

**ALASKA STATE LEGISLATURE  
HOUSE STATE AFFAIRS STANDING COMMITTEE**

February 9, 2008

11:09 a.m.

**MEMBERS PRESENT**

Representative Bob Roses, Vice Chair  
Representative John Coghill  
Representative Kyle Johansen  
Representative Craig Johnson  
Representative Andrea Doll

**MEMBERS ABSENT**

Representative Bob Lynn, Chair  
Representative Max Gruenberg

**COMMITTEE CALENDAR**

HOUSE BILL NO. 277

"An Act establishing a permanent absentee voting option for qualified voters."

- MOVED CSHB 277(STA) OUT OF COMMITTEE

HOUSE BILL NO. 287

"An Act relating to certain investments of the Alaska permanent fund, the state's retirement systems, the State of Alaska Supplemental Annuity Plan, and the deferred compensation program for state employees in companies that do business in Sudan, and restricting those investments."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 277

SHORT TITLE: PERMANENT ABSENTEE VOTING

SPONSOR(s): REPRESENTATIVE(s) BUCH, LYNN, HOLMES, CHENAULT, GRUENBERG

01/04/08	(H)	PREFILE RELEASED 1/4/08
01/15/08	(H)	READ THE FIRST TIME - REFERRALS
01/15/08	(H)	STA, FIN
02/02/08	(H)	STA AT 11:00 AM CAPITOL 106
02/02/08	(H)	-- MEETING CANCELED --

02/09/08 (H) STA AT 11:00 AM CAPITOL 106

BILL: HB 287

SHORT TITLE: DIVEST INVESTMENTS IN SUDAN

SPONSOR(S): REPRESENTATIVE(S) LYNN, GARA

01/04/08 (H) PREFILE RELEASED 1/4/08  
01/15/08 (H) READ THE FIRST TIME - REFERRALS  
01/15/08 (H) STA, FIN  
02/02/08 (H) STA AT 11:00 AM CAPITOL 106  
02/02/08 (H) -- MEETING CANCELED --  
02/09/08 (H) STA AT 11:00 AM CAPITOL 106

**WITNESS REGISTER**

REPRESENTATIVE BOB BUCH  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 277 as joint prime sponsor.

GAIL FENUMIAI, Director  
Division of Elections  
Office of the Lieutenant Governor

**POSITION STATEMENT:** Answered questions during the hearing on HB 277.

LARRY BENSON, President  
American Postal Workers Union AFL-CIO  
Midnight Sun Area Local 2756  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 277.

DORSEY ROLAND, National Association of Letter Carriers  
Eagle River, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 277.

DIRK MOFFATT, Staff  
Representative Bob Lynn  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 287 on behalf of Representative Lynn, co-prime sponsor.

REPRESENTATIVE LES GARA  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As co-prime sponsor, provided comments during the hearing on HB 287.

KELLY NIXON

Anchorage, Alaska

**POSITION STATEMENT:** Testified on behalf of herself during the hearing on HB 287.

TAMAR SHAI

(No address provided)

**POSITION STATEMENT:** Testified on behalf of herself during the hearing on HB 287.

MAX CROES, Divestment Associate  
Genocide Intervention Network (GI-Net)  
Washington, D.C.

**POSITION STATEMENT:** Testified on behalf of GI-Net during the hearing on HB 287.

NINA McMURRY, Divestment Analyst  
Genocide Intervention Network (GI-Net)  
Washington, D.C.

**POSITION STATEMENT:** Provided information during the hearing on HB 287, on behalf of GI-Net.

LAUREN TIBBETTS-TRAVIS, President  
Students Taking Action Now: Darfur (STAND)  
Juneau, Alaska

**POSITION STATEMENT:** Testified on behalf of STAND during the hearing on HB 287.

MICHAEL SCHULDINER, Member  
Representative Assembly of United Academics  
American Association of University Professors/American  
Federation of Teachers (AAUP/AFT)  
Local 4996  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified on behalf of AAUP/AFT during the hearing on HB 287.

PATRICIA MOSS  
Juneau, Alaska

**POSITION STATEMENT:** Testified on behalf of herself in support of HB 287.

ROGER A. SEVERSON  
Douglas, Alaska

**POSITION STATEMENT:** Testified on behalf of himself in support of HB 287.

LINDA LAYFIELD  
Douglas, Alaska

**POSITION STATEMENT:** Testified on behalf of herself in support of HB 287.

JOYANNE BLOOM, Board Member  
American Jewish World Service  
Juneau, Alaska

**POSITION STATEMENT:** Testified on behalf of the American Jewish World Service during the hearing on HB 287.

ASHLEY STRALEY  
(No address provided)

**POSITION STATEMENT:** Testified on behalf of herself in support of HB 287.

MICHAEL J. BURNS, Executive Director  
Alaska Permanent Fund Corporation  
Department of Revenue  
Juneau, Alaska

**POSITION STATEMENT:** Testified on behalf of the corporation during the hearing on HB 287.

LAURA ACHEE, Director of Communications  
Alaska Permanent Fund Corporation  
Department of Revenue  
Juneau, Alaska

**POSITION STATEMENT:** Provided clarification on behalf of the corporation during the hearing on HB 287.

BRIAN ANDREWS, Deputy Commissioner  
Treasury Division  
Department of Revenue

**POSITION STATEMENT:** Testified on behalf of the department during the hearing on HB 287.

#### **ACTION NARRATIVE**

**VICE CHAIR BOB ROSES** called the House State Affairs Standing Committee meeting to order at [11:09:01 AM](#). Representatives Coghill, Johansen, Johnson, Doll, and Roses were present at the call to order.

VICE CHAIR ROSES reported on the health of the committee chair.

HB 277-PERMANENT ABSENTEE VOTING

11:10:27 AM

VICE CHAIR ROSES announced that the first order of business was HOUSE BILL NO. 277, "An Act establishing a permanent absentee voting option for qualified voters."

11:10:37 AM

REPRESENTATIVE JOHNSON moved to adopt the committee substitute (CS) for HB 277, Version 25-LS1095\E, Bullard, 1/25/08, as a work draft. [No objection was stated, and Version E was treated as before the committee.]

11:11:03 AM

REPRESENTATIVE BOB BUCH, Alaska State Legislature, introduced HB 277 as joint prime sponsor. He said the proposed legislation would create a permanent absentee voting option for Alaskan voters, whereby an absentee ballot would be sent to anyone who applied for permanent absentee voting status. The voter would not have to reapply for an absentee ballot for every election, but would only have to apply once. The intent of the bill is to make voting more convenient for Alaskans, many of whom have seasonal jobs in the fishing and mining industries or on the North Slope. Those people would have the comfort of knowing that they would receive their ballot in the mail and be able to vote, no matter where they are, he said. Furthermore, HB 277 would streamline the absentee voting process for the Division of Elections by cutting down on paperwork and administrative costs.

REPRESENTATIVE BUCH reported that permanent absentee voting has gaining popularity all over the country; currently eight states allow it, while 21 other states have some version of it, for example, no-excuse absentee balloting or mandatory vote by mail systems. He specified that HB 277 would facilitate absentee voting only for those voters who choose it. Voters would still have the option of requesting a one-time absentee ballot, and they could also choose to vote at their regular polling place.

REPRESENTATIVE BUCH said HB 277 would not change any of the existing statutes that govern absentee balloting, except to provide for a permanent option. He indicated that the same statutes that currently govern regular absentee ballot use would extend to govern permanent absentee ballots. The bill would

apply only to state elections - not local elections. The proposed legislation would take effect [January 1], 2009. He relayed that HB 277 is supported by the Division of Elections, whose representatives are on hand to answer questions related to the absentee process and how this option would be implemented. The bill also has the support of the U.S. Postal Service and postal carriers, who are available via teleconference for comment. Furthermore, HB 277 has bi-partisan support. He urged the committee to support the bill.

[11:13:59 AM](#)

REPRESENTATIVE BUCH, in response to a question from Representative Johansen, described the current process by which a person votes absentee. In response to a follow-up question, he indicated that Alaska does not have a [mandatory] mail-in ballot system, although some states are moving in that direction. He said, "This, by increment, gives us an opportunity to look at this system and see if it's something that we would approve of and will work here. And so, slowly, by giving voters options, we may eventually get there - I don't know."

REPRESENTATIVE JOHANSEN said he is curious whether "we're inching towards that sort of a system."

REPRESENTATIVE BUCH responded, "This is just another option."

[11:15:40 AM](#)

REPRESENTATIVE DOLL turned to information included in the committee packet [on page 3 of a 14-page handout of information compiled by Project Vote], which read: "When fraud is found, absentee ballots are often indicated." She paraphrased the ensuing information, which read [original punctuation provided]:

Absentee ballot fraud takes four general forms, (1) forging signatures or signing fictitious names; (2) coercing or influencing a vote; (3) vote buying; and (4) misappropriating absentee ballots. Absentee ballot fraud by members of both major political parties has been substantiated in several high-profile civil and criminal cases.

REPRESENTATIVE DOLL asked Representative Buch for his comments.

[11:16:33 AM](#)

REPRESENTATIVE BUCH noted that there is testimony to that effect available from those who are caretakers of "those security issues," and he deferred comment to them.

[11:17:01 AM](#)

VICE CHAIR ROSES asked what kind of safeguards are in place to prevent a situation in which a person might mail his/her absentee ballot early, forget it has been done, and go to the polling place to vote, thereby inadvertently voting twice.

[11:17:38 AM](#)

REPRESENTATIVE BUCH said there is a security system currently in place throughout the Division of Elections that allows duplicate votes to be found; however, he said he does not know the exact procedure involved. He said other options, such as voting at a polling place and voting absentee in front of a registrar, would not be precluded because of this option.

[11:18:24 AM](#)

VICE CHAIR ROSES asked if, under the bill, a person who is signed up for permanent absentee voting and then chooses another option of voting would have to sign up again for the permanent absentee voting.

[11:18:37 AM](#)

REPRESENTATIVE BUCH offered his understanding that the answer to that question is no; however, he said he would like confirmation from someone from the Division of Elections.

[11:19:09 AM](#)

GAIL FENUMIAI, Director, Division of Elections, confirmed that the division supports HB 277 and that there would be no fiscal impact on the division for implementing the proposed process. She said the division currently has a strong absentee by mail program. In the 2004 election, she noted, over 71,000 people voted using one form of absentee voting or another. She recollected that the division processed over 50,000 by mail applications during the 2004 presidential election. In response to a question from Representative Coghill, she said she does not have statistics regarding the number of voters whose addresses have changed since applying resulting in returned mail to the

division. She stated, "I believe the way the bill is drafted, that if we mail a ballot to a voter who wants to be a permanent absentee voter and it comes back undeliverable, we would cease mailing any future ballots to that voter until they notify us ... of a different ballot mailing address."

[11:21:14 AM](#)

REPRESENTATIVE COGHILL said an essential factor in considering the proposed legislation would be the federal requirement related to maintaining and purging a voter list. He asked if there have been any problems to date regarding the credentialing of absentee voters, and whether the proposed legislation would create further problems related to the definitive identity of those filling out the absentee vote.

MS. FENUMIAI said currently a person must provide some form of identification in his/her by mail application, such as the last four digits of the social security number, date of birth, driver's license, state identification number, and he/she must sign an oath regarding identity. Furthermore, when the voter votes that ballot, it must be witnessed by somebody who is authenticating that that person is really the person who is signing the open affidavit on the back of that envelope. She said the process would not change because of HB 277.

[11:22:36 AM](#)

REPRESENTATIVE COGHILL emphasized the importance of trying to second-guess how someone could scam the process. He said he likes the idea, but even in open and absentee voting, where voters self-identify, there is the opportunity for fraud, such as using someone else's identity. He said voting in person increases the chances to ensure authenticity.

[11:23:31 AM](#)

REPRESENTATIVE BUCH responded, "This isn't the first time this has been put in effect; there is some history on this ...." He said he shares Representative Coghill's concern regarding fraud.

[11:24:08 AM](#)

REPRESENTATIVE COGHILL asked if a cross-check system is already in place.

[11:24:24 AM](#)

MS. FENUMIAI responded that the same procedures used now for the annual vote by mail applications would be applied to the permanent absentee voter. She said there are currently statutes on the books regarding voter fraud, including related penalties.

[11:25:04 AM](#)

REPRESENTATIVE COGHILL commented that he could buy the division's list [of addresses] for those voters in his district and mail something to everyone on that list, and he would anticipate receiving 30 percent of that mailing returned "undeliverable." He said that is a problem.

[11:25:30 AM](#)

MS. FENUMIAI responded that the onus would be on the voter to provide an updated address, and if it was a new permanent mailing address, the division would make that correction on its voter registration records. She said the absentee by mail application serves a dual purpose; it is an initial registration form and source for updating any information on the voter's current voter's registration record.

[11:26:00 AM](#)

REPRESENTATIVE DOLL asked how long it takes the division to conduct a crosscheck.

[11:26:26 AM](#)

MS. FENUMIAI explained that when the division reviews the ballots, it would note in its system if a person had already voted through an early voting process, and the ballot would not be counted. In response to a question from Representative Doll regarding military ballots, she explained that currently military and overseas citizens have the option to apply to vote by mail and have a ballot sent to them for the next two general elections. She offered her understanding that that law changed in 2006. The onus is still on the voter to let the division know that he/she has a new ballot mailing address. She stated, "This would be a further extension of that, and it would put them on as a permanent absentee voter indefinitely." She said she does not know how the division could simplify the process to make it easier on the voter.

[11:28:56 AM](#)

MS. FENUMIAI, in response to a question from Representative Johnson, stated her understanding that 71,000 people voted in one form of absentee voting in the 2004 presidential election. In response to a follow-up question, she said she does not know how many absentee by mail forms were sent out, but she said she could find out.

REPRESENTATIVE JOHNSON confirmed that he would like to know the answer.

[11:29:36 AM](#)

MS. FENUMIAI, in response to Representative Johnson, offered her understanding that if a voter does not make an attempt to vote in any form in two election cycles, the division sends notification that he/she will be removed from the list of voters.

[11:30:14 AM](#)

REPRESENTATIVE JOHNSON remarked that he thought "it was much more difficult than that." He asked how many years there are in two election cycles.

[11:30:24 AM](#)

MS. FENUMIAI said she believes that would be a 4-year cycle. She said she would like to look up the statute and provide further information.

[11:30:34 AM](#)

REPRESENTATIVE JOHNSON asked if a voter on the permanent absentee voting list, as proposed by the bill, would be removed from the list if he/she did not vote [for two election cycles].

[11:30:56 AM](#)

MS. FENUMIAI responded that she does not believe so, because that voter would have maintained a form of contact by indicating that he/she wished to be a permanent absentee voter; however, she suggested the need for legal interpretation.

[11:31:12 AM](#)

REPRESENTATIVE JOHNSON asked for clarification that if he were to apply [for permanent by mail voting], he could never be taken off the list of voters.

[11:31:18 AM](#)

MS. FENUMIAI said she needs to look at the list maintenance laws to confirm that. She suggested that the bill sponsor may wish to consult with Legislative Legal and Research Services.

[11:31:32 AM](#)

REPRESENTATIVE JOHNSON remarked that there are places where voting turnout is low. He expressed concern regarding adding people to a list off which their names can never be taken. He said, "There's going to come a point where it's just not going to function well for us to know what we're doing as a democracy."

[11:32:22 AM](#)

MS. FENUMIAI told the committee that she had just been supplied with the applicable statute, which read as follows:

Sec. 15.07.130. Voter registration list maintenance.

(a) Periodically, at times of the director's choosing, but no less frequently than in January of each calendar year, the director shall examine the master register maintained under AS 15.07.120 and shall send, by nonforwardable mail to the voter's registration mailing address, a notice requesting address confirmation or correction to each voter

(1) whose mail from the division has been returned to the division in the two years immediately preceding the examination of the register;

(2) who has not contacted the division in the two years immediately preceding the examination of the register; or

(3) who has not voted or appeared to vote in the two general elections immediately preceding the examination of the register.

(b) If a registered voter has not, within the preceding four calendar years, contacted the division and has neither voted nor appeared to vote in a local, regional school board, primary, special, or general election during the last four calendar years and a notice sent to the voter under (a) of this section was

returned as undeliverable, the voter shall be advised by a notice sent by forwardable mail to the voter's last known address that registration will be inactivated unless the voter responds to the notice no later than 45 days after the date of the notice sent under this section. The director shall maintain on the master register the name of a voter whose registration is inactivated. The director shall cancel a voter's inactive registration in accordance with the procedures set out in 42 U.S.C. 1973gg-6 (sec. 8, National Voter Registration Act of 1993) after the second general election that occurs after the registration becomes inactive if the voter does not contact the division or vote or appear to vote.

MS. FENUMIAI offered her understanding that the list that a legislator has access to is one showing only active voters.

[11:33:54 AM](#)

REPRESENTATIVE JOHNSON concluded that the bill would not really create a permanent list.

[11:34:10 AM](#)

MS. FENUMIAI indicated that that appears to be the case.

[11:34:35 AM](#)

REPRESENTATIVE JOHANSEN asked what percentage of voters has utilized absentee voting in the last couple elections.

[11:34:52 AM](#)

MS. FENUMIAI said other than the aforementioned number of approximately 50,000 people who applied to vote by mail in 2004, she does not know the return rate or how the overall percentage equates in terms of those who vote in person at the polling locations.

[11:35:12 AM](#)

REPRESENTATIVE JOHANSEN drew attention to [page 6 of the aforementioned Project Vote handout] and noted that eight states are listed as having ["Permanent No Fault Absentee" voting]. He said he is trying to figure out how many Alaskans are voting absentee currently and what sort of impact [HB 277 would have on

that number]. He said the possibility of a considerable increase in the number of people who vote through the absentee by mail process leads to concern regarding security measures and how the division would keep an accurate list. He asked Ms. Fenumiai if she has studied "the other states" in terms of how they "handle the questions" that [Representatives Coghill and Johnson] have put forth thus far.

[11:36:22 AM](#)

MS. FENUMIAI answered that she has not seen the list of "other states," but would definitely look into the matter.

[11:36:33 AM](#)

REPRESENTATIVE JOHANSEN said he would like to understand how other states function that have "very high levels of doing this method," rather than leaving it to the Division of Elections to figure the matter out on its own.

[11:37:06 AM](#)

REPRESENTATIVE BUCH offered his understanding that [included in the committee packet] there is testimony related to this concern from the postal service, and that testimony would provide answers to some of the previously stated questions.

[11:37:29 AM](#)

MS. FENUMIAI asked for confirmation that the aforementioned eight states are "permanent ... by mail voting only." She said the bill's proposal differs from a system that has all by mail elections. She pointed out that Oregon is a state that requires every voter to vote by mail. The proposed legislation would give the option for a person to apply only once if he/she wanted to vote by mail.

[11:38:08 AM](#)

REPRESENTATIVE JOHANSEN admitted that he does not know the definition of permanent no fault absentee voting, but reiterated his wish for studies to be done to learn about the processes of other states, as well as to anticipate how the change will affect Alaska's system.

[11:39:01 AM](#)

REPRESENTATIVE JOHNSON asked how many people were deleted from the list of voters since the last two presidential cycles.

[11:39:30 AM](#)

MS. FENUMIAI said she would get that statistic for the committee.

[11:39:47 AM](#)

REPRESENTATIVE BUCH said, "The hope ... of the other states was that this would improve voter participation." He said Oregon, the only state to currently have [required] voting by mail, has close to an 80 percent voting rate. He continued:

Now, this process here hasn't had the same kind of response, and even though it gave a certain level of convenience and added that, they haven't seen the increments, even though that was the hope. So, being realistic with this, I also have to report what's in your packet, that it doesn't testify to that fact that it has increased the participation to the extent that people had wished.

[11:40:50 AM](#)

REPRESENTATIVE JOHNSON asked Ms. Fenumiai to confirm that there would be no additional cost incurred if the bill is passed.

[11:41:10 AM](#)

MS. FENUMIAI suggested perhaps the fiscal note should have been an indeterminate fiscal note. She said, "Many of these people may be those who apply and vote every year anyway. It's very difficult to gauge, I believe, how much this will increase the by mail voting program."

[11:41:35 AM](#)

REPRESENTATIVE JOHNSON noted that the bill would be heard by the House Finance Committee.

[11:41:43 AM](#)

LARRY BENSON, President, American Postal Workers Union AFL-CIO, Midnight Sun Area Local 2756, said state election ballots would be sent indefinitely to the homes of those voters who had

registered as permanent absentee voters. The safeguard built in to HB 277, he said, is the requirement that permanent absentee voters vote in every election. Mr. Benson stated his understanding that when a permanent absentee voter fails to vote in any election, that voter's name would be removed from the list of permanent absentee voters and he/she would no longer receive a ballot in the mail in the future. However, he noted that the bill would also allow the permanent absentee voter who has been removed from the list of permanent absentee voters to reregister. Permanent absentee ballots would not be forwarded to a voter's new address. He said, "In the case of a voter moving to a new home location, the postal service would return those ballots to the Division of Elections for final determination." The voter, after moving, would be allowed to reregister for permanent absentee voter status. He said that would give the division the ability to clean up the list of voters.

[11:44:02 AM](#)

MR. BENSON stated that the Postal Inspection Service and the Office of the Inspector General are the law enforcement divisions within the postal service, and both agencies have a high conviction rate related to all criminal mail matters. Regarding on-time delivery, Mr. Benson described the postal service as a professional delivery service with over 200 years of experience in sortation and the delivery of mail. Furthermore, he said the postal service has no problem with high volumes of First Class mail that must be processed within a deadline. He offered federal income tax season mail as an example. At present, the postal service in Alaska has an on-time delivery rating of 96.15 percent.

MR. BENSON, regarding voter turnout, said in the state of Oregon, where it is mandatory to vote by mail, and where voter turnout has increased, vote by mail has an 81 percent approval rating. He stated that offering permanent absentee vote by mail in Alaska will increase voter turnout, although it is hard to gauge what that increase will be. In Alaska, absentee votes will be beneficial to many of the state's citizens who work in areas away from the polling places, such as working parents, the elderly, and the disabled.

MR. BENSON said the states of Washington, Oregon, and California report a savings in the cost of elections through the use of vote by mail, and he predicted Alaska will also experience a cost savings. He stated that permanent absentee vote by mail

would provide greater procedural integrity; there would be a paper trail for each vote cast, unlike electronic voting machines, which are susceptible to computer hackers. Vote by mail has shown no increase in voter registration fraud, despite 19 different states having used it in at least one election, he reported. Furthermore, he cited, "There are no reports that indicate that permanent absentee vote by mail has any direct or indirect effect on partisan composition of the electorate."

MR. BENSON named some benefits of permanent absentee by mail voting. First, receiving a ballot in the mail two weeks before an election reminds the voter that an election is imminent. Second, it allows voters to research candidates and issues and vote at their convenience. Furthermore, it would eliminate decisions within the voting booth. Mr. Benson stated:

The American Postal Workers Union brings this bill forward to ensure that all Alaskans have equal access to voting, and for all the other reasons I presented here, I ask you for your support of passing HB 277.

[11:47:50 AM](#)

MR. BENSON, in response to a question from Representative Doll, said if a person moves out of state and has a forwarding address on file with the postal service, a ballot that was sent out would be returned to the Division of Elections, because it cannot be forwarded.

[11:48:53 AM](#)

MS. FENUMIAI confirmed that the outgoing envelope in which a ballot is sent has written instructions on it that let the postal service know that the mail is not forwardable.

[11:49:15 AM](#)

DORSEY ROLAND, National Association of Letter Carriers, acknowledged the previously stated concerns regarding how the proposed bill would function. He said the bill merely proposes that voters, who are already allowed to vote by mail, be allowed the option of making their absentee by mail voting method permanent. It would provide "an ease for the voter" and cut down on some of the paperwork that must be done by the Division of Elections. Mr. Roland said when a voter provides an application to the division, he/she provides proof of identity and a signature for verification. When a ballot is mailed into

the division, it is verified by that signature. By doing this, the division is creating a verifiable paper trail. He said, "It definitely doesn't produce any missing ballots." He said Oregon has not had any instances of fraud [related to the vote by mail system]. In fact, such a system helps to purge a voting list, which results in a truer figure of the percentage of the voter turnout in elections. He stated that he is not certain how that happens but could "track that information down" for the committee. Mr. Roland said he looks at HB 277 as a way to increase voter turnout.

[11:53:16 AM](#)

REPRESENTATIVE JOHANSEN said he agrees with doing what is possible to get more people involved. He noted that the postal workers seem to be testifying on the functions of the Division of Elections, and he said he is curious as to their involvement.

[11:53:53 AM](#)

MR. ROLAND said the issue is of interest to him. He told the committee that he has a friend who is a postal carrier in Portland, Oregon, who was instrumental in getting Oregon's vote by mail laws passed in that state. He clarified that he is not an expert on the law.

REPRESENTATIVE JOHANSEN complimented Mr. Roland for being a citizen who is active in government and who took the time to find out how the regulations work.

[11:54:43 AM](#)

REPRESENTATIVE JOHNSON asked Mr. Roland how much more mail the postal service in Oregon has received since the vote by mail was instituted.

[11:55:03 AM](#)

MR. ROLAND responded that the postal service has seen a revenue increase of approximately \$450,000.

[11:55:50 AM](#)

VICE CHAIR ROSES, after ascertaining that there was no one else to testify, closed public testimony.

[11:55:59 AM](#)

REPRESENTATIVE JOHNSON directed attention to page 2, [lines 25-29], which read as follows:

(c) For each state primary, general, and special election, and each other election for which the state has responsibility for the conduct of the election, the director or an election supervisor shall send an absentee ballot to each voter designated as a permanent absentee voter for that election and who is otherwise qualified to vote in that election.

REPRESENTATIVE JOHNSON asked Ms. Fenumiai to "outline the other elections that the state is responsible for."

[11:56:15 AM](#)

MS. FENUMIAI responded that the other elections the division oversees are those held in unincorporated areas of the state where the division conducts school board elections and regional educational attendance area elections. It also oversees local liquor option elections, dissolution elections, and incorporation elections on behalf of the local boundary commission.

[11:57:04 AM](#)

MS. FENUMIAI, in response to a question from Representative Johnson, confirmed that the permanent absentee by mail voting would pertain to state elections only; if local municipalities want to offer this kind of voting, they would have to adjust their local ordinances. In response to a follow-up comment from Representative Johnson, she stated her belief that it would be the responsibility of the division to make it clear to voters that the option would only be for state elections.

[11:58:07 AM](#)

REPRESENTATIVE JOHNSON stated concern that there may be a disenfranchisement of voters, and he asked if there is any way to have a unified election process.

[11:59:08 AM](#)

MS. FENUMIAI explained that the current system requires people to apply separately for local elections. Since voters are used to applying separately for the two kinds of elections, she said,

she is "not sure if this would really, truly have that much of a negative impact on the current process."

[11:59:48 AM](#)

REPRESENTATIVE JOHNSON said, "The 'I'm not sure' part causes me some concern, because neither am I, and I would like to be sure."

[11:59:58 AM](#)

MS. FENUMIAI, in response to Representative Johnson, said the municipalities use the state voter registration list; however, they don't use the absentee voter list, since it is only applicable to state elections.

[12:00:23 PM](#)

REPRESENTATIVE DOLL stated that although she has concerns about fraud, the thought of being able to bring more people to vote is a strong argument in favor of the proposed legislation; therefore, she stated her support of HB 277.

[12:01:30 PM](#)

REPRESENTATIVE BUCH said the intent of the bill is to provide another option - a convenience to voters. He expressed appreciation for the comments of the committee.

[12:02:13 PM](#)

REPRESENTATIVE JOHNSON reiterated that he likes the concept of increasing voter participation, but is concerned that the bill would set up a separate system that would be confusing to voters. He said he is not yet comfortable with HB 277.

[12:03:16 PM](#)

REPRESENTATIVE DOLL moved to report CSHB 277, Version 25-LS1095\E, Bullard, 1/25/08, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 277(STA) was reported out of the House State Affairs Standing Committee.

The committee took an at-ease from [12:03:56 PM](#) to [12:04:03 PM](#).

HB 287-DIVEST INVESTMENTS IN SUDAN

12:10:11 PM

VICE CHAIR ROSES announced that the last order of business was HOUSE BILL NO. 287, "An Act relating to certain investments of the Alaska permanent fund, the state's retirement systems, the State of Alaska Supplemental Annuity Plan, and the deferred compensation program for state employees in companies that do business in Sudan, and restricting those investments."

12:10:56 PM

DIRK MOFFATT, Staff, Representative Bob Lynn, Alaska State Legislature, introduced HB 287 on behalf of Representative Lynn, co-prime sponsor. He presented the sponsor statement, which read as follows [original punctuation provided]:

Alaska should not invest money in companies that have a business relationship and are complicit with the Sudanese Government's policy of genocide in the Darfur region of Western Sudan.

More than 400,000 people have been killed, an additional 2.5 million have been forced from their homes, and untold thousands of women and children have been abducted and raped, since Sudan began sponsoring attacks on innocent civilians in Darfur.

On July 22, 2004 the U.S. Congress declared that "the atrocities unfolding in Darfur, Sudan are genocide." This is the first time in history that the United States government has recognized genocide while it's still occurring.

HB 287 mandates targeted divestment and prohibits future investment of the state managed PFD and Pension funds in targeted companies that do business with Sudan. The overall objective of this legislation is to pressure Sudan economically until it ends it's genocide in Darfur.

There are few things an individual state can do to end genocide. Targeted Divestment is one promising strategy to do just that: Pressure the Sudanese government to end it's genocide in Darfur. The State of Alaska can do this with slim to no impact on the

fund manager's wise investment mandate to invest principal while maximizing total return.

Alaska has very little invested in Sudan, about 36 million, or 0.1% of total assets and it's important to note that none of the targeted businesses currently operating in Sudan are American.

U.S. Senator Sam Brownback and former republican presidential candidate, said: "We've said often 'never again' and taken up the pledge of 'not on our watch.' We also need to take up the pledge of 'not on our dime.'"

To date, 20 states have already divested assets from companies doing business with the government of Sudan. Alaska is the 49th State to join the union, but it should not be the last to say: "No to genocide, not on our dime."

[12:13:46 PM](#)

REPRESENTATIVE JOHANSEN asked if any of the 20 states that have divested have an entity similar to the Permanent Fund Corporation.

[12:13:58 PM](#)

MR. MOFFATT offered his understanding that the answer is no.

[12:14:24 PM](#)

REPRESENTATIVE JOHANSEN noted that the Genocide Intervention Network's (GI-Net's) web site lists eight areas in the world [in addition to Darfur] that are trouble spots: Iraq, Burma, Sri Lanka, Somalia, Kenya, the Democratic Republic of Congo, Central African Republic, and Chad. He asked if the bill sponsors had considered offering legislation that would guide the investment policy [of the Permanent Fund Corporation] rather than singling out [Sudan] in statute.

[12:15:32 PM](#)

REPRESENTATIVE LES GARA, Alaska State Legislature, as co-prime sponsor of HB 287, responded that there is no atrocity worse than genocide, and both the United States Congress and the President of the United States have determined that what is

going on in Darfur is genocide. By focusing on the genocide in Sudan, the bill targets a "discreet number of companies" to divest in Sudan. He said 70 percent of the money that is used by the military in Sudan to commit genocide comes from Sudan's oil revenues and tax revenue. The bill targets mineral companies primarily, none of which are American, because by federal law, no U.S. company is allowed to participate in activities which support Sudan's genocide. He pointed out that BP runs gasoline stations in Sudan, but the bill is carefully targeted to not take away investments from companies that produce consumer goods. In response to Representative Johansen's previous question, he said other states do not have a permanent fund; however, they have entities that are banned from investing in companies that support the genocide in Sudan.

[12:19:20 PM](#)

REPRESENTATIVE GARA, in response to Representative Johansen, clarified that the co-prime sponsors have not considered including the aforementioned other countries in the bill. He reiterated that Sudan's situation is the greatest atrocity: 200,000 have been killed and 2 million stuck in refugee camps where they don't have water or food. He stated, "You don't decide not to solve a problem just because there are other problems that you're not solving." He said the co-prime sponsors have avoided "going down a slippery slope" by identifying what they think is the most crucial focus for the bill. He said there are a number of companies that have divested in Sudan since this movement has begun. Representative Gara said he thinks Alaska can make a difference. He stated, "You never know what your impact is on the world by yourself, but you know when you join with others, there is an impact."

[12:21:34 PM](#)

REPRESENTATIVE JOHANSEN explained that it is difficult for him to figure out who is going to make the call regarding what is atrocious enough to be included in a proposed bill. That is what the slippery slope is, he said. He expressed appreciation for the work of both co-prime sponsors in bringing HB 287 before the committee.

[12:22:04 PM](#)

REPRESENTATIVE JOHNSON asked whether BP would be targeted if it is discovered that the military [in Sudan] is using BP's gas for its vehicles.

12:22:16 PM

REPRESENTATIVE GARA reiterated that the proposed bill lists only those companies that are providing resources and equipment to the Sudanese government; BP is providing consumer goods.

12:23:07 PM

REPRESENTATIVE GARA, in response to a question from Representative Johnson, said he does not know how many other states have gone on to include other countries for divestment. He noted that in the past the disinvestment movement was focused on South Africa, during apartheid.

12:24:12 PM

REPRESENTATIVE JOHNSON offered his understanding that there are six other states or funds that have included other areas for divestment. He stated his concern is regarding the aforementioned slippery slope, he mentioned issues related to abortion and hospitals, and he indicated that he has doubts about the wisdom of the legislature involving itself with the issue of investing. He said [what is happening in Sudan] is heartbreaking and terrible, but he is concerned that once the legislature starts directing investment based on politics, there will be no end in sight.

12:26:27 PM

REPRESENTATIVE DOLL said she understands where Representative Johnson is "coming from." She spoke about embargos. She said, "See where the power's coming from, and ... usually it comes from the giving of money." She said, "So, I am sympathetic to this and I'm looking forward to further testifying today."

12:27:51 PM

REPRESENTATIVE GARA told Representative Johnson that he understands the slippery slope, which is, he explained, "why we're not walking on it." The bill is purposely being limited to address one country. He stated, "The people of the state of Alaska I don't think want to make money off of genocide and right now we are." Other legislation can be filed to regulate other issues. He said, "... You'll find out that the things that are less important, that involve less violence, that don't involve genocide are [going to be] much more controversial; but

this is genocide, and this one, I think, should be less controversial."

[12:28:27 PM](#)

REPRESENTATIVE JOHNSON responded that he could line up people to testify that abortion is genocide.

[12:29:00 PM](#)

REPRESENTATIVE GARA, in response to a question from Representative Johnson, stated:

It's not just support of the military that we're saying is the criteria for deciding whether your company is on the bad list. It's support of the government. But, ... given that the major support for the government is through mineral revenue in Sudan, ... it's partially the extracting companies that have chosen to help make money off the genocide in Sudan. There are other places to invest in the world.

... Companies ... often cannot decide where to invest based on a social conscience. ... The corporate charter in every state says the companies have to maximize the benefit of their shareholders; it doesn't say they have to make philosophical decisions. That's our job. ... But the definition is: support of the Sudanese government in a way that helps the Sudanese government engage in the genocide. It excludes consumer goods; it excludes companies that provide humanitarian help; it excludes companies that are doing things that are not support for the Sudanese government that relates to the funding of their military.

And the other states that have done this have largely adopted language similar to ours. Some have banned all investments in Sudan, but that's ... messy - then all of a sudden you're banning investments in companies that are providing services that people in Sudan rely on.

[12:30:33 PM](#)

VICE CHAIR ROSES asked, "Were these six companies that you're targeting investing in that company prior to ... the atrocities reaching to the level of concern that they've reached?"

[12:30:43 PM](#)

REPRESENTATIVE GARA said he does not know how long the companies have been involved in Sudan, but it is only recently that pressure has been applied through legislation. He outlined that genocide started in 2003, and other states began enacting laws in 2006. Those laws tend to have a lag period of 18 months, with the exception of executive orders.

[12:31:19 PM](#)

REPRESENTATIVE ROSES indicated that companies that began their business with Sudan after the atrocities began certainly would be directly involved with funding the genocide.

[12:32:02 PM](#)

KELLY NIXON read her testimony as follows:

I am a member of Save Darfur Anchorage. Our group consists of Alaskans from the communities of Anchorage, Eagle River, and Wasilla, who believe strongly that we have an ethical responsibility to do what we can to end the Darfur genocides.

The government in Sudan continues to refuse to cooperate with the United Nations, and the instability in the Darfur Region has caused most humanitarian efforts to pull out. There are, therefore, very few avenues for facilitating an end to this genocide or offering support to the people of Darfur. Targeted divestment is one of the few.

This international effort acknowledges the debt-ridden government of Sudan's reliance on foreign direct investment to finance its military and Janjaweed militias and goes after the foreign companies that are most egregious in their support of the current Khartoum regime without sacrificing investment profit.

So far, 22 states have adopted a policy of targeted divestment, and 17 others will consider this policy this year. Through targeted divestment, we can

collectively exert enough pressure on the government of Sudan through these foreign companies to compel a shift in focus from destruction and annihilation to one of stability.

We understand that some perceive HB 287 as a threat to how our state invests. We know that there's resistance to passing this legislation. But we ask, as you consider HB 287, that you remain mindful of how easily our state can implement this policy and how truly horrific genocide is.

Genocide calls for all of us to look hard and deep at ourselves - at our actions and inactions - and ask ourselves if we, as humans, are doing what we can to fight against it. Are we offering support, relief, or hope to the people of Darfur, who are right now - right this minute - facing a very deliberate and systematic destruction of their culture and their lives. This genocide will end one day, and the true horrors faced by the millions affected will be revealed. Many Americans will reflect on this time and will wish they had done more - that they had done something - but at that point it will be too late. We hope that when that day of reflection comes, Alaskans will be able to say proudly that we took a stand against genocide.

[12:35:14 PM](#)

TAMAR SHAI, noted that she is a member of Save Darfur Anchorage. She said she thinks it can be difficult to imagine the death of hundreds of thousands or the displacement of millions. She proffered that what helps her to do so is to imagine a woman her own age, who is also married and has children, and to think about what that woman's days are like living in a refugee camp with an older daughter, having lived through the beating deaths of her husband, older sons, and infant. Ms. Shai said that this woman's refugee camp is not safe, because if she goes past the periphery of the camp to find water or wood, she risks being gang raped by those same men who murdered her husband and children. Ms. Tamar said she focuses on that scenario and multiplies it by a million.

MS. SHAI said a lesson from the Holocaust is that "the perpetrators of genocide depend on good people standing by and allowing the atrocities to happen." She said the president of

Sudan needs people to ignore what is going on in order to systematically eliminate the people of Darfur.

MS. SHAI said she understands that management of the permanent fund is complex, and that it is the role of the managers to maximize profits for the people of Alaska. Regarding [Representative Johnson's] previously stated comment regarding a "slippery slope," she stated:

You may be able to find people who feel that abortion is genocide or think that we should include other atrocities, but our President and the U.S. Congress have declared Darfur and only Darfur to be a genocide. That's where the slippery slope can stop.

So, my question: Is there nothing really too awful, too cruel, or too inhumane for us to financially support? Isn't genocide in a class of its own? And if the permanent fund had been operating during the Holocaust, would we have invested in the final solution, so long as it was profitable? One thing is for certain: history is going to judge us. Will we be viewed as profiteers of ethnic cleansing or will we be remembered as a community that refused to be exploited by the perpetrators of genocide?

MS. SHAI described herself as a typical Alaskan who likes to receive a permanent fund dividend (PFD). She said some of her PFD money will be financing her children's college education, and she requested, "Don't let their future be financed by genocide."

[12:38:45 PM](#)

MAX CROES, Divestment Associate, Genocide Intervention Network (GI-Net), testifying on behalf of GI-Net, told the committee that of the eight countries listed on GI-Net's web site as being in conflict [other than Sudan, as previously noted], none of those conflicts have been categorized as genocide. The situation in Darfur is unique because the federal government, the President, and Congress have all declared that the ongoing atrocities in Darfur are genocide. He stated that this is the only time in American history that such a declaration has been made; it was not declared during the Holocaust or the Rwandan tragedies.

MR. CROES, regarding the identification of companies and the efficacy of divestment, stated:

This is not a feel-good action. Nine corporations have withdrawn or substantially altered their policies in Darfur and throughout Sudan to reflect the fact that their contributions to the Sudanese government may be and probably are being funneled directly through the Sudanese military to wage the campaign there. These corporations have developed humanitarian programs or refused to continue offering their money to the government of Sudan.

As everyone in Alaska I'm sure knows, every time the pipeline doesn't transit oil, the state loses money. And similarly, the government of Sudan knows that every time a corporation pulls out or restricts its access to their markets, ... they, as well, lose money and lose the ability to wage the genocide in Darfur. Companies are targeted on three criteria that are specifically noted: First, whether or not they contract with the government of Sudan or its projects; second, whether or not they assist any of the marginalized populations in Sudan; and third, whether or not they address specifically the fact that their dollars could be contributed to the genocide there.

The example that we can pull out of this is, of course, the BP reference that was made earlier. We could draw a similar analogy to Coca Cola: Does the Sudanese government and the military drink Coca Cola? Most likely they do. But the situation is that Coca Cola does not contract directly with the government of Sudan and does not contribute their profits to the genocide in Darfur. Specifically, what we do is target those corporations, and as we see through the holding in the permanent fund, this is [a] miniscule amount that is capable of being divested.

I think that one of the major things we should address is that this is a policy that's effective at ending the genocide in Darfur, and also one that can safely and responsibly be implemented without harming returns of the permanent fund or any other organization.

[12:41:28 PM](#)

NINA McMURRY, Divestment Analyst, Genocide Intervention Network (GI-Net), indicated that although there are "some other calls for divestment" and "potential other issues where divestment could come up," targeted Sudan divestment is the only strategy that has been explicitly authorized the U.S. Government with the recent passage and signing of the Sudan Accountability and Divestment Act, which she said "explicitly encourages and authorized states to enact targeted Sudan divestment along the same lines as HB 287."

[12:42:59 PM](#)

LAUREN TIBBITTS-TRAVIS, President, Students Taking Action Now: Darfur (STAND) - Juneau Chapter, testified on behalf of Students Taking Action Now: Darfur (STAND). She indicated that her father taught her that actions speak louder than words. She emphasized the importance of taking action to effect change in Darfur. She mentioned divesting in companies that support genocide in Darfur. Ms. Tibbitts-Travis defined murder as the killing of a person. She emphasized the importance of making others aware that the permanent fund investment is not necessarily funding genocide, but it funds companies that do support genocide. Pulling out from those companies will free the state from guilt. She described the atrocities taking place in Darfur, telling the committee that everyone there is being systematically killed for no other reason than that they are of the Black African race and practice either Christianity, Animism, or traditional tribal spirituality in a country that is mainly Islamic. She talked about the PFD as being a legacy that will be passed down through generations, and reiterated her request that none of the money earned in the fund be associated with the genocide in Darfur.

[12:46:51 PM](#)

VICE CHAIR ROSES told Ms. Tibbitts Travis that she represented the students well and he hopes she will encourage other students to get involved.

[12:47:18 PM](#)

MICHAEL SCHULDINER, Member, Representative Assembly of United Academics - American Association of University Professors/American Federation of Teachers (AAUP/AFT) Local 4996, testifying on behalf of AAUP/AFT, told the committee that it could inspire moral integrity in today's students by its actions today. He said he teaches Holocaust literature, so he

is "close" to the issue at hand. Mr. Schuldiner revealed that his parents lived through the Holocaust; his in-laws were Auschwitz survivors. He stated, "The way genocide happens is when good people like yourselves stand by and do nothing."

MR. SCHULDINER cited a resolution passed by the United Academics AAUP/AFT, which read as follows [original punctuation provided]:

WHEREAS the government of Sudan has engaged in a policy of genocide against its own civilians in Darfur through the use of its military and through sponsorship of attacks by armed militias known as *janjaweed*; and

WHEREAS the *janjaweed* and military of the Sudanese government are responsible for razing over 80% of Darfur's villages, gang-raping civilians, slaughtering a minimum of 200,000 victims, displacing 2.5 million more, using forced starvation as a weapon of war, and impeding access of humanitarian aid to the up to 3.5 million Darfurians that are now reliant on assistance; and

WHEREAS the Sudanese government and *janjaweed* militias have continued their attacks despite the signing of the Darfur Peace Agreement; and

WHEREAS the Darfur crisis represents the first time that the US Congress, State Department, and President have declared a genocide while the atrocities are ongoing; and

WHEREAS the International Criminal Court in The Hague has charged Sudanese officials with 51 counts of crimes against humanity and war crimes in Darfur, including the murder, rape, torture, and persecution of civilians;

WHEREAS certain international companies operating in Sudan bring significant revenue, cover, and arms to the Sudanese government while providing little benefit to the majority of Sudan's citizen; and

WHEREAS Khartoum has funneled the majority of foreign direct investment from these companies into military expenditures used to perpetuate the genocide while

neglecting needed development projects in the Darfur region; and

WHEREAS the current Sudan divestment movement now encompasses nearly 100 universities, cities, states, and private pension plans.

WHEREAS the divestment movement has already gained the attention of the Sudanese government and altered the behavior of some companies operating in Sudan;

WHEREAS House Bill NO. 287, introduced January 4, 2008, in the Legislature of the State of Alaska is a bill for "An Act relating to certain investments of the Alaska permanent fund, the state's retirement systems, the State of Alaska Supplemental Annuity Plan, and the deferred compensation program for state employees in companies that do business in Sudan, and restricting those investments";

THEREFORE, BE IT RESOLVED that United Academics-AAUP/AFT, representing the upper-division teaching faculty and research faculty of the University of Alaska system, support the passage of House Bill No. 287, introduced in 2008 into the Twenty-Fifth Legislative Session-Second Session of the State of Alaska.

[12:53:36 PM](#)

PATRICIA MOSS, testifying on behalf of herself, noted that she founded an international writers' group called, "When Does Never Again Begin," the name of which she indicated was posed as a question from her son after he had studied the Holocaust and the Rwanda genocide." In response to Representative Johnson's previously stated concern about avoiding a slippery slope in terms of the State of Alaska's involvement, she said, "This is a divestment issue, and ... our money is involved, as we all well know." She continued:

The people of Alaska want to know: Will you make us financially complicit in a genocide by refusing to divest from Sudan? Will you force us to be the German village with ashes of our complicity falling upon us through daily media reports and through our PFD checks? Is part of our children's inheritance from Alaska going to be the ... same sort of knowledge that

weighs upon the hearts of the people of Europe? Or will you act as liberators of the Darfur victims through targeted divestment?

May I suggest that applying the multiplication table to a genocide could be viewed as immoral in post legislation debates should you fail to pass this bill. And may I also suggest that the ... issue of future reparations is a major liability for the State of Alaska and a reality in the post situations for other genocidal events.

The people of Alaska do not support genocide; the people of Alaska did not support the Holocaust. Will you associate your good names and the good names of your constituents with financial support for the genocidal policies of ... Sudan, when 22 others states have chosen to divest? If the accountants for the State of Alaska are savvy enough to create a wealth equal to the ninth richest country on earth, then surely they can recover ... the \$10 million risk associated in the language opposing this action. You have a responsibility to protect and to oversee the applications of the moral principles of the people of Alaska.

This bill is not a profit and loss decision; it is about who we are, whether we are arrogant or whether we are compassionate. Please keep in mind that all that is necessary for the triumph of evil is for good men to do nothing. When does never again begin? In this matter before you, I want it to begin with divestment, and I ask you support this bill.

[12:57:46 PM](#)

ROGER A. SEVERSON, testifying on behalf of himself, stated that what impresses him about HB 287 is that "it seems to be a surgical strike" of six companies. He said he thinks it makes sense to do that. He said he does not want to offend anyone, but the proposed legislation is "a no-brainer." He explained, "We can't really continue activities that propagate or perpetuate this kind of behavior in Darfur, and frankly, I think, elsewhere as well." He encouraged the legislature to pass HB 287.

[12:58:54 PM](#)

LINDA LAYFIELD, testifying on behalf of herself, said she thinks previous testimony has made it abundantly clear that "the situation in Darfur is the greatest atrocity that is happening in the world today." She expressed gratitude that the U.S. Government has declared the situation in Darfur as genocide. She emphasized the time-sensitive nature of the issue, stating that she does not think there is time to consider other versions of the bill or to add other countries to the bill language. She reminded the committee that although it took only 90 days for approximately one million people to be killed in Rwanda in 1994, the atrocities really started in 1988 and continued clear through to 2002. She said she thinks the situation in Darfur had been worsening for some time before it came to the attention of the U.S. Government. She said already approximately one quarter the number of people who were killed in Rwanda has been killed in Sudan, and she warned against waiting for those numbers to increase to the point that they may be as great as or greater than the numbers of those killed in Rwanda. She said in Rwanda today, there are "grim reminders of the shameful neglect of the Western World in not recognizing the genocide that happened there."

MS. LAYFIELD shared that she had attended the Olympic Games in Munich. The day after the Israeli athletes were killed, there was a moratorium whereby every event was pushed a day later. On that day, she related, she visited the museum at the Dachau concentration camp, where she read a quote by [George Santayana, from The Life of Reason, Volume 1], which read: ["Those who cannot remember the past are condemned to repeat it."] She said the proposed legislation offers the opportunity for Alaska to not allow the world to repeat what happened in Rwanda. She stated that she is great believer that "every little bit helps," and she urged the committee to support the passage of the bill.

[1:02:54 PM](#)

JOYANNE BLOOM, Board Member, American Jewish World Service, told the committee that the American Jewish World Service is an organization that has been a leader in the movement to end genocide in Darfur and was one of the first national organizations to endorse targeted divestment from Sudan. She said her involvement with this issue has taken her to Washington, D.C. and New York, and now before the House State Affairs Standing Committee. She showed the committee bracelets and a pin that she has received [that promote the abolishment of genocide], and she said although these items may be considered

gimmicky, what the House State Affairs Standing Committee is doing by considering HB 287 is not gimmicky. She stated, "You're letting the world know that Alaska will not be silent in the face of crimes against humanity; that it's not okay to fund companies whose business with the Sudanese government helps to fuel a genocide that has taken the lives of ... at least 200,000 people and cause 2.5 million people to lose their homes and to live in fear of their lives every day.

MS. BLOOM opined that the fiscal note attached to the bill is absurd. She admitted that she is not an economist, but said the estimated cost of \$10-\$14 million to divest less than one-tenth of one percent of [the permanent fund's] portfolio "sounds like gobble-dee-gook math." She said she understands that [those who manage] the permanent fund do not wish to be dictated by political whims, but HB 287 is about ethics, not whims. Ms. Bloom posited that Alaskans want to show that they can do the ethical thing, and they want to join the federal government and the 22 other states that have done their part to intensify the pressure on the Sudanese government to end genocide now. She concluded:

I've lost family members in another genocide, and I'm here to bear witness. Please, let's do what ever we can - big and small, directly and indirectly, with words and with dollars - to stop the genocide in Darfur.

[1:07:32 PM](#)

ASHLEY STRALEY testified that each person has the responsibility to "acknowledge the fact that there's a genocide going on." She said HB 287 is a good bill, although she indicated that she does not think the fiscal note should reflect such a high cost. She said Alaskans take pride in receiving their PFDs; however, she does not think they would approve of earning PFD dollars through investments made in companies that support genocide.

[1:09:39 PM](#)

REPRESENTATIVE JOHANSEN noted that Ms. Straley had worked as a page for the legislature.

[1:10:38 PM](#)

MICHAEL J. BURNS, Executive Director, Alaska Permanent Fund Corporation, Department of Revenue, relayed that the corporation

appreciates the sponsor's motivation in introducing the proposed legislation. He stated that the corporation respects that it is the prerogative of the legislature to direct the corporation regarding its investments in the permanent fund. He said, "If the legislature directs the trustees and staff to divest assets from the fund in the manner prescribed in this bill, we will do so; however, we urge you not to take this step." He continued:

In 30 years, the Alaska Permanent Fund has only been invested for the financial benefit of the people of Alaska and never to enact a social or political agenda. Placing a social investment directive on the fund would be a significant change to our core mission. We believe that the prudent course of action is to make investment decisions on strictly economic grounds, and we do not believe that investment decisions made for social or political reasons are in the best interest of the permanent fund.

After the question of prudence is the question of efficacy. We are discouraged at the prospect of placing a socially motivated directive on the permanent fund - a directive that will have some costs - when we have not seen definitive proof that these divestment efforts are effective.

MR. BURNS noted that included in the committee packet is a summary [from the second page of the segment of the corporation's handouts entitled, "The Effect of Socially Activist Investment Policies on the Financial Markets: Evidence from the South African Boycott."] He said, "The researchers concluded that it was not divestment, but rather many other forms of pressure brought to bear on the South African government that caused a change in their practices.

MR. BURNS said both the U.S. Department of Treasury and the U.S. Department of State are actively involved in bringing about an end to the genocide in Darfur, and he said he would like to "touch on some concerns held" by both departments. He continued:

We don't speak for these ... agencies ..., but choosing to enact divestment legislation is a significant decision that will affect our state's investments and investment policies well into the future, and we think you should have all the facts as you deliberate. We have included testimony in our

packet from representatives of both of these federal agencies before the Senate Banking Committee, and you will find that the common theme is that treasury and state believe that individual divestment policies at the state level, rather than helping, will in fact hinder their efforts.

1:13:44 PM

REPRESENTATIVE JOHNSON acknowledged that the amount of permanent fund investment being questioned is only a small portion of the entire investment portfolio, but the point is that if a company in which the permanent fund is invested pays taxes to the Sudanese government, those taxes go to the military, and the military of Sudan is involved in the genocide. Taking that idea to the extreme, any company that does business in or with Sudan is complicit, he said. Representative Johnson asked what the effect would be if Alaska were to not invest in any company that pays taxes to the Sudanese government.

1:14:59 PM

MR. BURNS explained that there are 6 companies in the permanent fund corporation's portfolio today, but there are 60-80 companies on the list that are not currently part of the portfolio, and the cost comes from monitoring that broader list. He said he does not have an answer to Representative Johnson's question.

1:16:07 PM

REPRESENTATIVE JOHNSON said his point is, "If we're going to do this, let's do it." He asked about the possibility of encompassing all companies that have anything at all to do with countries that commit genocide. Regarding indirect holdings, he directed attention to language beginning on page 3, line 30, through page 4, line 2, which read as follows:

(e) Indirect holdings of the fund in assets of a company on the scrutinized companies list that has active business operations need not be divested if the assets are part of a separate, actively managed commingled fund in which other investors also own shares or interests.

REPRESENTATIVE JOHNSON asked if there is a potential for the six companies to become indirect holdings, so "we're really going to

have no effect." He asked for an explanation of indirect holdings.

[1:17:19 PM](#)

MR. BURNS said the permanent fund corporation owns 100 shares of ConocoPhillips Alaska, Inc. directly. He said, "I think what they're talking about there is a comingled fund, which we do have several." He said it is not a preferred method. He said the corporation owns one international mutual fund, whereby it actually owns shares in the fund and the underlying assets are held by that fund. He said the corporation holds two comingled funds, one of which is a pure mutual fund. He stated that the corporation would probably have to "get out of" those funds, because it does not control the investment decision - it makes those decisions with other owners. In response to a follow-up question from Representative Johnson, explained that the companies on the list do not make the decision to become part of a comingled fund; someone selects them, and that selection is out of [the corporation's] hands.

[1:19:00 PM](#)

REPRESENTATIVE JOHNSON asked if any of the six companies are in comingled funds.

MR. BURNS said the corporation does not know.

[1:19:09 PM](#)

LAURA ACHEE, Director of Communications, Alaska Permanent Fund Corporation, Department of Revenue, stated that the corporation has not done any screens on its investments. She said, "We post our holdings on line and this is what we're being told by the folks that have screened." She said it is very possible that some of the companies on the scrutinized list could be in those two comingled funds. They are actually non-U.S. comingled funds, so they could potentially be in there, and if they are, this legislation would require us to divest from them." She said on any given day, the permanent fund holds shares of 3,000 companies, and that number changes daily. She said:

We haven't looked at all at the potential cost with regard to investment losses of divesting from any company; we've only looked at the administrative costs of ensuring that we would divest from any companies that were on the list and that we wouldn't purchase

them again. ... If this legislation were to take effect between now and the point in time when you would have to go to divest, it could still be six companies, but it could be six entirely different companies. So, this isn't a static thing. And that's how we're approaching it from an administrative (indisc. - overlapping voices).

[1:20:51 PM](#)

MR. BURNS clarified that the corporation did not put into its fiscal note any opportunity costs of divesting of any company. The fiscal note, he emphasize, "is strictly the administrative cost of trying to develop a system to screen 3,000 companies through a list of 60 to 80 at our level and at the manager level."

[1:21:26 PM](#)

REPRESENTATIVE JOHNSON commented on the good track record of the corporation, and he surmised that the six companies are likely in a comingled fund because such a fund is profitable. He asked, "We chose them for a reason, and wouldn't the fund managers also have chosen them for reason?"

[1:21:47 PM](#)

MR. BURNS said he is not certain how to answer that question. He proffered, "It could very well be that they're in a comingled fund. I'm not sure exactly which managers have them now. ... They're held in a separate account at this point, and if that is a similar style to similar comingled funds, it could very well be there. But we have people buying a selling the same stock on a daily basis in two different accounts, and that is what makes a market."

[1:22:33 PM](#)

REPRESENTATIVE JOHNSON suggested:

We still don't know if we're going to have any impact on these six companies, because they could be receiving capital from a comingled fund. So, we really don't know that we're going to have a positive impact, one way or the other.

[1:23:01 PM](#)

MR. BURNS responded:

We have no effect on the company. The day they sold their stock to the public - whether it was to us or someone else and we've ultimately bought that stock - they receive the value at that point in time. If we sell our stock to the retirement system of Minnesota or we sell it to an individual here in Juneau, it has no effect on the company. Their capital has been raised.

[1:23:32 PM](#)

REPRESENTATIVE JOHANSEN asked who would be responsible for discovering and then notifying the corporation's managers if "three companies that are not identified" decided to start doing business with Sudan.

MS. ACHEE said the bill directs the corporation to be responsible for identifying which companies are believed to directly support the government of Sudan. She continued:

Most of the management firms that the permanent fund [corporation] hires we do hire to create a single account that has our name on it, and we hold all those stocks directly. Then there is another type of account that we set up that is [a] comingled account. We buy into them; other people buy into them. And so, that's just kind of a description of how those two different types of investments work. ... Out of the 47 stock and bond accounts we have, only two of them are comingled funds.

[1:25:19 PM](#)

VICE CHAIR ROSES said one of the challenges of investing is in keeping a portfolio diversified. He said at the time when he was involved with the Alaska Retirement Management (ARM) Board, contracts were made with money managers who were given a certain dollar amount for investing and offered parameters around which the investments must be made; however, the managers had the latitude to go out and work within those investments to try to maximize the gain. The success of those managers in being able to continue in that capacity is dependent upon their production of a "reasonable expectation on the return for those investments."

[MS. ACHEE and MR. BURNS nodded.]

VICE CHAIR ROSES asked, "Do those contracts include tracking of these types of investments or is that part of where the fiscal note comes because this would be an additional contract that you would have to go back and purchase from those money managers that don't currently exist?"

[1:27:03 PM](#)

MR. BURNS responded that that is precisely what would happen. He said managers are contracted for specific areas, including: international, global, domestic, value, growth, and capitalization. Mr. Burns mentioned "basis points" and said there is a different fee arrangement that has to be made to arrange, for example, for a manager to "do everything, but this." He spoke of "passive funds" in which money is invested passively, which is inexpensive unless there is customized index. When a request is made to passively manage an index, but with the exception of certain names, then the fund is "custom passive."

[1:29:01 PM](#)

MR. BURNS, in response to a question from Vice Chair Roses, confirmed that the permanent fund corporation has a general consultant that monitors for accuracy the performance of each of the managers as reported by those managers. He said limiting a manager's judgments means limiting his/her ability to perform. He added, "But, again, we have taken none of that into the equation."

VICE CHAIR ROSES asked for confirmation that the corporation did not include the cost of the consultant oversight of money managers in its fiscal note.

MS. ACHEE answered no.

MR. BURNS offered his understanding that that is correct.

[1:30:03 PM](#)

MS. ACHEE added, "It wouldn't change the functions the account associates [provide] for us." She indicated that the corporation did account for potential manager searches.

[1:30:14 PM](#)

REPRESENTATIVE JOHNSON, after hearing what is not included in the fiscal note, said it seems that the total could be substantially more.

[1:30:41 PM](#)

MR. BURNS responded:

The people that have looked at this said our exposure today is about \$22 million. So, the lost earnings from that probably wouldn't change that much. If you start extrapolating to this list that currently has somewhere between 60 and 80 [companies] - I really don't know the number - or a broader list, you may really have some impact at that point, by not being able to ... have the full investment world to look to.

... Somehow this has been portrayed as we're profiteering off of this, and we're not. These are just administrative costs to implement this bill.

[1:31:30 PM](#)

REPRESENTATIVE DOLL said she thinks most people in the state want to have an impact on genocide and feel that divesting is the way to do it. However, she offered her understanding that the testimony of [Mr. Burns] is that divesting would have very little impact.

[1:31:56 PM](#)

MR. BURNS said he thinks that is what he is saying. He referred again to the aforementioned report regarding divestiture in South Africa, and reiterated that in retrospect, people said it had little if any effect on ending apartheid. He said once companies raise the capital, they don't care who owns shares of the stock; it's "out of their hands." Regarding the fiscal note, Mr. Burns acknowledged that the numbers are large; however, he said it must be kept in mind at all times: "Everything we do has a lot of zeros involved." He said the permanent fund is the twelfth to thirteenth largest sovereign wealth fund in the world. He added, "We are kind of the proxy for a U.S. sovereign wealth fund."

[1:33:06 PM](#)

REPRESENTATIVE DOLL asked if there is a better way of impacting what happens [in Sudan] other than through the permanent fund. She remarked, "I know it's kind of a huge, impossible thing."

[1:33:30 PM](#)

MR. BURNS said the corporation is not a foreign policy maker. He added that although he is sure there are things that can be done, [divesting in Sudan] is not the way to do it.

[1:33:48 PM](#)

REPRESENTATIVE JOHANSEN asked Mr. Burns if he has ever before come before the legislature to discuss legislation that would have impacted the fund through social decisions rather than strictly through economic decisions.

MR. BURNS replied that he thinks there have been several instances. He mentioned legislation regarding state-sponsored terrorism, tobacco issues, and whether the state should invest in the ExxonMobil Corporation.

MS. ACHEE interjected that she does not believe "Exxon has come up with a legislative issue." She noted that there was a bill introduced to divest the permanent fund from South Africa, but it did not pass. She remarked that she was still in Middle School at the time and, thus, did not testify. She said the corporation testified two years ago on legislation that "would have encouraged us to divest from Iraq."

[1:35:14 PM](#)

REPRESENTATIVE JOHANSEN asked if there have been bills introduced in the past that would have guided the corporation "more toward a social investment policy rather than strictly economic."

MS. ACHEE said she is not aware of any.

MR. BURNS said he is not aware of any either other than "the handful that we've talked about this morning."

REPRESENTATIVE JOHANSEN said, "I'd like to be able to try and research that and get more of an understanding of the conversation of that whole idea."

[1:36:06 PM](#)

VICE CHAIR ROSES recounted a suggestion made to the ARM Board in the past that recommended that the board consider investing in more environmentally and socially conscientious companies. He stated, "I'll tell you: it was the most difficult fund to find investments in; it was the most difficult fund to find a money manager for; and it was also the one in which we had the least amount of return."

[1:36:50 PM](#)

REPRESENTATIVE COGHILL questioned whether any of the other sovereign world funds have been asked to [divest in Sudan]. He offered his understanding that the largest of those is the Norwegian fund. He concurred with those who testified previously regarding the awfulness of the atrocities occurring in Sudan. He said there have been many other atrocities that have occurred during the 20th Century that would make the events in Sudan look small by comparison, which he said is very sad. He said it looks as though [the proposed legislation] would bring about, at best, a minimal impact. He stated that he does not want to use the permanent fund to dictate social policy. He stated, "It's not my thinking that you intentionally have invested money to propagate genocide, and I would hope that those testifying today do not think that that is ever your intention to invest in profit off of genocide. There are companies that may, but I don't know that we've reached down into their boardrooms to find out their motive on business investment." He said he thinks the legislature is a good venue through which the public can ask whether or not anything can be done through the permanent fund or if something can be done otherwise.

REPRESENTATIVE COGHILL asked if other sovereign wealth funds have invested based on social policies.

[1:40:36 PM](#)

MR. BURNS responded that the Norway fund monitors a lot of social issues. He said that fund is similar to the permanent fund in that it is built on natural resources; however, it differs from the permanent fund because it uses the money to fund many of Norway's social programs. Mr. Burns offered his understanding that a study is being done that judges the three dozen sovereign wealth funds on two issues that are important on the national and international level: Are the investments being

made for political or economic reasons and how transparent are the funds? Alaska, Alberta, and Norway, he said, are the models of transparency and economic investment.

[1:42:25 PM](#)

REPRESENTATIVE COGHILL said Mr. Burns brings up a good point. He said, "I think the blindness with which we put on this as ... [an] economic policy is kind of important. I suppose, if you really wanted to make a comparison, it would be like making profit by using the Internet when we know that many people are violated by the Internet." He reiterated that he does not think the fund should be made a tool to change social policy, but emphasized that he thinks governments should be such tools.

[1:44:13 PM](#)

MR. BURNS reemphasized that although the mission is just, the proposed legislation is not the right tool.

[1:44:31 PM](#)

BRIAN ANDREWS, Deputy Commissioner, Treasury Division, prefaced his own testimony by saying he agrees with Mr. Burns' testimony. Mr. Andrews paraphrased a passage from an article in Pensions and Investments, dated 3/5/07, [entitled, "Performance of a bad idea"], which read as follows [original punctuation provided]:

In Illinois, the Legislature is to blame and ought to reimburse public pension plans in the state for the cost of the divestment law. The \$39 billion Teachers' Retirement System of the State of Illinois, for instance, estimates the law cost it \$2.1 million so far, including transaction costs; the Illinois State Board of Investment, more than \$850,000.

MR. ANDREWS questioned who would make up for the loss to the employees and citizens of Illinois. He referred to another section of the aforementioned article, which read as follows [original punctuation provided]:

But Judge Matthew F. Kennelly, of the U.S. District Court, Chicago, on Feb. 23 overturned the Illinois law ordering funds in that state to divest. He wrote in his decision: "First, the restrictions on ... pension funds' ability to invest in many equities and mutual

funds unquestionably constitutes irreparable injury. Second, the plaintiffs have no adequate remedy at law. Defendants are state officials who have sovereign immunity from suits for damages."

MR. ANDREWS reported that currently the State of Alaska's pension plans are underfunded by \$8.6 billion. Any additional expense or loss of investment performance will only increase that amount, leading to even higher annual contribution rates, he said. He reminded the committee that the average contribution rate to the Public Employees' Retirement System (PERS) is currently 35.2 percent, and the rate to the Teachers' Retirement System (TRS) is 44.2 percent. Mr. Andrews said it is difficult to determine what the overall cost impact of the proposed divestiture would be to the retirement system, but he said there would be a tangible and significant cost in implementing and monitoring such a directive: approximately \$3 million. That does not even take into consideration "under performance" and "the increased volatility to the portfolios."

MR. ANDREWS concluded by stating that "all of us here" sincerely wish to help the afflicted of Sudan and bring an end to the conflict there, but unfortunately, he related, he does not believe that HB 287 would have an impact towards that end. He urged the committee to consider the tangible and intangible economic impacts that the proposed legislation would have on the state's pension plans and "the far-reaching, potential, detrimental, long-term effects on its participants." He stated, "The legislation is well-intended, and the desire to make a difference is noble, but mixing moral and political agendas at the expense of our citizens' financial security is not a good combination."

[1:48:13 PM](#)

REPRESENTATIVE DOLL asked what the impact of that \$10 million would be on each person's permanent fund dividend. She said her understanding is that it would be about \$9.

[1:48:32 PM](#)

MR. ANDREWS deferred to Mr. Burns.

[1:48:49 PM](#)

REPRESENTATIVE JOHNSON said he wonders about the fiduciary responsibility of Mr. Andrews as a manager and of the Permanent Fund Board, and whether the proposed legislation would require those entities to violate their fiduciary responsibilities.

[1:49:26 PM](#)

MR. ANDREWS replied that that is a good question for which he does not have an answer; he suggested that the question of fiduciary responsibility would require interpretation from the Department of Law or from the legal community.

REPRESENTATIVE JOHNSON said that is a key issue, for which he would like an answer.

[1:50:00 PM](#)

VICE CHAIR ROSES asked Mr. Andrews to confirm that none of Vice Chair Roses' previous remarks regarding the investment strategies of the ARM Board were misstated.

MR. ANDREWS indicated that he had not been present during those remarks and, thus, could not respond.

[1:50:46 PM](#)

VICE CHAIR ROSES closed public testimony.

VICE CHAIR ROSES announced that HB 287 was heard and held, at the request of Representative Lynn - the co-prime sponsor of HB 287 and chair of the House State Affairs Standing Committee.

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at [1:51:39 PM](#).