

HOUSE FINANCE COMMITTEE
April 23, 2007
1:42 P.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:42:25 PM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Richard Foster

ALSO PRESENT

Representative David Guttenberg; Tim Martinson, Staff,
Representative Bob Roses; Tres Lewis, Private Investigator,
Mendenhall Investigations, Inc., Juneau; Dana Krawchuk,
Staff, Representative David Guttenberg; Rick Urion,
Director, Division of Occupational Licensing, Department of
Community & Economic Development

PRESENT VIA TELECONFERENCE

Denise Petty, President, Alaska Investigation Association,
Fairbanks; Joseph Austin, Austin & Associates, Private
Investigator, Anchorage; Dana Nachtrieb, Veterans of Foreign
Wars (VFW), Fairbanks; Harry Fields, Vice President, Alaska
Native Veteran's Association, Fairbanks

SUMMARY

HB 45 An Act authorizing the Department of Military and
Veterans' Affairs to establish and maintain Alaska
veterans' cemeteries; and establishing the Alaska
veterans' cemetery fund in the general fund.

CS HB 45 (MLV) was reported out of Committee with
a "do pass" recommendation and with zero notes #1
& #2 by the Department of Administration and

indeterminate note #3 by the Department of Military & Veterans Affairs.

#HB88

HB 88 An Act relating to televisions, monitors, portable computers, and similar devices in motor vehicles; and providing for an effective date.

HB 88 was POSTPONED.

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HB 158 An Act providing for the licensing and regulation of private investigators and private investigator agencies; and providing for an effective date.

HB 158 was HEARD & HELD in Committee for further consideration.

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#HB158

HOUSE BILL NO. 158

An Act providing for the licensing and regulation of private investigators and private investigator agencies; and providing for an effective date.

Vice Chair Stoltze MOVED to ADOPT work draft #25-LS0442\K, Bullard, 4/4/07, as the version of the bill before the Committee. There being NO OBJECTION, it was adopted.

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TIM MARTINSON, STAFF, REPRESENTATIVE BOB ROSES, explained that HB 158 would allow for the statewide licensing and regulation of private investigators and private investigating agencies. A private investigator is an individual who:

- Investigates crimes
- Investigates the identify, business, occupation, character of a person
- Investigates the location of lost or stolen property
- Investigates the cause of fires, losses, accidents, damages or injury
- Secures evidence for use in Court

Currently, there is no licensing authority for private investigator agencies in the State of Alaska. Forty-two states nationally have statewide licensing and regulatory laws that increase education and training requirements for private investigators.

Mr. Martinson continued, the bill permits current investigators, licensed by a subsection of the State, to become certified if they have been in good standing as a private investigator or private agency before July 1, 2008. If passed, the legislation would require continuing educational requirements for all licensees.

The goal of HB 158 is to protect customers from those investigators with insufficient credentials by creating a standard of operating procedures.

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Co-Chair Chenault asked:

- The differences between the Class A & Class B licenses
- The number of private investigators currently residing in Alaska
- If the bill would prevent licensees from other states the right to come to Alaska to practice

Mr. Martinson explained the difference between the two type's licenses:

- Class A - the person would have to be at least 21 years old, passing a written exam, pay the required fee and provide evidence of education or the equivalent
- Class B - the applicant would have to be at least 18 years old, passing the written exam, pay the fees, with a high school diploma or equivalent and employed by or have an offer of employment from a private investigating agency

Co-Chair Chenault inquired if there was an accredited college in the State that teaches investigative work.

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TRES LEWIS, PRIVATE INVESTIGATOR, MENDENHALL INVESTIGATIONS, INC., JUNEAU, advised that paralegal programs in most colleges teach some skills necessary to be a private investigator. The occupation requires some book-learning, but is mostly an apprentice type job. He compared it to police officer training. There are some private schools that teach the work; it is generally a one year program.

Co-Chair Chenault asked if the Class B licensure would always be an apprentice program. Mr. Lewis said yes, but the person would be conducting legitimate investigations under supervision.

Co-Chair Chenault asked how many private investigators currently reside in Alaska and if the bill would enhance opportunities for other private investigators to come to Alaska to work. Mr. Lewis thought there were approximately 100 investigators currently residing in the State. The bill offers specific language limiting the number of days that person can work in the State. He noted the concern rests with firms hiring unlicensed investigators, ultimately offering "wholesale" investigations & substandard work. He reiterated the need for control.

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Representative Gara inquired the number of private versus the number of investigators employed by the State. Mr. Lewis replied that of the 100, approximately seventy-five are self employed and would be exempt.

Representative Gara questioned why a private investigator would need to have a high school diploma or equivalent. Mr. Lewis indicated the need to have investigators with high level writing skills in an industry that is report driven.

Representative Gara advised that he has worked with private investigators and did not think it was important they have a high school diploma. He stressed the need for interviewing skills. Mr. Lewis said that there is always the potential that someone could fall into any category; however, the bill attempts to establish occupation standards.

Representative Gara asked if the legislation would regulate State investigators. Mr. Lewis responded they would not be held to the legislation's criteria; most State investigators are apprenticed through the agency they work for.

Representative Gara commented that he did not mind professional standards for investigators. Most Alaska private investigators work on their own. In order to work for someone else, the person would have to have the Class B license. To get a Class A license, that person would need to work for three years under supervision, @ 1,500 hours per year. Mr. Lewis maintained that the three year requirement is not exceptional. Most states have rules for licensing and bonding, driven by insurance industry.

Representative Gara could not understand how the legislation would practically work; he did not believe that there were enough statewide agencies to find work. Mr. Lewis stated that most of the seventy-five members are qualified and meet the requirements and they will offer "training ground" for the new investigators.

Representative Gara asked if most currently practicing private investigators had worked three years as an apprentice. Mr. Lewis replied that most already have their own agency. Representative Gara worried about that, commenting that most private investigators did not work for a private agency before they "hung their shingle". Mr. Lewis agreed; however, at some point it is essential that guidelines are established.

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Co-Chair Meyer asked about the requirement that an applicant must have three letters of recommendation from "reputable" citizens; he asked what reputable meant. Mr. Lewis noted that language had been written by the legislative drafter.

Representative Hawker referenced the fundamental qualifications, passing a written examination offered by the Department. Mr. Martinson advised that could be created by the Division of Occupational Licensing. Representative Hawker questioned what the State knows about the licensing of private investigators. Mr. Martinson expected that there would be standards followed & the Division could establish the standard. Representative Hawker pointed out that the legislation does not establish any guidelines to determine the standard.

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Representative Hawker inquired if he could qualify to be a private detective given his credentials. Mr. Martinson thought he could.

Representative Nelson referenced discussion that occurred in the House Judiciary Committee regarding past felonies and one's ability to be "grandfathered" as a private investigator. She worried about language on Page 14, Lines 11-14\K version. Mr. Lewis explained that language provided a transitional provision. Representative Nelson inquired if the person could obtain a Class B licensure. Mr. Lewis stated there are general requirements that extend over both Class A & B licenses. Under the general requirements, if convicted of a felony, the person cannot have a past conviction of a crime of "dishonesty" during the 20-years preceding their license application.

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Representative Gara recommended that a reasonable code of ethics test should be present. Mr. Lewis stated there is no code of ethics in the bill.

Representative Hawker referenced the general framework of the legislation, noting that Alaska is only one of eight

remaining states that does not have legislation in place to address private investigator licensing. He agreed that the State should conform to the uniform regulations of the industry. Mr. Lewis noted that the original language was written over six years and based upon other state statutes, and that HB 158 is on par with legislation from those states.

Representative Hawker requested "assurance" of that. Mr. Martinson offered to provide a copy of the licensing language from the State of Oregon. Representative Hawker asked if Oregon was typical. Mr. Martinson said all states are similar, with California being the most "unique" & most complex.

Representative Hawker asked why the decision was made to place the oversight authority directly in the Department rather than through a regulatory board. Mr. Lewis explained that creating a board would increase costs. He added that many problems with investigators usually stem from violations of the law and that the annual education would provide the opportunity to learn the rules.

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RICK URION, DIRECTOR, DIVISION OF OCCUPATIONAL LICENSING, DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT, stated that the State does not believe that the licensing of private investigators rises to the level of public protection. If the Legislature determines that they should be licensed, the Division is prepared to do so.

Representative Gara pointed out that there was no language in the bill indicating that if the private investigator did something "terrible", they would lose their license.

Representative Hawker noted that there are forty-two other jurisdictions implementing the legislation and asked if that carried influence. Mr. Urion did not know what was required in other states. As it is today, the City of Anchorage and Fairbanks authorize private investigators.

Representative Hawker inquired what would happen if the duty was imposed upon the Department to determine the standards. Mr. Urion responded that Alaska would pattern off of what is done in other states.

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Vice Chair Stoltze noted concern that there are no public safety or professional standard issues covered by the legislation. Mr. Urion stated that everything that is needed is already grandfathered into the business.

Representative Thomas questioned if there were concerns outside of convicted felons practicing. Mr. Urion emphasized that any investigator for the State of Alaska, must have a zero tolerance felony record.

Representative Kelly asked how many other states have a private investigator regulatory board. Mr. Urion did not know.

Representative Kelly inquired if the 14-day requirement was normal. Mr. Urion did not know the standard.

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Representative Hawker pointed out the exemption section of the bill and asked if there could be requirements for dual licenses. Mr. Urion anticipated that could be fixed.

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DENISE PETTY, (TESTIFIED VIA TELECONFERENCE), PRESIDENT, ALASKA INVESTIGATION ASSOCIATION, FAIRBANKS, noted that Alaska has no regulatory authority over private investigators. She voiced concerns that the legislation was viewed as excluding the public's ability to protect itself when needing investigating services. She noted that supporting the legislation, the Committee can help the industry remain responsible and productive. HB 158 provides accountability.

Representative Gara asked if Ms. Petty initially started on her own or worked for an agency. Ms. Petty advised that she has a paralegal degree and worked in an office until she opened her own office after she had worked under a supervisor, conducting private investigations. She added that she now meets municipal requirements and does not work under a private investigator. Representative Gara reiterated concerns with the requirement in the legislation to work for three years with a private investigating agency. Ms. Petty believed that the bill could place those coming into the profession at a disadvantage; it is difficult for another investigator to bring someone in as an apprentice with no incentive to do so.

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JOSEPH AUSTIN, (TESTIFIED VIA TELECONFERENCE), AUSTIN & ASSOCIATES, PRIVATE INVESTIGATOR, ANCHORAGE, cited examples of the need to protect the public. He commented on the number of licenses currently held in the State of Alaska, some of which had criminal backgrounds. He offered to answer questions of the Committee.

Representative Gara reiterated concern with the provisions of the bill and asked if Mr. Austin would support the legislation if it made it illegal for someone with a felony record to hold a private investigator license. Mr. Austin responded that was one part of the concern and that the profession requires continued training and education. He thought that should be required.

PUBLIC TESTIMONY CLOSED

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Co-Chair Meyer recommended that the bill be held in Committee in order to consider the concerns voiced by Committee members. Representative Hawker suggested a significant rewriting of the bill.

Vice Chair Stoltze pointed out a memo from the California Association requirements for the private investigating industry. (Copy on File). Mr. Martinson noted that in order to obtain insurance, the person must be licensed by the State. Vice Chair Stoltze wanted to see that profession function "professionally". Mr. Martinson commented that the original language of the bill provided for a regulatory board; the language was removed.

Representative Gara hoped to see a proposal that includes qualification and ethical guidelines to help protect the public. He suggested that the language of the bill should not discourage people from outside Alaska to practice in the State. Mr. Martinson pointed out that there are temporary licensing provisions included in the bill. They can qualify for a temporary license.

HB 158 was HELD in Committee for further consideration.

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#HB45

HOUSE BILL NO. 45

An Act authorizing the Department of Military and Veterans' Affairs to establish and maintain Alaska veterans' cemeteries; and establishing the Alaska veterans' cemetery fund in the general fund.

REPRESENTATIVE DAVID GUTTENBERG, SPONSOR, commented that Alaska veterans deserve access to a military cemetery that honors their service and recognizes their sacrifices. On a per capita basis, Alaska has more residents in active military service than any other state. The Veteran's Administration (VA) long term goal is to provide an operational cemetery within 75 miles of 90% of the veterans' in a state. The nearest veterans' cemetery to Fairbanks is

Fort Richardson National Cemetery, located 350 miles away in Anchorage. HB 45 authorizes the Department of Military & Veterans' Affairs to establish and maintain a veterans' cemetery with funds from the U.S. Department of Veterans Affairs State Cemetery Grants Program. Through the program, the Department of Military & Veterans Affairs may be awarded up to 100% of allowable costs for design, construction, and operating equipment for an approved project.

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Representative Hawker asked about the intent to establish another special account in the General Fund. Representative Guttenberg observed the language was recommended by David Teal, Director, Legislative Finance Division. Representative Hawker addressed the receipt of money into the Fund, noting that the Legislature would have to authorize receipt authority for every deposit. He expressed concern with dedicated funds. Co-Chair Meyer noted that there are 85 [dedicated funds] in the State of Alaska's budget.

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DANA KRAWCHUK, STAFF, REPRESENTATIVE DAVID GUTTENBERG, responded to questions by Vice Chair Stoltze. She noted that their office had been in contact with the Veterans' Council and the legislation did receive their support. Representative Guttenberg added that the bill would not reduce any current programs.

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Representative Gara asked if statutory authority already existed, creating a fund to accept gifts. Representative Guttenberg had been advised that a fund could provide accounting for funds other than the General Fund.

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DANA NACHTRIEB, (TESTIFIED VIA TELECONFERENCE), VETERANS' OF FOREIGN WARS (VFW), FAIRBANKS testified in support of the legislation, commenting that it will add good feelings in the community.

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HARRY FIELDS, VICE PRESIDENT, ALASKA NATIVE VETERAN'S ASSOCIATION, FAIRBANKS, testified in support of HB 45. He asserted that there are a lot of veterans living in the Fairbanks area, and emphasized the need for the legislation. He maintained that veterans cannot afford the cost of internment in private cemeteries; it can cost up to \$9,000.

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Representative Hawker reiterated his concern establishing separate funds.

Representative Thomas spoke in support of the legislation and observed that Alaska has one of the highest veteran concentrations in the United States.

Vice Chair Stoltze MOVED to REPORT CS HB 45 (MLV) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

Representative Gara OBJECTED for purpose of discussion and questioned if the Department of Military and Veterans Affairs' fiscal note should be zero. Co-Chair Meyer advised that there would be some costs involved to the Department.

Representative Gara WITHDREW his OBJECTION. There being NO further OBJECTION, CS HB 45 (MLV) was reported out of Committee.

CS HB 45 (MLV) was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Administration, new zero note by the Department of Transportation & Public Facilities and a new indeterminate note by the Department of Military & Veterans Affairs.

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ADJOURNMENT

The meeting was adjourned at 3:12 P.M.