

HOUSE FINANCE COMMITTEE
February 13, 2008
2:05 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [2:05:15 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 John Harris

ALSO PRESENT

Bryan Butcher, Legislative Liaison, Alaska Housing Finance Corporation; Dan Fauske, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue; Karen Lidster, Staff, Representative John Coghill; Representative John Coghill, Sponsor; Megan Foster, Staff, Representative Les Gara.

PRESENT VIA TELECONFERENCE

Paul Kapansky, Director, Mortgage Operations, Alaska Housing Finance Corporation; Susan Fernandez, Self.

SUMMARY

HB 65 "An Act relating to breaches of security involving personal information, credit report and credit score security freezes, consumer credit monitoring, credit accuracy, protection of social security numbers, care of records, disposal of records, identity theft, furnishing consumer credit header information, credit cards, and debit cards, and to the jurisdiction of the office of administrative hearings; amending Rule 60, Alaska Rules of Civil Procedure; and providing for an effective date."

HB 65 was heard and HELD in Committee for further consideration.

HB 285 "An Act relating to an optional exemption from municipal property taxes for residences of widows and widowers of certain members of the armed forces of the United States; and providing that this Act may be known as the Sergeant Irving Hernandez, Jr., Act."

CSHB 285 (CRA) was REPORTED out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Commerce, Community and Economic Development.

HB 325 "An Act relating to the teachers' and nurses' housing loan program in the Alaska Housing Finance Corporation; and providing for an effective date."

CSHB 325 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Revenue.

HOUSE BILL NO. 325

"An Act relating to the teachers' and nurses' housing loan program in the Alaska Housing Finance Corporation; and providing for an effective date."

BRYAN BUTCHER, LEGISLATIVE LIAISON, ALASKA HOUSING FINANCE CORPORATION (AHFC), gave an overview of HB 325. In 2003, SB 25 established a teachers and registered nurses housing loan program. Buying a home, particularly the cash down payment, had been an obstacle for young teachers and nurses in many communities across the state. The idea was to set up a zero-down payment program to remedy the problem. A five year sunset was put on SB 25 due to concerns that if consumers didn't invest money initially they would be more likely to walk away from the loan. The program has been successful. House Bill 325 would lift the sunset and would expand "nurses" to "health care professionals."

Mr. Butcher said that since the program was initiated in 2003, 373 teachers and nurses have mortgaged homes in 34 communities across the state. To date there has been only one foreclosure. Alaska Housing Finance Corporation foreclosure rates are low and rates of this program are even lower. He emphasized that the program is not a subsidy program; there is no interest break. Applicants have to pass AHFC's normal guidelines for getting a mortgage.

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Representative Crawford asked for a definition of "health care professionals." He wondered if doctors were included. Mr. Butcher replied that there had been discussions with the Governor's office about the definition. They realized it would be easy to miss an occupation.

Mr. Butcher referred to a different program in the capital budget that funds housing for rural teachers and health care professionals. The definition of who is qualified in that program is: any person who is licensed or board-certified by the State of Alaska in a health profession, holds a State certification in a health occupation, or is an administrator of a hospital or clinic or employed as an aide, assistant, counselor, or technician in a health field. Occupancy in the household is limited to health professionals and family members.

Representative Crawford asked if dental assistants and hygienists were included. He reiterated concerns about doctors using the program.

Mr. Butcher said AHFC discussed whether there should be an income cap on the program. They questioned having a zero-down program for someone making \$500,000 a year. However, after talking with mortgage experts, the conclusion was reached that a doctor making \$500,000 would not use the program. Most of AHFC's portfolio consists of rural, veterans, and first-time homebuyer loans, making AHFC a lender of "last resort." A person making more money could get a better interest rate by shopping around, so it would not make sense for someone with a large income buying a large home to skip a down payment in exchange for having to pay a lot more money. In addition, AHFC's experience over the past five years has been that fears regarding a cap were unfounded. The house cannot be used as investment property since users of the program must live in it.

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Representative Hawker asked for specifics relating to both delinquency and foreclosure. Mr. Butcher did not have the delinquency numbers, although he knew they were low. Until very recently the foreclosure rates were at zero. Representative Hawker wondered about defaults.

DAN FAUSKE, CEO/EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, said that people occasionally get behind on their payments. However, AHFC has tracked this and found that the delinquency rate goes down around the time the permanent fund checks come out. Delinquency rates through AHFC are 43rd in the nation, with 50 being the best. He said there is not a significant problem in Alaska. Foreclosures are well within historical norms and well below national average. Regarding the concern

of someone making a great deal of money using this program, Mr. Fauske pointed out that zero-down buyers must have mortgage insurance. If an investor was going to be paying more, they would rather put the money down and free up the cash.

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Representative Hawker asked, regarding the removal of the sunset date, how open-ended AHFC wanted the program to be.

Mr. Fauske pointed out that the program evolved because of recognized need. The sunset provision was added in order to test the program. Across the country, housing finance agencies are trying to come up with solutions for the same challenges that AHFC has been dealing with successfully. Teachers everywhere have difficulty affording a home. He thought the program was doing exactly what it was designed to do and hoped to see it continue.

Representative Hawker reiterated his desire for specific information regarding delinquency rates and credit experience with the consumers of the program.

PAUL KAPANSKY, DIRECTOR, MORTGAGE OPERATIONS, ALASKA HOUSING FINANCE CORPORATION (TESTIFIED VIA TELECONFERENCE), spoke to the issue of foreclosures and delinquencies. He said that over the four year period that the program has been in place, there have been 378 loans, with one foreclosure. He said AHFC doesn't specifically track delinquency in the program, but delinquency rates are around 3.5%, which is historically low. He said the program has performed very well.

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Representative Hawker was surprised to hear the State doesn't track delinquency rates by program, as those rates are a benchmark measure of performance. Mr. Kapansky said historically AHFC hasn't tracked delinquency rates because the foreclosure rate is so low. There didn't seem to be a need.

Representative Gara had previously thought the program got teachers lower interest rate loans. He wondered if a person could still shop around for the best bank rate or if they had to accept a higher interest rate through AHFC in exchange for the zero-down. Mr. Kapansky answered that the loan option is only good with an Alaska Housing Finance loan. The loan could be processed under the veterans' program or the tax-exempt first-time home-buyer program. Those interest rates are currently approximately 5.5%, which is a very attractive interest rate.

Representative Gara wondered if someone would be able to find a lower interest mortgage than they could get through the AHFC program if they shopped around. Mr. Kapansky answered that if the person were a first time home-buyer or a veteran he did not think they could find a more attractive interest rate.

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Representative Kelly asked how the mortgage insurance worked. Mr. Butcher said in most cases a person pays mortgage insurance until the mortgage is 20% paid, but in the teachers and health professionals program the mortgage insurance is paid until 35% of the mortgage is paid, as AHFC is taking an increased risk.

Representative Kelly wondered if the house went to another teacher when the teacher who bought the house through the program left. Mr. Butcher replied that the house returns to an all-new loan. Anyone could buy the house with the normal requirements.

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Representative Kelly wanted to know the differences between the program covered by HB 325 and the rural program Mr. Butcher had referred to earlier. Mr. Butcher said the two programs were often confused with one another as they were created at the same time. The program covered in HB 325 is not the rural program. The rural program helps rural communities recruit and retain teachers and health care professionals.

Representative Kelly referred to the handout listing houses in Aniak that were purchased through the HB 325 program ("Cumulative Purchases for Teacher/Nurse Option by Location," On File). He thought Aniak was a rural community. Mr. Butcher explained that the HB 325 program can be utilized by any community in the state.

Mr. Fauske interjected that AHFC learned that even though the HB 325 program could be used in rural communities, it rarely was. The HB 325 program is mainly used in urban communities. In many of rural situations, teachers and health care professionals are itinerant. The rural program specifically addresses grants and loans to regional housing authorities, village corporations and school districts. That program has been equally successful.

Representative Kelly wondered about asset quality monitoring. He stated he supported a sunset, especially if the category of eligible participants was broadening to people with less income. He also wanted delinquencies tracked.

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Vice-Chair Stoltze spoke regarding sunset length. Mr. Butcher thought longer would be more beneficial for AHFC but would understand if the Committee wanted a shorter sunset. Mr. Fauske agreed that longer would be better; in terms of market conditions he thought five to eight years would be optimal. Mr. Kapansky agreed that five to eight would work.

Co-Chair Meyer anticipated an amendment on the subject of sunset dates.

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Representative Crawford stated that he did not see a need for a cap on the salary level of a program participant. He had originally thought a cap was needed because of the shortage of teachers and nurses. He wondered if there were shortages in the expanded categories. Vice-Chair Stoltze said there were shortages.

Representative Crawford said he supported the program continuing with a sunset so that progress could be evaluated.

Mr. Fauske added that the current accelerated value in the real estate market makes it even more difficult for young workers to come up with a down payment. He thought the program has helped forestall the shortages of teachers and health professionals in the state.

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Representative Joule commented on the situation of the upcoming generation that cannot afford to buy a home. The whole issue has become the down payment, often putting parents in the position of having to pay it. He thought the program would make a huge difference to many people and would affect how committed they would be to a community. He supported the bill and said he was excited it will be expanded.

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Co-Chair Meyer opened public testimony. Seeing none, he closed public testimony.

Representative Hawker MOVED Conceptual Amendment #1 to HB 325.

Co-Chair Meyer OBJECTED for discussion purposes.

Representative Hawker described the conceptual amendment as putting a five-year reauthorization sunset on the bill. He stated that in his view, the sunset is not a sunset on the program. He intended the sunset to be a check on the management and operations of the program.

Co-Chair Meyer WITHDREW his OBJECTION.

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

[2:38:09 PM](#)

Representative Hawker noted for the record that the fiscal note is zero and does not require General Fund or other expenditures.

Co-Chair Chenault MOVED to report CSHB 325 (FIN) out of Committee with individual recommendations and with zero note #1.

CSHB 325 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Revenue.

[2:39:29 PM](#) AT EASE

[2:39:55 PM](#) RECONVENE

HOUSE BILL NO. 285

"An Act relating to an optional exemption from municipal property taxes for residences of widows and widowers of certain members of the armed forces of the United States; and providing that this Act may be known as the Sergeant Irving Hernandez, Jr., Act."

KAREN LIDSTER, STAFF, REPRESENTATIVE JOHN COGHILL, spoke regarding HB 285. She explained that the bill had been brought to Representative Coghill's office as a petition through Fairbanks North Star Borough. The widow of a soldier who wants to stay in the area was seeking assistance. House Bill 285 asks for an optional exemption from municipal property taxes for residences of widows and widowers of certain members of the armed forces of the United States.

Ms. Lidster referred to a sectional that shows a few of the changes that were made in the previous committee (On File). The specific name of the soldier was removed as well as language limiting time. The bill as it stands gives the municipality as much leeway as needed to decide whether to have the exemption and to set up application standards.

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Vice-Chair Stoltze wondered about the status of "missing in action but not declared dead" soldiers. Ms. Lidster said that had not been discussed during the review by Military and Veterans Affairs. Vice-Chair Stoltze voiced concerns about whether the language was broad enough.

Representative Hawker wondered if the language qualifications "armed forces of the United States" and "eligible for hostile fire or imminent danger pay" include all the people the sponsor intends to include. He asked if there were organizations that could be perceived as not being included. For example, would it include National Guard units detached and serving on active duty. Ms. Lidster said she would have that clarified.

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Representative Hawker wanted the language to include the exact meaning and scope intended. Vice-Chair Stoltze agreed with Representative Hawker regarding inclusiveness. He cited an example of a group that did not achieve veteran status until there was an act of Congress.

[2:49:04 PM](#)

Co-Chair Chenault opened public testimony.

SUSAN FERNANDEZ, SELF (TESTIFIED VIA TELECONFERENCE), spoke in support of HB 285. Ms. Fernandez identified herself as the widow of Sergeant Irving Hernandez, Jr., who was killed in Iraq on July 12, 2006. She described her financial difficulties after losing half their income. She wants to stay in Alaska with her children.

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Co-Chair Meyer closed public testimony.

Co-Chair Chenault wondered if the bill pertains to all military members killed in the line of duty going back to World War II, or if there is a cut-off date. His understanding was that the municipalities would set the parameters regarding who would qualify.

Representative Thomas wondered if a widow would lose the exemption through remarriage.

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REPRESENTATIVE JOHN COGHILL, SPONSOR, answered that details could be worked out in each community. He anticipated different communities would and should make different rules depending on local circumstances.

Representative Thomas referred to the case of a national guardsman who was killed in Iraq who had been living with a woman and their children and wondered if she would also be considered a widow. Representative Coghill answered that his intent in the bill was that whoever is entitled to survivor benefits under the law would be entitled to the tax exemption. Representative Thomas thought the point should be made on the floor.

Vice-Chair Stoltze reiterated that the program is optional.

[2:56:06 PM](#)

Co-Chair Chenault MOVED to report CSHB 285 out of Committee with individual recommendations and accompanying fiscal note #1. There being NO OBJECTION, it was so ordered.

CSHB 285 (CRA) was REPORTED out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Commerce, Community and Economic Development.

[2:58:07 PM](#)

HOUSE BILL NO. 65

"An Act relating to breaches of security involving personal information, credit report and credit score security freezes, consumer credit monitoring, credit accuracy, protection of social security numbers, care of records, disposal of records, identity theft, furnishing consumer credit header information, credit cards, and debit cards, and to the jurisdiction of the office of administrative hearings; amending Rule 60, Alaska Rules of Civil Procedure; and providing for an effective date."

Vice-Chair Stoltze MOVED to ADOPT work draft 25-LS0311\L, Bannister, 2/4/08. There being NO OBJECTION, it was adopted.

Representative Nelson asked if the Committee would be addressing amendments.

AT EASE: [2:59:09 PM](#)

RECONVENE: [3:00:14 PM](#)

[3:00:17 PM](#)

REPRESENTATIVE JOHN COGHILL, SPONSOR, provided an overview of the working sectional for House Finance on proposed changes to HB 65 (On File).

Title: Insert disclosure of permanent fund dividend applicant records on line 5 after administrative hearings.

Section 1 AS 40.21.110 Care of records - this sets out the ownership of public records and how they are to be managed from creation to disposal.

Section 2 AS 43.23.017 relates to the confidentiality of information on each permanent fund dividend application.

Section 3 AS 43.23.017 allows disclosure of the non-confidential applicant information to a business that is licensed under AS 43.70.020.

Section 4 AS 44.64.030(a) adds a new paragraph (35) AS 45.48.080(c) which is part of the new Chapter 48 Personal Information Protection Act.

Section 5 AS 45 is amended by adding a new chapter Personal Information Protection Act. This new chapter contains a total of seven (7) Articles with individual sections.

Article 1.

Breach of Security Involving Personal Information

Sec. 45.48.010 Disclosure of breach of security

Describes what a covered person who owns or [uses] licenses personal information must do in case of a breach of information.

This change makes it clear a covered person that owns or licenses information is responsible for disclosure and notification in case of a breach. Covered is described in Sec. 45.48.090 Definitions - to bring conformity to the meaning of person throughout Article 1.

Sec. 45.48.020 Allowable delay in notification

Describes reasons for delaying notification of a breach of information.

Sec. 45.48.030 Methods of notice

Describes the methods to be used to notify a person that there has been a breach of information. Lists exceptions to the methods

of notification relating to cost and number of consumers to be notified.

Sec. 45.48.040 Notification of certain other agencies

Describes when it is necessary to notify other consumer reporting agencies about a breach. There are exceptions to these requirements are also set out.

Sec. 45.48.050 Exception for employees and agents

Lists exceptions for acquisition of personal information by an employee or agent of an information collector.

Sec. 45.48.060 Waivers

No waivers of these sections are allowed.

Sec. 45.48.070 Treatment of certain breaches

A breach of information by an information recipient must be reported to the information distributor so they can comply with the notification requirements if the breach occurred to an information system maintained by the information distributor.

Sec. 45.48.080 Violations

Sets out fines for violations of 45.48.010-45.48.090 by a governmental agency that is an information collector, and information collectors who are not governmental agencies. Defines "governmental agency".

Sec. 45.48.090 Definitions

Defines the following terms:

(1)breach of the security;

(2) ["information collector"]

is replaced with: "covered person"

means a

(A) person doing business;

(B) a governmental agency; or

(C) a person with more than 10 employees

This new subsection (2) describes "covered person" and replaces information collector throughout Article 1.

(3) "governmental agency" means a state or local governmental agency, except for an agency of the judicial branch.

New definition because "governmental agency" is included in "covered person" it needs to be defined.

(4) "information collector" means a covered person who owns or licenses personal information in any form if the personal information includes personal information on a state resident. Changes in definition of "information collector" include "covered person" which is described in (2) above.

New subsection:

(7) "personal information"

Page 7, Line 23: Delete [address, or telephone number] after individuals name. Address and telephone number are deleted because this information is readily available in public records.

Page 7, Line 31 to

Page 8, Lines 1 - 7 Add (iii) except as provided in (iv) of this subparagraph, the individual's account number, credit card number, or debit card number;

(iv) if an account can only be accessed with a personal code, the number in (iii) of this subparagraph and the personal code; in this sub-subparagraph, "personal code" means a security code, an access code, a personal identification number, or a password;

(v) passwords, personal identification numbers, or other access codes for financial accounts.

These changes were made to make it clear what information and combinations of information is considered personal information. The combination of numbers, codes, cards, etc. if breached would be cause for notification to an individual. Adding in access codes and PIN numbers, tightened down the requirement on information breach notification requirements.

Article 2.

Credit Report and Credit Score Security Freeze

Sec. 45.48.100 Security freeze authorized
Rights of consumers to prohibit release of their personal information.

Sec. 45.48.110 Placement of security freeze
(a)(1) by [certified] mail
Sets out procedures for a consumer to request a consumer credit reporting agency to freeze their information.

Page 8, Line 15 Remove requirement that request for freeze be made by certified mail.

Sec. 45.48.120 Confirmation of security freeze

Describes the responsibility of the consumer credit reporting agency to notify the consumer when a security freeze has been placed.

Sec. 45.48.130 Access and actions during security freeze

Describes how a consumer can allow access to their information by a third party when a security freeze is in place; timeframe for the consumer credit reporting agency to respond, how an insurer is to treat a consumer's application if a security freeze prevents access to the consumer's information, and what changes are allowed when a security freeze is in place, and notification requirements. Defines "official information" and "technical change".

Page 9, Line 27, 28 (d) [immediately] to 15 minutes;

Change from immediately to 15 minutes was a more reasonable response time.

Sec. 45.48.140 Removal of security freeze

Sets out procedure for removing a security freeze, how the request for the freeze is to be made, how the consumer credit reporting agency shall respond, and what identifiers are necessary to remove the freeze.

Page 11, Line 22 (b) [immediately] to within three days.

Change from immediately to within three days was a more reasonable response time.

Sec. 45.48.150 Prohibition

Sets out guidelines for reporting to third parties when a security freeze is in place.

Sec. 45.48.160 Charges

Charges to a consumer regarding security freezes.

Sec. 45.48.170 Notice of rights

Additional notices to be given when a consumer is provided a summary of rights under the Fair Credit Reporting Act (FCRA). Caution is given that a security freeze may prohibit the timely approval of subsequent requests or transactions.

Page 13, [rental housing, employment, an investment, a license, a digital signature]

Page 14, Line 17 Internet credit card [transaction] application, an extension of credit at point of sale, and other items and services.

Specific items were deleted because they are exceptions to a security freeze in other sections. Application was substituted for transaction for clarification that a freeze does not stop a person from making purchases with their card.

This section also advises the individual that there may be charges for lifting a freeze after the person has used their two free lifts.

Page 14 - Lines 9 - 11 [Under some circumstances] After the first two requests in a year the consumer credit reporting agency may charge you \$2 to temporarily lift the freeze. This change lets an individual know that the CRA may charge \$2 to lift a freeze after the 2 free lifts. Deleted "Under some circumstances to remove ambiguity of when the charges might be applied, but gives the CRA some latitude as to whether or not they want to charge for additional lifts.

Sec. 45.48.180 Notification after violation
Describes the notice required if a consumer credit reporting agency violates a security freeze. The timeframe to report the violation is within five business days after:

Page 14, Line 28 insert discovering the release.

Inserted the word discovering for clarification that a violation may have occurred but until it is discovered he CRA can not be expected to give notice.

Sec. 45.48.190 Resellers
Requires that a consumer credit reporting agency acting as a reseller honor a security freeze that is placed by another consumer reporting agency.

Sec. 45.48.200 Violations and penalties
Describes the rights of a consumer who suffers damages as a result of a breach of their personal information.

Page 15, Lines 7 - 10 [actual damages, including loss of wages, and when applicable, damages for pain and suffering;] may recover actual economic damages, court costs allowed

by the rules of court, and full reasonable attorney fees.

These changes reflect the penalties allowed throughout the Act. The individual has the right to recover actual economic damages, court costs and attorney fees.

Sec. 45.48.210 Exemptions

Lists exemptions to the use of credit information when a security freeze is in place. The exceptions in Page 16, Line 26 (b) do not apply to a person [who acts] when acting only as a reseller of consumer information.

A person may wear many "information" hats. This change makes it clear that exemptions do not apply when a person is acting as a reseller, which is narrower than who acts.

Sec. 45.48.290 Definitions

Defines the following terms: account review; consumer; consumer credit reporting agency; reseller of consumer information; security freeze; third party.

Article 3.

Protection of Social Security Number

Sec. 45.48.400 Use of social security number
Sets out guidelines for handling a person's social security number.

Sec. 45.48.410 Request and collection
Sets out prohibitions and exemptions for requesting or collecting an individual's social security number.

(b)(1) if the person is expressly authorized by local, state, or federal law, including a regulation adopted under AS 45.48.470, to demand proof of the individual's social Security number, to

Page 18, Line 26 request or collect the individual's social security number

(5) if the request or collection is for a background check on the individual, law enforcement

Page 19, Line 12 or other government purposes or the individual's

(6) if the

Page 19, Line 14 [disclosure] request or collection does not have independent economic value,

The changes shown above protect those individuals required to collect a social

security number. Disclosure is deleted as this section is not dealing with disclosure of SSN.

Sec. 45.48.420 Sale, lease, loan, trade, or rental

Prohibitions and exemptions regarding third party use of social security numbers.

Page 19, Lines 27 - 29 (c) Nothing in this section prevents a business from transferring social security numbers to another person if the transfer is part of the sale or other transfer of the business to the other person. This new subsection allows the sale or transfer of a business that owns or possesses social security numbers.

Sec. 45.48.430 Disclosure

Prohibitions and exemptions regarding disclosure of social security numbers to third parties.

(b)(5) the disclosure is for a background check on the individual, law enforcement

Page 20, Line 21 or other government purposes or the individual's employment, including employment benefits.

Or other government is included for consistency with Sec. 45.48.410 and for protection when performing duties that include disclosure.

Sec. 45.48.440 Interagency disclosure

Describes when and to whom disclosure is authorized.

Sec. 45.48.450 Exception for employees, agents, & independent contractors

Describes when and to whom disclosure is authorized.

Sec. 45.48.460 Employment-related exception

Describes when use of a social security number should not be restricted.

Sec. 45.48.470 Agency regulations

Procedures for adopting regulations necessary for a state agency to carry out their duties and responsibilities.

Sec. 45.48.480 Penalties

Rights of the state and individuals against persons that knowingly violate these sections and what damages and attorney fees may be

recovered. For consistence with other sections that deal with penalties - insert Page 22, Line 4 economic after actual.

Article 4.
Disposal of Records

Sec. 45.48.500 Disposal of records
This sets out the measures to be followed when disposing of records which contain personal information.

Sec. 45.48.510 Measures to protect access.
Describes the measures that may be taken to comply with Sec. 45.48.500 (above).

Sec. 45.48.520 Due diligence
Lists procedures that if performed show due diligence.

Sec. 45.48.530 Policy and procedures
A business or governmental agency shall adopt written policies and procedures relating to records disposal.

Sec. 45.48.540 Exemptions
Compliance to these sections is not required if a government agency or business is required by federal law to act in another way, or the business is subject to and in compliance with GLBA, or FCRA.

Sec. 45.48.550 Civil penalty
Liability to the state by an individual, business, or governmental agency for violations of these sections.

Sec. 45.48.560 Court action
Page 24, Lines 1 - 4 actual economic damages court costs allowed by the rules of court, and full reasonable attorney fees.
These changes are made to this section consistent with court actions and penalties throughout the Act.

Sec. 45.48.590 Definitions
Defines the following terms: business; conducts business; possesses; dispose; governmental agency; personal information; records.

(4) "personal information" means
Page 25, Line 2 (B)(i) name, [address, or telephone number] and.

This change will make the definition of "personal information" consistent by removing address and telephone number.

Article 5.
Factual Declaration of Innocence
after Identify Theft,
Right to file Police Report
Regarding Identity Theft

Sec. 45.48.600 Factual declaration of innocence after identity theft
Describes the conditions that should exist in order for an individual to petition the superior court for a determination of innocence of a crime involving the theft of their identity.

Sec. 45.48.610 Basis for determination
Lists the type of information that may be made part of the record for the court to make a determination of factual innocence.

Sec. 45.48.620 Criteria for determination; court order
Sets the criteria that the court may use to determine a victim's factual innocence.

Sec. 45.48.630 Orders regarding records
Describes what the court may order regarding the disposition of incorrect records regarding a victim of identity theft.

Sec. 45.48.640 Vacation of determination
States that a court order may be vacated if there has been a misrepresentation of the material.

Sec. 45.48.650 Court form
Development of a form to be used under 45.48.620

Sec. 45.48.660 Data base
This section allows the establishment and maintenance of a data base of victims of identity theft, and who has authorization to the information.

Sec. 45.48.670 Toll-free telephone number
Establishes a toll-free number that accesses the information in the data base established in 45.48.660.

Sec. 45.48.680 Right to file police report regarding identity theft
Sets out rights of an individual to file a police report if they suspect they are a victim of identity theft, and the responsibility of a law enforcement agency to make the report even if they do not have jurisdiction.

Sec. 45.48.690 Definitions
Defines the following terms: crime, department, identity theft, perpetrator, and victim.

Article 6.
Truncation of Card Information

Sec. 45.48.750 Truncation of card information
Describes limits on a business regarding the printing of credit or debit card numbers and the exceptions depending on whether the receipt is produced electronically or is handwritten or imprinted. Sale of devices that print more than the last four digits on a consumer receipt for a credit or debit card transaction is not allowed. Also sets out civil action that an individual can take, and civil penalty to the state. It also describes credit, credit card, debit card, and knowingly.

Page 28, Line 1 may recover actual economic damages, [or \$5,000, which ever is greater]
These changes keep the civil action damages consistent throughout the Act.

Article 7.
General Provisions

Sec. 45.48.990 Definitions
Provides definitions of terms.

Sec. 45.48.995 Short Title
Alaska Personal Information Protection Act.

Page 29, Line 17 deleted AS 45.48.750 is amended by adding a new subsection (f).
This subsection was included in Article 6 Truncation of Card Information - Page 27, Lines 28-30, subsection (c).

New Section 6
Page 29, Lines 17 - 24 AS 45.50.471(b) is amended by adding a new paragraph (53) (A) and (B).

Section 7 The uncodified law of the State of Alaska is amended by adding a new section to read:

INDIRECT COURT RULE AMENDMENTS

- (a) AS 45.48.640 changes Rule 60(b) Rules of Civil Procedure effecting AS 45.48.640.
- (b) AS 45.48.640(b) changes Rule 82, Rules of Civil Procedure effecting AS 45.48.480(b).

NEW SECTION:

Section 8 - TRANSITION: REGULATIONS. A state agency may proceed to adopt regulations necessary to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulation.

Section 9 AS 45.48.470 enacted by Sec. 5 of this Act; takes effect immediately under AS 01.10.070(c).

Section 10 Section 8 of this Act takes effect immediately under AS 01.10.070(c).

Section 11 Except as provided by secs. 9 - 10 of this Act, this Act takes effect January 1, 2009.

[3:19:22 PM](#)

Representative Coghill noted that the bill's sponsors had worked with State agencies regarding penalties and provisions, and have strongly encouraged the agencies to protect information. He acknowledged that many procedures have already changed.

[3:22:30 PM](#)

Co-Chair Meyer said there were amendments to the bill that would be proposed. He asked if there were questions based on the changes proposed in the working sectional.

Representative Hawker commented that a number of his previous concerns had been addressed. He wondered if consensus had been reached regarding the whole.

[3:23:48 PM](#)

Representative Coghill thought that aside from policy calls that he could not agree with, most concerns had been

addressed. He pointed out that the bill proposes a SSN protection scheme that is probably the toughest in the nation and he thought there would be some opposition. As far as the freeze goes, the bill is well within national limits. Truncation is less of an issue. He listed some of the problems insurance companies and doctors had with the bill and added that those problems are connected with billing issues and not identification purposes.

Representative Hawker wondered if all of his concerns related to notification by email had been addressed.

[3:26:30 PM](#)

Representative Coghill responded that the sponsors thought mail would be the best form of notification. He thought there might be some discussion about whether the protection requirement should apply to both paper and electronic records.

Representative Gara said the issue of the form of notification is addressed by the bill. When a company has personal financial information that is accidentally released to the public, if a very large number of people are affected, the company can notify by email. If the number of people affected is a smaller number, the company has to send a letter.

Representative Hawker said he was comfortable with the approach.

[3:29:08 PM](#)

HB 65 was heard and HELD in Committee for further consideration.

ADJOURNMENT

The meeting was adjourned at 3:29 PM.