

MINUTES
SENATE FINANCE COMMITTEE
May 15, 2007
11:19 a.m.

CALL TO ORDER

Co-Chair Bert Stedman convened the meeting at approximately [11:19:00 AM](#).

PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Kim Elton
Senator Donny Olson
Senator Joe Thomas
Senator Fred Dyson

Also Attending: REPRESENTATIVE BOB ROSES; WALT MONEGAN, Commissioner, Department of Public Safety; DENICE LICCIOLI, Staff to Senator Donny Olson; JOSH APPLEBEE, Staff to Representative Bob Roses; MILES BAKER, Staff to Senator Bert Stedman; KELLY HUBER, Staff to Representative Nancy Dahlstrom

Attending via Teleconference: From an Offnet Location: DUANE BANNOCK, Director, Division of Motor Vehicles, Department of Administration

SUMMARY INFORMATION

SR 7-SENATE VPSO TASK FORCE

The Committee heard from the resolution's sponsor and the Department of Public Safety. A committee substitute was adopted and the resolution reported from Committee.

HB 184-MOTOR VEHICLES

The Committee heard from the bill's sponsor and the Division of Motor Vehicles. A committee substitute and one amendment were adopted and the bill reported from Committee.

HB 244-MEDAL OF HONOR

The Committee heard from the bill's sponsor. The bill reported from Committee.

Alaska Marine Highway System Review and Approval

The Committee elected to expend Committee funds to hire a consultant to advise them on matters pertaining to the Alaska Marine Highway System.

[11:19:43 AM](#)

#sr7

SENATE RESOLUTION NO. 7
Creating and relating to the Senate VPSO Task Force.

This was the first hearing for this bill in the Senate Finance Committee.

SENATOR DONNY OLSON, the sponsor of the Resolution, moved to adopt committee substitute Version 25-LS0856\C, Cook, dated April 25, 2007, as the working document.

There being no objection, the Version 25-LS0856\C committee substitute was ADOPTED as the working document.

[11:20:33 AM](#)

Senator Olson informed the Committee that this Resolution addresses an issue of importance to people living in Rural Alaska, that being the Village Public Safety Officer (VPSO) program. It is unfortunate that the attention given this program has diminished in recent years as small communities consider it "their first line of defense".

[11:21:43 AM](#)

DENICE LICCIOLI, Staff to Senator Donny Olson, explained that the VPSO Task Force this Resolution would create would be charged with determining what changes could be made to the VPSO

program to "strengthen and improve public safety in Rural areas" of the State.

Ms. Liccioli stated that the program's recent inability to fill vacancies and recruit and retain qualified people has further reduced its effectiveness.

Ms. Liccioli advised that the Task Force, which would be comprised of three members of the Senate, the Commissioner of the Department of Public Safety or their designee, two public members appointed by the Senate President, and the State Attorney General or their designee, would likely meet no more than six times or as directed by the Task Force chairperson.

Ms. Liccioli specified that Version "C" added the State Attorney General or their designee to the Task Force. The intent was for the Task Force to meet over the Legislative Interim and report of their findings to the Legislature at the beginning of the Second Session of the 25th Legislative Session.

[11:23:53 AM](#)

WALT MONEGAN, Commissioner, Department of Public Safety, announced that he was "in complete agreement" with the intent of this Resolution. The VPSO program is "a foundational public safety issue that should be expanded" rather than diminished.

[11:24:50 AM](#)

Senator Olson asked the Commissioner to speak to how the energy and optimism embodied in now-Governor Sarah Palin's campaign for office might affect the VPSO program.

[11:25:18 AM](#)

Commissioner Monegan stated that while the initial concept of the VPSO program was good, the program has "been allowed to languish" in recent years. His desire would be that the Task Force explore avenues through which the program could be sustained and broadened. This might include such things as "creating a whole new separate category in the Alaska Police Standards Council."

[11:26:15 AM](#)

Senator Thomas noted that separate legislation has been introduced that addresses some of the issues VPSO officers must deal with. The point is that the VPSO program has had to deal with external as well as internal issues.

[11:27:33 AM](#)

Commissioner Monegan considered the VPSO program "a piece of the puzzle." An enhanced VPSO program would not be the "silver bullet" that would address all the problems in Rural communities, but that action would have a significant impact. The State must take a "holistic" approach in utilizing its resources to address the problems in Rural Alaska.

[11:28:06 AM](#)

There being no further Committee discussion or public commentary, Senator Olson moved to report committee substitute, Version 25-LS0856\C, from Committee with individual recommendations and accompanying fiscal notes.

Co-Chair Stedman pointed out that the lack of any accompanying fiscal note indicated that the Resolution had no fiscal impact.

There being no objection, CS SR 7(FIN) was REPORTED from Committee with individual recommendations.

AT EASE [11:29:12 AM](#) \ [11:30:19 AM](#)

Co-Chair Stedman announced that the Resolution would be HELD in Committee in order to clarify whether it should be accompanied by a fiscal note.

[NOTE: The Resolution was brought back before the Committee later in the hearing. See Timestamp [11:43:54 AM](#).]

[11:30:41 AM](#)

#hb184

SENATE CS FOR CS FOR HOUSE BILL NO. 184(STA)

"An Act relating to a commemorative troops license plate and to license plates available to disabled veterans; relating to mandatory motor vehicle insurance, license suspensions, and notices relating to motor vehicles and

driver's licenses; relating to registration of vehicles for disabled persons; relating to the anatomical gift awareness fund; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Hoffman moved to adopt committee substitute Version 25-LS0621\V, Luckhaupt, dated May 14, 2007, as the working document.

There being no objection, committee substitute Version 25-LS0621\V was ADOPTED as the working document.

[11:31:24 AM](#)

REPRESENTATIVE BOB ROSES, the bill's sponsor, stated that the bill would establish a process through which people could purchase commemorative plates in honor of those serving in the military. The money raised by this endeavor would be utilized to assist military families with such things as activities, rent and other necessities, and education scholarships. While, many components of the bill have changed during its committee hearing process, an amendment of particular note was one that expanded the program to include families of individuals serving in the Alaska National Guard.

[11:32:38 AM](#)

JOSH APPLEBEE, Staff to Representative Bob Roses, informed the Committee that Version "V" refined and shortened language contained in previous versions of the bill.

Mr. Applebee stated that several amendments were adopted during the bill's committee hearing process. For example, the Senate State Affairs Committee added language to Section 1 subsection (d) page 1 lines 7 through 10 to specify that money donated to the organ transplant program "may be appropriated by the Legislature to Life Alaska, Inc." The intent of specifically naming Life Alaska Inc. in the bill was to clarify where the money donated to this program would be appropriated.

Mr. Applebee continued. The House Veterans and Military Affairs Committee added language to Section 2 to allow disabled veterans

to continue getting their vehicle license plates free of charge. The amendment served to exempt them from the federal requirement that the international disability symbol be depicted on the plate. "That's a personal choice that I believe we should offer them."

[11:34:14 AM](#)

Mr. Applebee stated that language in Section 3 provided specifics to the design and the printing of the commemorative troops license plates proposed in this legislation.

Mr. Applebee noted that the House Finance Committee added language to Section 4 subsection (f) page 3 lines 1 through 8 which would allow residents over the age of 65 with a demonstrated disability to receive their vehicle license plate free of charge.

Mr. Applebee stated that the fee pertaining to the commemorative troops license plate is detailed in Section 5 page 3 lines 9 through 20 of the bill. The \$40 fee would be in addition to the regular license plate fee and would be earmarked to benefit Alaska troops and their families.

Mr. Applebee noted that Section 6, page 3 line 21, specifies that the legislation would become effective July 1, 2007.

[11:35:19 AM](#)

Senator Huggins asked for further information about Life Alaska, Inc.

[11:35:33 AM](#)

Mr. Applebee advised that Life Alaska Inc. is non-profit organization which facilitates the data management of individuals who sign up as organ and tissue donors. Were such an individual to die, Life Alaska would determine which organs were available and where they would need to be transported.

[11:36:07 AM](#)

Senator Huggins asked for further clarification about language in Section 1; specifically whether the money collected from the

purchase of the commemorative troops license plates would be allocated to Life Alaska Inc.

Mr. Applebee clarified that the Division of Motor Vehicles operated two donation programs: one for money donated by people toward the organ transplant program and the other being the commemorative troops license plate fee. The language in Section 1 referred to the organ transplant program.

Senator Huggins acknowledged.

[11:36:59 AM](#)

Senator Huggins asked whether the eligibility criteria for the disability license fee waiver proposed in Section 2, would specify that an individual must be a minimum of 50 percent disabled.

Mr. Applebee understood that to be correct.

[11:37:07 AM](#)

Co-Chair Stedman, noting that Duane Bannock with the Division of Motor Vehicles was participating via teleconference, asked him to explain how the money donated to the organ donor program is collected and allocated.

DUANE BANNOCK, Director, Division of Motor Vehicles, Department of Administration, testified via teleconference from an offnet location and informed the Committee that "the Anatomical Gift Awareness Fund" was established approximately four years ago. People visiting a Division of Motor Vehicle Office are asked whether they would like to contribute to the Fund, also referred to as the Donate a Dollar for Life fund. Donations have been collected for the Program for approximately the past three and a half years.

Co-Chair Stedman asked how the funds are dispersed.

[11:37:59 AM](#)

Mr. Bannock stated that that is the effort being undertaken in this bill. This legislation would allow that money to be allocated to Life Alaska Inc which is the organization in Alaska "responsible of promotion of organ and tissue donation."

Co-Chair Stedman understood that the Donate a Dollar for Life fund has accumulated approximately \$60,000 to date.

Mr. Bannock affirmed.

Mr. Bannock disclosed that he was a volunteer board member of Life Alaska Inc. donor services.

Co-Chair Stedman asked whether Life Alaska Inc. is the only organization in the State involved in an organ donor program.

Mr. Bannock understood that to be true.

[11:38:55 AM](#)

Amendment #1: This amendment deletes the entirety of Section 1, page 1 lines 5 through 8 and replaces it with the following language.

Section 1. AS 13.50.160(d) is repealed and reenacted to read:

(d) Money in the fund may be appropriated by the legislature to an organization for the purpose of promoting the donation program established in AS 13.50 and AS 13.52.

The amendment also repeals Alaska Statute 13.50.160(c). The language being deleted reads as follows.

(c) Donations to the fund shall be segregated within the fund until they are appropriated for use by the fund.

Co-Chair Stedman moved Amendment #1 and objected for purposes of discussion.

[11:39:17 AM](#)

MILES BAKER, Staff to Co-Chair Stedman, distributed a copy of Alaska Statute Section 13.15.160. Anatomical gift awareness fund., which was the section of Statute affected by this amendment and a copy of a May 14, 2007 memorandum from Gerald Luckhaupt, Legislative Counsel, addressed to Senator Stedman [copies on file]. The memorandum advised that the "direct appropriations of funds to private organizations, even non-profit organizations such as the reference to Life Alaska, Inc.

in Section 1 page 1 line 8 of Version "V", "may violate the public purpose clause of Art. IX" of the State's Constitution.

Mr. Baker stated that this amendment would remove the reference to Life Alaska Inc in order to address the Constitutionality concern. The intent, however, is that the Legislature would annually authorize an appropriation to Alaska Life Inc from the fund. "The primary reason the money has not been spent is because the Legislature just hasn't appropriated it."

Mr. Baker communicated that the Statutory language pertinent to the Anatomical gift awareness fund was modeled after a similar program adopted by the State of Washington. The Statute "is a bit confusing" because that state's use of the term "appropriations" differs from that of Alaska's.

Mr. Baker advised therefore that Amendment #1 would repeal the language currently in AS 13.50.160(c) and would rewrite AS 13.50.160(d).

Mr. Baker stated that Life Alaska Inc. is currently the only organ donor management organization in the State. The proposed language could accommodate any other organization that might conduct similar operations.

[11:42:04 AM](#)

Senator Thomas understood therefore that the amendment would alter language in Version "V" to specify that the appropriation to be made to "an organization" in general rather than a specific named organization.

Mr. Baker replied that that was correct.

Co-Chair Stedman removed his objection.

There being no further objection, Amendment #1 was ADOPTED.

Co-Chair Hoffman moved to report committee substitute Version 25-LS0621\V, as amended, from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, SCS CSHB 184(FIN) was REPORTED from Committee with previous zero fiscal note #1 from the Department of Administration.

[11:43:54 AM](#)

#sr7

SENATE RESOLUTION NO. 7
Creating and relating to the Senate VPSO Task Force.

Co-Chair Stedman announced that the committee substitute for SR 7, Version 25-LS0856\C, was again before the Committee in order to review a new fiscal note pertaining to it.

AT EASE: 11:44:17 AM / [11:45:24 AM](#)

Co-Chair Hoffman moved to rescind the Committee's earlier action of reporting the Resolution from Committee.

Without objection, the motion was RESCINDED.

Co-Chair Stedman directed attention to the \$45,000 fiscal note dated April 27, 2007 from the Legislative Affairs Agency (LAA).

[11:45:45 AM](#)

Senator Thomas observed that the fiscal note depicted travel expenses for Task Force members, but did not provide funding for staff. While language on page 2 line 13 of the Resolution specifies that the LAA would provide administrative support for the Task Force that same provision indicates that staff might also be hired.

[11:46:19 AM](#)

Senator Olson explained that the staff of the three Senators on the Task Force would attend to Task Force needs.

Senator Thomas acknowledged.

[11:46:54 AM](#)

Senator Dyson spoke in support of the Resolution. He advised the Committee that, several years earlier, he had discussed with the Adjunct General of the Department of Military and Veterans Affairs "the concept that VPSOs, if they choose, could also be a

part of the Guard." This venture would make federal training money and equipment available to the VPSOs. The discussion also included the idea of sharing facilities and equipment. He has advised Commissioner Monegan of this opportunity.

Senator Dyson also hoped that the Task Force would explore the possibility of having the Department of Military and Veterans Affairs and the Department of Public Safety "share personnel and resources."

[11:47:57 AM](#)

Co-Chair Hoffman moved to report the committee substitute for Resolution 7, Version 25-LS0856\C, from Committee with individual recommendations and accompanying fiscal note.

Without objection, CS SR 7(FIN) was REPORTED from Committee with new \$45,000 fiscal note, dated April 27, 2007, from the Legislative Affairs Agency.

[11:48:23 AM](#)

#hb244

CS FOR HOUSE BILL NO. 244(FIN)

"An Act creating an Alaska Decoration of Honor and establishing criteria for awarding the decoration."

This was the first hearing for this bill in the Senate Finance Committee.

[11:48:54 AM](#)

KELLY HUBER, Staff to Representative Nancy Dahlstrom, the bill's sponsor and Co-Chair, House of Representatives and Senate Joint Armed Services Committee (ASC), reminded the Committee that a concurrent resolution creating an Alaska Medal of Honor was passed by the House and Senate during the 24th Legislature. That resolution tasked this Legislature with creating the medal and its guidelines.

Ms. Huber reviewed the components of the bill, noting that due to differing amendments offered in each house, the provisions of this bill varied slightly from the current version of its Senate

companion bill. That bill had been introduced by ASC Co-Chair Senator Bill Wielechowski.

Ms. Huber declared that the purpose of this legislation was to recognize "those men and women who give the ultimate sacrifice in the line of duty". The original name proposed for the honor has been changed from the "Medal of Honor" to the "Decoration of Honor" in order to avoid confusion with, and not diminish, the Congressional Medal of Honor.

Ms. Huber specified that the State's adjutant general would be responsible for compiling the names of individuals eligible for the Decoration. The initial list submitted to the Senate President and the Speaker of the House would be a comprehensive list of individuals since Statehood. Names would be submitted annually thereafter.

Ms. Huber noted that the adjutant general would also be responsible for maintaining a complete listing of the individuals receiving the Decoration.

Ms. Huber informed the Committee that the Joint Armed Services Committee would be tasked with designing the honor and developing the criteria for being awarded it. This would include consideration of how to present the honor to the families.

[11:51:38 AM](#)

Senator Huggins inquired to the process for designing the medal.

Ms. Huber replied that the Joint Armed Services Committee would make that determination. They would develop a list of criteria and then find an entity to design the medal based on that criteria.

Senator Huggins commended the effort exerted by Ms. Huber to advance this recognition.

[11:52:48 AM](#)

Co-Chair Hoffman moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS HB 244(FIN)am was REPORTED from Committee with previous \$55,000 fiscal note #2 from the

Legislative Affairs Agency and previous zero fiscal note #1 from Department of Military and Veterans Affairs.

#

AT EASE [11:53:20 AM](#) / [11:53:40 AM](#)

^ Alaska Marine Highway System Review and Approval

Alaska Marine Highway System
Review and Approval

Co-Chair Stedman communicated that in order to assist the Legislature with their "struggle" to address the Alaska Marine Highway System's (AMHS) financial challenges and enable the State to provide "a viable transportation system through coastal Alaska", the Committee is proposing to authorize an expenditure of up to \$100,000 to hire a consultant to advise the Committee on the matter during the Legislative Interim. Governor Sarah Palin's Administration and the Department of Transportation and Public Facilities (DOT) are also working to develop a report about the AMHS. That report should be available in January 2008.

Co-Chair Stedman contended that conducting this work during the Interim would be beneficial to the workings of the Committee during the Second Session of the 25th Legislature, particularly as that Session would be limited to 90 days.

[11:54:39 AM](#)

Co-Chair Hoffman moved the Committee "expend \$100,000 of Committee funds for a Request for Proposals to review and assess the operations of the Alaska Marine Highway System."

Senator Dyson objected in order to ask whether any specific candidates for this consulting position have been identified.

[11:55:13 AM](#)

Co-Chair Stedman responded that the proposal was still in its concept stage. He noted however that a person on his staff, who had worked at DOT for several years and was familiar with its

operations, would be developing the Request for Proposals (RFP) for the project.

[11:55:46 AM](#)

Co-Chair Stedman touted the benefits of hiring someone unfamiliar with the AMHS. They might provide "an outside view, a fresh look to help us sort through some of these problems."

Senator Dyson appreciated the information. He recommended that a firm named the Elliot Bay Design Group be considered.

Co-Chair Stedman acknowledged the recommendation and invited other members to provide suggestions. He reiterated the idea of hiring someone unfamiliar with the System, as a fresh approach might prevent the same problems from resurfacing year to year.

Senator Dyson remarked that the effort should concentrate on developing a marine transportation system for southeast and southern coastal Alaska including the Gulf of Alaska. The conclusion might be that something other than continuing the status quo AMHS would be appropriate. For instance, the addition of a commuter airline or barge service in an area might compliment the service. The effort should be to develop "the best transportation system" rather than solely concentrating on "the best way" to use the System's existing resources.

[11:57:39 AM](#)

Co-Chair Stedman acknowledged that interest has been expressed "in seeing some change in the way the State administers" the AMHS.

Senator Dyson mentioned that the previous AMHS director had envisioned utilizing short connector roads to reduce the length of ferry routes. These ideas are worth considering. Moving vehicles and freight by barge or people by plane as opposed to a ferry might also make sense in the endeavor to develop an "effective and efficient" transportation system.

[11:58:40 AM](#)

Senator Elton shared the expectation that the effort produce "a look from outside the System. I think, that too often, we have focused upon having managers come up with plans but the problem,

sometimes there, is that you're locked into what you already have..." Another issue is that "within the bureaucracy you have different people that are protective of different elements of the system."

Senator Elton agreed that someone from outside the system might have new ideas about how to move people and freight.

[11:59:31 AM](#)

Senator Dyson informed the Committee that he had worked for several years with a group that is attempting to implement a Northwest Transportation Pass similar to the Eurail pass for the ferry and train systems in British Columbia, the State of Washington, and Alaska. The intent would be to allow a person purchasing this pass to ride any ferry or train in the system. Increasing tourism rider-ship on the ferries would be a boom for the System.

AT EASE [12:00:25 PM](#) / [12:00:53 PM](#)

Senator Dyson removed his objection to the motion.

Co-Chair Hoffman moved to withdraw his motion in order to move more specific language.

There being no objection, the motion was WITHDRAWN.

Co-Chair Hoffman moved that the Committee authorize Co-Chair Stedman "to solicit, award, and expend up to \$100,000 of Senate Finance Committee Funds for an RFP to review and assess operations of the Alaska Marine Highway System."

Co-Chair Stedman objected for discussion.

Co-Chair Stedman qualified that the motion had been modified to authorize him to act on behalf of the Committee.

[12:01:45 PM](#)

Senator Dyson sought assurance that the reference to the AMHS did not limit the effort to just reviewing the ferry system. The effort should be comprehensive in its approach to providing a transportation system would provide the best service to people in the region.

Co-Chair Stedman affirmed. The goal is to find "a solution". Even though the current transportation mode is dominated by the AMHS, other options should be considered.

Co-Chair Stedman removed his objection.

There being no further objection, the motion was ADOPTED.

#

RECESS TO THE CALL OF CHAIR [12:02:59 PM](#) / 7:55 PM

Co-Chair Stedman brought the Committee back to order. There being no further business to address, the meeting was adjourned.

[NOTE: Due to technical difficulties, the adjournment of the meeting was not recorded.]

ADJOURNMENT

Co-Chair Bert Stedman adjourned the meeting at 7:55 PM.