more than what is currently being paid. This amendment would cost the state around \$1.5 million more than that.

[2:04:16 PM](#)

Representative Gara spoke about the savings to the state from covering the uninsured. Six other states are doing some version of this plan. It would affect about 18,000 people in Alaska.

Representative Hawker pointed out that the amendment introduces a significant new policy initiative into the statutory framework. He emphasized that universal health care coverage does not belong in this bill, which is an attempt to "fix what we have", not to expand programs. The amendment goes beyond his comfort level. He agreed that this issue needs to be addressed, but not in this bill.

[2:07:14 PM](#)

Co-Chair Chenault asked for clarification on an earlier comment made by Representative Gara regarding if a higher level of income results in higher health care needs. Representative Gara explained that children's health

insurance costs the state about \$1,200 to \$1,400 per child with the federal government picking up about 70 percent of that. If higher income families are allowed to buy in, a higher proportion with kids with significant health needs are going to buy in, according to the Department of Health and Social Services. Co-Chair Chenault assumed that there are two scenarios; families with private health insurance, or those who have no health insurance at all.

Representative Hawker pointed out that this discussion shows how complex the topic of universal health care is.

Representative Gara WITHDREW Amendment #5.

[2:10:35 PM](#)

JANET CLARKE, ASSISTANT COMMISSIONER, DIVISION OF FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, addressed the four fiscal notes by the department. The fiscal note with the component labeled "Senior Care" incorporates yesterday's Amendment #1. She related that the total cost is \$20,163,100 with the bulk of the costs for benefits. The attachments describe the estimated case load for FY 08, the dollar amount for each federal poverty guideline amount, and the estimated benefit cost for each level.

Co-Chair Chenault asked if the proposal is to roll over four positions from the Senior Care program and hire two additional case load managers. Ms. Clarke said that is correct. The two additional staff are due to the increased case load and the complexity of verification of income eligibility.

Representative Hawker explained how the fiscal note relates to the human services budget on the House Floor today. All costs were removed from Senior Care expenses; none are duplicated.

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Representative Kelly referenced the old Senior Care program and wondered if there was a Medicaid match in the new program. Ms. Clarke explained that the old Senior Care was a combination of cash and a Medicaid match for the prescription drug program, which was quite small. The general fund for that program was about \$10.6 million. Representative Kelly summarized that the old and new programs were very similar.

Ms. Clarke pointed out that the remaining three fiscal notes relate to the Denali Kid Care program. She addressed the Behavioral Health Medicaid Services component fiscal note, a request for \$455,900. It is an estimate of the number of

children who might need the services. Representative Hawker asked how much is general funds and how much is federal matching funds. Ms. Clarke replied that the federal receipts are estimated at \$311,100 and the general fund match is \$144,800.

[2:17:13 PM](#)

Ms. Clarke addressed the Health Care Services - Medicaid Services fiscal note and clarified that \$617,800 is general funds and \$1,577,600 is federal funds. She related that these are all direct benefit programs.

Ms. Clarke spoke to the Public Assistance Field Services fiscal note, the component where eligibility is determined. The request is for one eligibility worker to be added. The FY 08 costs are less because it is estimated that it will take time to hire that individual.

Co-Chair Chenault asked for what percent of children the state picks up costs. Ms. Clarke thought between 40 to 50 percent.

Representative Kelly asked if the federal match of 70 percent on the Denali Kid Care has increased or decreased over the last five years. Ms. Clarke replied that it has decreased slightly. In response to a question from Representative Kelly, Ms. Clarke said the fiscal note takes the decrease into account.

[2:20:45 PM](#)

Representative Gara asked if the general fund cost of Kid Care at 175 percent is about \$750,000. Ms. Clarke said \$784,000. Representative Gara asked how many kids would be at 175 percent and how many would be at 200 percent. Ms. Clarke reported that there would be just under 1,300 children at 175 percent, and double that at 200 percent.

Co-Chair Meyer expressed gratitude to Representative Hawker for his work on the bill.

[2:22:39 PM](#)

Representative Foster thanked Representative Hawker, also. He pointed out the twelve additional sponsors of the bill, including himself.

Representative Crawford expressed strong feelings against the legislation. He maintained that the longevity bonus is a separate issue. He indicated that he is in a difficult position when asked to vote for the bill.

[2:24:30 PM](#)

Representative Thomas reported that he did not feel the same way, even as a former co-sponsor for the longevity bonus bill, because the Pioneers of Alaska and AARP expressed support for this legislation. He said he feels comfortable voting in support of the bill.

Representative Foster MOVED to REPORT CSHB 198 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSHB 198 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by the Department of Administration and with four new fiscal notes by the Department of Health and Social Services.

[2:26:13 PM](#)

HOUSE BILL NO. 61

"An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes, including vocational education programs and courses at the secondary school level; and providing for an effective date."

Co-Chair Meyer MOVED to ADOPT Amendment #1:

Page 1, line 12  
After: "association;"  
Delete: "and"

Page 1, line 14  
Delete: "."  
Insert: "; and"

Page 2, line 1  
Insert: "(3) a state-operated vocational technical education and training school."

Page 2, line 27  
After: "association;"  
Delete: "and"

Page 2, line 29  
Delete: "."  
Insert: "; and"

Page 2, line 30  
Insert: "(3) a state-operated vocational technical education and training school."

Page 3, line 23

After: "association;"  
Delete: "and"

Page 3, line 25  
Delete: "."  
Insert: "; and"

Page 3, line 26  
Insert: "(3) a state-operated vocational technical  
education and training school."

Page 4, line 18  
After: "association;"  
Delete: "and"

Page 4, line 20  
Delete: "."  
Insert: "; and"

Page 4, line 21  
Insert: "(3) a state-operated vocational technical  
education and training school."

Page 5, line 10  
After: "association;"  
Delete: "and"

Page 5, line 12  
Delete: "."  
Insert: "; and"

Page 5, line 13  
Insert: "(3) a state-operated vocational technical  
education and training school."

Page 6, line 2  
After: "association;"  
Delete: "and"

Page 6, line 4  
Delete: "."  
Insert: "; and"

Page 6, line 5  
Insert: "(3) a state-operated vocational technical  
education and training school."

Page 6, line 26  
After: "association;"  
Delete: "and"

Page 6, line 28  
Delete: "."  
Insert: "; and"

Page 6, line 29

Insert: "(3) a state-operated vocational technical education and training school."

Make any conforming changes as necessary.

Representative Hawker OBJECTED.

REX SHATTUCK, STAFF, REPRESENTATIVE NEUMAN, explained that the amendment addresses the concern that AVTEC was not included in the bill. Amendment #1 inserts "a state-operated vocational technical education and training school" in seven places in the bill.

Representative Hawker WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Meyer spoke about the indeterminate fiscal note.

[2:29:05 PM](#)

Representative Foster MOVED to REPORT CSHB 61 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 61 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with indeterminate fiscal note #1 by the Department of Revenue.

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At-ease.

[2:32:26 PM](#)

HOUSE BILL NO. 92

"An Act removing the victims' advocate and the staff of the office of victims' rights from the jurisdiction of the office of the ombudsman in the legislative branch."

Vice Chair Stoltze, co-sponsor, spoke about his and Representative Samuels' work on victim's rights. He explained how the first ombudsman position was determined. The intent of the bill is to exempt the Office of Victim's Rights (OVR) from jurisdiction of the Ombudsman's Office. He related the purpose and mission of the (OVR).

[2:36:26 PM](#)

Representative Kelly noted the zero fiscal note. Vice Chair Stoltze explained how the OVR is funded by PFD's of

convicted felons. He emphasized that the bill is not about increasing responsibilities in the OVR.

[2:38:20 PM](#)

Representative Crawford wondered about the history behind the need for the bill. Vice Chair Stoltze explained that the problem is a clash within agencies. The caseload for the ombudsman consists predominantly of prisoners and the caseload for the OVR is victims. There are some inherent conflicts of interest. This bill clarifies the original legislative intent.

In response to a question from Representative Gara, Vice Chair Stoltze replied that the selection of the ombudsman was not a "political" process.

[2:41:24 PM](#)

KATHY HANSEN, OFFICE OF VICTIMS RIGHTS (OVR), testified in favor of HB 92. She explained that OVR is a satellite office of the legislative branch, was created to assist crime victims with legal assistance free of charge, and is patterned after the ombudsman's office. She referred to a case in district court and highlighted conflicts between the two agencies. She noted statutes which prevent attorneys from accessing victims' files. OVR has access to records such as active criminal investigations and clemency files, which the ombudsman does not. She related an inappropriate use of the ombudsman's office.

Ms. Hansen emphasized that the OVR reports to the legislature and that there is oversight by the Alaska Bar Association. Any fiscal impact would be negative, as there would be no duplication of efforts.

[2:47:52 PM](#)

LINDA LORD JENKINS, STATE OMBUDSMAN, OFFICE OF THE OMBUDSMAN, spoke in opposition to the legislation. She reiterated that the legislation resulted from the sexual assault of a mentally impaired individual, who felt that OVR did not adequately review the complaint. She observed that the Office of the State Ombudsman issued a subpoena, which has not been honored by OVR. She noted that they continue to refer individuals to OVR, but emphasized that independence is needed to allow review of OVR. She suggested that OVR statutes do not allow OVR to speak to legislators about complaints without the victim's consent. She added that OVR is required to keep confidentiality and that legislative oversight would not fall within the narrow exception in AS 24.65.120. She urged a legal opinion by legislative counsel regarding OVR's ability to discuss specific case information with legislators. It is not

within the power of the Office of the State Ombudsman to contravene a discretionary action taken by a governmental agency. She related further the reasons behind that opinion and when alternate courses of action could be taken. She maintained that the large caseload has led to complaints. She maintained it is not an issue of importance between the agencies, or a turf war, but that the ombudsman does have authorization to investigate complaints against OVR.

[2:55:15 PM](#)

Representative Gara questioned if the concern investigated was valid. Ms. Jenkins stated that they were not able to investigate the case because OVR has not released records.

REPRESENTATIVE RALPH SAMUELS, co-sponsor explained that the constitutional amendment in 1994 - the Victim's Rights Amendment - led to the creation of the OVR, which was intended to be an ombudsman's office and answer directly to the legislature. He maintained that the intent was clear. The bill makes it clear that both agencies answer to the legislature. The intent was for them to be sister agencies with separate functions.

[2:59:24 PM](#)

In response to a question by Representative Gara, Ms. Jenkins said she could not answer regarding the substance of the complaint, but noted that there had only been two complaints about the quality of OVR's reviews. The prior complaint was decided in support of OVR. Representative Gara spoke in sympathy for the ombudsman's position, but also understood the reasoning behind the bill.

[3:02:21 PM](#)

In response to a question by Representative Kelly, Ms. Jenkins reiterated her concern that there is a gap in review for the investigation of complaints regarding OVR.

Representative Foster MOVED to REPORT HB 92 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 92 was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by the Legislative Affairs Agency.

[3:05:47 PM](#)

HOUSE BILL NO. 166

"An Act relating to contributions from permanent fund dividends to community foundations, to certain

educational organizations, and to certain other 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."

Representative Thomas spoke in support of HB 166, which would attempt to increase private philanthropy in Alaska by giving people an option of donating a portion of their PFD to their favorite charity. Alaskans who make \$100,000 or more, rank among the lowest in the nation as far as percentage of income donated to charities. The legislation allows a PFD check off, which should allow charities to benefit.

Representative Thomas related that HB 166 also requires that the charity meet certain criteria before it can be placed on the list. The Rasmuson Foundation has pledged to fully fund the administrative costs of the program for the first three years of the program, creating a zero fiscal impact on the state in these crucial beginning years. He pointed out that the bill would sunset in 2010.

Representative Thomas noted that they have had several requests for charities to be included on the list. There are approximately 5,000 non-profit charities.

Representative Thomas urged the committee to support this bill.

[3:10:35 PM](#)

ROSEMARY HAGEVIG, CATHOLIC COMMUNITY SERVICES, stated support for last year's version of the bill, as well as for the current legislation. She thanked Representative Thomas and the Rasmuson Foundation. She reported that addressing the needs of the needy in our population is a shared responsibility, not only by the agencies and government, but also by society as a whole. The bill would provide a convenient way for the general population to help.

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BRENDA HEWITT, UNITED WAY, SOUTHEAST ALASKA, testified in favor of the bill. She pointed out the zero fiscal note.

JEFF CLARKE, VICE PRESIDENT, RASMUSON FOUNDATION, testified in support of the legislation.

Representative Hawker asked if the commitment is for the Rasmuson Foundation to underwrite the first three years of the program. Mr. Clarke said yes.

Co-Chair Meyer asked if it is the same legislation as last year. Mr. Clarke replied that it is the same except the eligibility for participating organizations has been broadened.

Vice Chair Stoltze wondered about anticipated costs. Mr. Clarke asked which costs he is referring to. Vice Chair Stoltze wanted information about continuing costs after three years. Mr. Clarke said he could not answer the question at this time.

[3:17:59 PM](#)

JERRY BURNETT, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, brought attention to a couple of issues. The biggest concern is the possibility of not being able to implement the program by the FY 08 dividend season due to technical problems. The department does not want to have a problem with incorrectly paying dividends due to this legislation. He suggested having the legislation take effect for the FY 09 dividend season. The second issue is that the legislation allows for dollar amount payments as well as percentage amounts. He maintained that there are problems with allowing a percentage amount.

[3:20:31 PM](#)

Mr. Burnett addressed the fiscal note by the Department of Revenue for \$320,300. It assumes that the Rasmussen Foundation would pay the costs of program implementation of \$45,000 in FY 07, and about \$91,000 a year the next two years. The bill has a sunset date of 2010. On-going costs beyond the three years would be expected to be picked up as administrative costs against the charities receiving contributions. If the bill moves, refinements can be made to the fiscal note in the future.

Representative Gara asked if the bill, as written, allows for passing future costs, beyond three years, on to the charities. Mr. Burnett replied that there is a sunset, and it also does not allow PFD funds to pay for the program. Representative Gara asked if the bill continues, if the administrative charge would go to the individual agency. Mr. Burnett thought the bill did not have a provision for that at this point.

Representative Gara suggested reminding people how much they gave each year to promote further giving. Mr. Burnett said that a 1099 would have information as to where the money went. Mr. Burnett thought the suggestion was feasible as part of the program.

[3:24:34 PM](#)

Representative Hawker asked about limiting the mechanism to fixed dollar amounts rather than percentages. He wondered where that idea came from. Mr. Burnett thought it came up in State Affairs. Representative Hawker agreed with the idea.

Vice Chair Stoltze asked why "for profit" organizations are not included. Mr. Burnett reported that that discussion also took place in State Affairs. He said that is a policy decision, not the Department of Revenue's call.

Representative Crawford asked what happens if one does not itemize on income tax. He wondered how this contribution would be treated. Mr. Burnett said it would be allowable as a deduction and would not show up as income.

[3:28:43 PM](#)

Representative Thomas MOVED to ADOPT Conceptual Amendment #1, on page 1, line 12, add "more" after "\$100 or" and delete all reference to percentages. Co-Chair Meyer OBJECTED.

Representative Gara asked for clarification regarding if more than \$100 could be donated. Representative Thomas said yes.

Co-Chair Meyer WITHDREW his OBJECTION.

Representative Hawker OBJECTED. He thought "or more" should be further defined.

Representative Gara suggested "any amount up to the value of the dividend."

[3:31:31 PM](#)

Co-Chair Meyer asked for Mr. Burnett's opinion. Mr. Burnett thought it should be in clear increments, the simpler the better, up to the value of the dividend. He said he could live with the conceptual amendment.

Representative Hawker restated that the intent of the conceptual amendment is to provide a fixed increment up to the amount of the dividend. The sponsor and the department can work together to determine the appropriate increment.

Representative Hawker WITHDREW his OBJECTION to adopt Conceptual Amendment #1.

Representative Kelly suggested having a minimum amount. Representative Thomas said \$25 is the minimum.

Representative Kelly asked what happens if a mathematical mistake is made.

Representative Hawker noted that the \$25 floor was already fixed in statute. There are specific provisions already in the bill to address mathematical mistakes.

There being NO further OBJECTION, Conceptual Amendment #1 was adopted.

[3:35:06 PM](#)

Co-Chair Meyer MOVED to ADOPT Conceptual Amendment #2 to change the date to begin in FY 09.

Representative Thomas OBJECTED. He argued that the legislation should begin as soon as possible.

Mr. Burnett reiterated that there are some technical concerns with implementing the bill due to the ongoing rewrite of the PFD system. This bill cannot take priority over getting an online application that works. He noted that the department is working with the Rasmussen Foundation to make the bill work.

Representative Thomas requested to be updated on the problems at the Department of Revenue. Mr. Burnett related that PFD problems in the past have nothing to do with the technical rewrite problems of the online application system. He described a capital project regarding rewriting the system.

[3:39:35 PM](#)

Representative Hawker shared the anxieties of the department over putting the bill into action. He suggested extending the date.

Representative Thomas suggested adding some intent language.

Representative Hawker suggested withdrawing Conceptual Amendment #2.

Co-Chair Meyer WITHDREW Conceptual Amendment #2.

[3:41:38 PM](#)

Representative Hawker MOVED to ADOPT Conceptual Amendment #3:

"It is the intent of the legislature that the department does its absolute best to accomplish the requirements of the bill for the 2008 dividend distribution. However, the legislature recognizes that

if there are insurmountable technical impediments to achieving that date that the effective (applicability) dates would shift back one year: 2009, 2010, and 2011."

(In the event that the applicability date is shifted, the sunset date should also be shifted.)

There being NO OBJECTION, it was so ordered.

[3:43:06 PM](#)

Representative Foster thanked the Rasmuson Foundation for their contributions.

Representative Foster MOVED to REPORT CSHB 166 (FIN), as amended, out of Committee, with individual recommendations and the accompanying fiscal note.

CSHB 166 (FIN) was reported out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Revenue.

There being NO OBJECTION, it was so ordered.

ADJOURNMENT

The meeting was adjourned at 3:44 PM.