

SENATE FINANCE COMMITTEE  
April 11, 2008  
9:22 a.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [9:22:29 AM](#).

MEMBERS 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

MEMBERS ABSENT

None

ALSO PRESENT

Senator Hollis French; David Gray, Staff, Senator Donny Olson; Guy Bell, Assistant Commissioner and Director, Division of Administrative Services, Department of Labor and Workforce Development; Representative Mark Neuman; Pat Pitney, Vice President, Budget and Planning, University of Alaska; Rynniva Moss, Staff, Representative John Coghill; Clark Bishop, Commissioner, Department of Labor and Workforce Development; Marcia Pickering, Deputy Compact Administrator, Social Services Program Coordinator, Office of Children's Services (OCS), Department of Health and Social Services; Representative Harry Crawford; Jerry Burnett, Director, Division of Administrative Services, Department of Revenue; Representative Bryce Edgmon; Eddy Jeans, Director, Education Support Services, Department of Education and Early Development; Representative David Guttenburg; Darwin Peterson, Staff, Senator Bert Stedman; Karen Lister, Staff, Representative John Coghill; Miles Baker, Staff, Senator Bert Stedman; Marie Darlin, AARP, Capital City Task Force; Clyde (Ed) Sniffen, Jr., Assistant Attorney General, Department of Law;

PRESENT VIA TELECONFERENCE

Maurice Bailey, President, Vietnam Veterans of America, MatSu

SUMMARY

SB 160 "An Act establishing an Alaska health care program to ensure insurance coverage for essential health services for all residents of the state; establishing the Alaska Health Care Board to define essential health care services, to certify health care plans that provide essential health care services, and to administer the Alaska health care program and the Alaska health care fund; establishing the Alaska health care clearinghouse to administer the Alaska health care program under the direction of the Alaska Health Care Board; establishing eligibility standards and premium assistance for persons with low income; establishing standards for accountable health care plans; creating the Alaska health care fund; providing for review of actions and reporting requirements related to the health care program; and providing for an effective date."

SB 160 was heard and HELD in Committee for further consideration.

CSHB 65(FIN)

"An Act relating to breaches of security involving personal information, credit report and credit score security freezes, protection of social security numbers, care of records, disposal of records, identity theft, credit cards, and debit cards, and to the jurisdiction of the office of administrative hearings; amending Rules 60 and 82, Alaska Rules of Civil Procedure; and providing for an effective date."

SCS CSHB 65(FIN) was REPORTED from Committee with "no recommendation" and with indeterminate fiscal note #3 by the Office of the Governor and fiscal note #5 by the Department of Administration.

HB 366 am

"An Act relating to an exemption from public disclosure of certain appropriations from the dividend fund; relating to execution upon permanent fund dividends by civilian process servers using electronic procedures; amending Rule 89, Alaska Rules of Civil Procedure; and providing for an effective date."

HB 366 am was REPORTED from Committee with "no recommendation" and with a new indeterminate fiscal note from the Department of Corrections and a previously published zero fiscal note from the Department of Revenue.

HB 2 "An Act relating to the vocational education account and appropriations from that account; and providing for an effective date."

SCS HB 2(FIN) was REPORTED out of Committee with a "do pass" recommendation and with a previously published zero fiscal note by the Department of Administration, and with new forthcoming fiscal notes by the Department of Labor and Workforce Development, the Department of Education and Early Development, and the University.

CSHB 226(FIN)

"An Act extending the termination of the state training and employment program; requiring a review of the program; and providing for an effective date."

SCS CSHB 226(FIN) was REPORTED from Committee with a "no recommendation" and with two new fiscal notes by the Department of Labor and Workforce Development.

CSHB 50(JUD)

"An Act relating to the Interstate Compact for the Placement of Children; establishing an interstate commission for the placement of children; amending Rules 4 and 24(b), Alaska Rules of Civil Procedure; and providing for an effective date."

CSHB 50(FUD) was REPORTED from Committee with "no recommendation" and with previously published zero fiscal note #1 by the Department of Administration and fiscal note #2 by the Department of Health and Social Services.

CSHB 332(FIN)(title am)

"An Act defining an elementary school to include certain pre-elementary programs and relating to counting pre-elementary students in a school's average daily membership."

CSHB 332(FIN)(title am) was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by the Department of Education and Early Development.

CSHB 314(FIN) am

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state transportation projects; and providing for an effective date."

SCS CSHB 314 (FIN) was REPORTED from Committee with a "do pass" recommendation and fiscal note #1 by the Office of the Governor and fiscal note #2 by the Department of Revenue.

CSHB 44(FIN)

"An Act relating to information from veterans on the permanent fund dividend application form."

CSHB 44(FIN) was heard and HELD in Committee for further consideration.

SENATE BILL NO. 160

"An Act establishing an Alaska health care program to ensure insurance coverage for essential health services for all residents of the state; establishing the Alaska Health Care Board to define essential health care services, to certify health care plans that provide essential health care services, and to administer the Alaska health care program and the Alaska health care fund; establishing the Alaska health care clearinghouse to administer the Alaska health care program under the direction of the Alaska Health Care Board; establishing eligibility standards and premium assistance for persons with low income; establishing standards for accountable health care plans; creating the Alaska health care fund; providing for review of actions and reporting requirements related to the health care program; and providing for an effective date."

SENATOR HOLLIS FRENCH, Sponsor, introduced SB 160. He stated that Starbucks pays more for health insurance than they pay for coffee. General Motors pays more for health insurance than it does for steel. The reason the bill is before the Committee is because Corporate American has decided that there needs to be something done to reduce the cost of health insurance before it drives businesses out of business.

Senator French explained that the genesis of the bill began when Mitt Romney became governor of Massachusetts and faced the loss of millions of dollars in "dish funds", funds that the federal government pays to cover hospitals for the costs of the uninsured. Governor Romney formulated a new, consumer-driven approach to address health insurance. Senator French termed SB 160 a consumer-driven bill that allows individuals to make choices about their health insurance. It is that market force that will help keep health insurance costs down.

Senator French reported that there are 100,000 Alaskans without health insurance. Over 50 percent have jobs. This

bill would use federal, state, and employer money to make the cost of health insurance affordable.

Senator French drew attention to the controversial aspects of the bill. The first is "individual mandate". There is a call in the bill for every single citizen to acquire health insurance. This is necessary to spread out the risk, which will lead to lower costs. The upside is "guaranteed issue": everyone who applies is guaranteed coverage in the form of a voucher.

[9:29:19 AM](#)

Senator French dispelled the myths about the bill. It does not require those currently insured to change policies. It should bring policy costs down by up to 15 percent, which is about equal to the amount those who are insured have to pay for those who are not insured. He gave an example of the uninsured receiving care at emergency rooms resulting in a loss of revenue to hospitals. It was estimated that in 2007 Providence Hospital spent \$90 million on the uninsured.

Senator French reported on what the bill would not do: create more doctors in Alaska or deal with Medicare reimbursement rates. He opined that eventually there would be a solution to the problem of the uninsured. He requested the Committee take a hard look at the bill, which he termed a work in progress. He stressed the importance of policy decisions that will be made by the Senate Finance Committee.

[9:32:37 AM](#)

Senator French referred to a chart entitled "Alaska Health Care: The Framework For Change" (copy on file.) There is an Alaska Health Care Board, which certifies private health care plans. There is a fund that holds vouchers, similar to the federal plan, based on a sliding scale. He described the various plans based on income level. Certified private health insurance plans are made available for purchase using vouchers.

[9:34:41 AM](#)

Senator French addressed the fiscal notes. The Administration expects the plan to cost \$333 million in FY 2010. Senator French thought that figure to be wildly overstated. He pointed out on page 2 of fiscal note #1, it says that "the estimated cost for insurance premiums is \$11,000 per person per year, based on the State of Alaska employee insurance plan." He pointed out several errors in that assumption. No one is paying \$11,000 per person; that amount will cover a family of four. The fiscal note incorporates Indian Health Service recipients. The bill does not mandate that those individuals join the plan.

Also, the fiscal note does not take into account that there is an enormous amount of money being paid for uncompensated care, which causes an increase in health insurance premiums of about 15 percent.

[9:37:13 AM](#)

Senator Thomas asked if there is a minimum requirement of services and if the Alaska Health Care Board would set up the policies to be selected by the uninsured. Senator French said those requirements are found on page 7 of the bill in Section 231.54.250, essential health care services. It does not set the level of the deductible or the copayment.

Senator Olson asked if the program was all-inclusive. Senator French said it was comprehensive, just like a regular health insurance policy. Senator Olson asked if Providence Hospital was in favor of the bill. Senator French said they were and he referred to a letter of support. He further explained that hospitals like the idea of health insurance for all. Insurance companies are also in favor of such a plan.

[9:40:03 AM](#)

Senator Huggins requested information about Massachusetts' universal health care plan. Senator French explained that over a year ago, Massachusetts instituted universal health insurance using the mechanism of the state income tax to require insurance. They started with a base of 600,000 uninsured and lowered that number by one third. They are spending about \$900 million a year. He said a comparable cost to Alaska for a similar program would be about \$150 million. Other states are considering similar plans.

Senator French mentioned a difficulty with that plan. Now it is more difficult to see a primary care physician.

Senator Huggins referred to Canada's plan and the difficulty of getting into see a doctor.

SB 160 was heard and HELD in Committee for further consideration.

AT-EASE: [9:42:43 AM](#)

RECONVENED: [9:46:53 AM](#)

HOUSE BILL NO. 2

"An Act relating to the vocational education account and appropriations from that account; and providing for an effective date."

Senator Olson MOVED to ADOPT SCS HB 2(FIN), labeled 25-LS006\K, Mischel, 4/10/08, as the work draft before the Committee.

Co-Chair Stedman OBJECTED for discussion purposes.

DAVID GRAY, STAFF, SENATOR DONNY OLSON, explained that SCS HB 2(FIN) combines two bills, the original HB 2, which is Section 3 of the bill, and SB 124, which made distributions of funds for various vocational technical training programs throughout the state. SB 124 unanimously passed the Senate and had 15 co-sponsors. The SCS is an attempt to try to enact the essential parts of SB 124.

Mr. Gray explained that Section 1 increases the percentage of the contribution to technical training education funds. Section 2 puts the allocations in affect for a 5-year time period. Page 2 of the bill lists the various allocations. The University of Alaska allocation has been increased. Mr. Gray noted an error in the Galena Project allocation. He said that it should be 4 percent, not 3 percent. He listed the allocations for the various categories in HB 2, as compared to what they used to be in SB 124. Missing from 124 is an allocation of 15.5 percent to the Alaska Works Partnership.

[9:52:07 AM](#)

Mr. Gray addressed a new feature in subsections (e) and (f) - an expenditure and performance report to the department and to the legislature.

Mr. Gray reported that Section 4 is a repeal of uncodified law.

[9:53:06 AM](#)

Co-Chair Stedman MOVED to ADOPT a Conceptual Amendment:

On page 2, line 7, change 3 percent to 4 percent.

There being NO OBJECTION, it was so ordered.

Co-Chair Stedman mentioned the zero fiscal note from the Department of Administration.

[9:53:58 AM](#)

GUY BELL, ASSISTANT COMMISSIONER AND DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, said there would be a third fiscal note once the bill is adopted by the Committee. One from the University of Alaska, one from the Department of Education

and Early Development, and one from the Department of Labor and Workforce Development.

[9:55:26 AM](#)

REPRESENTATIVE MARK NEUMAN, Sponsor, explained that HB 2 started out as a proposal to create a vocational education account within the general fund. It was a way to allow private industry to help vocational education. It does require the Department of Education and Early Development and the Department of Labor and Workforce Development to target programs that need vocational education funds. He spoke in favor of the changes in the new SCS.

[9:56:33 AM](#)

Senator Huggins asked about the UAA allocation of 45 percent on page 2 of the bill. He wondered which programs it funded. He Representative Neuman did not know. It was an amendment with the addition of SB 124.

PAT PITNEY, VICE PRESIDENT, BUDGET AND PLANNING, UNIVERSITY OF ALASKA, addressed the distribution of the funding which goes to all campuses.

Senator Huggins asked about MatSu's allotment. Ms. Pitney reported that it varies from year to year. The funds are primarily for workforce startup or equipment. She offered to provide more information.

[9:59:57 AM](#)

Representative Neuman commented that there needs to be more money funded for vocational education. He spoke in favor of jobs for Alaskans. He strongly advocated for the passage of HB 2.

Co-Chair Hoffman MOVED to REPORT SCS HB 2(FIN), as amended, out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS HB 2(FIN) was REPORTED out of Committee with a "do pass" recommendation and with a previously published zero fiscal note by the Department of Administration, and with new forthcoming fiscal notes by the Department of Labor and Workforce Development, the Department of Education and Early Development, and the University.

[10:02:31 AM](#)

CS FOR HOUSE BILL NO. 226(FIN)

"An Act extending the termination of the state training and employment program; requiring a review of the program; and providing for an effective date."

Co-Chair Hoffman MOVED to ADOPT SCS CSHB 226(FIN), labeled 25-LS0778\L, Wayne, 4/9/08, as the work draft before the Committee. Co-Chair Stedman OBJECTED.

Co-Chair Stedman commented that version L reduces the sunset date to 2010 and requires the department to post its report on the Alaska Online Public Notice System.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[10:04:08 AM](#)

RYNNIEVA MOSS, STAFF, REPRESENTATIVE JOHN COGHILL, explained that job training and employment are very important. The sponsor feels that this program is the best way to get that accomplished. The current commissioner has inherited a program that needs improvements and has appointed a task force to address some of the problems that face the State Training and Employment Program (STEP). She voiced appreciation for the extension of the program through 2010.

Co-Chair Stedman noted two fiscal notes from the Department of Labor and Workforce Development. The one from business services is for \$5,678,100 - the amount of the FY 09 operating budget for the program. The other is from unemployment insurance for \$356,900 - STEP's share of unemployment insurance tax collection cost required by federal law.

[10:05:31 AM](#)

CLARK BISHOP, COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, thanked everyone for their work on the bill.

Senator Thomas asked who requested the sunset date extension of two years. Mr. Bishop replied that the bill came out of the Senate Labor and Commerce Committee with a date of 2018. The department requested and would prefer 10 years for continuity reasons. Senator Thomas asked if there was a recommendation by the auditors. Mr. Bishop said he didn't think so.

Co-Chair Hoffman MOVED to REPORT SCS CSHB 226(FIN) out of Committee with individual recommendations and accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS CSHB 226(FIN) was REPORTED out of Committee with "no recommendation" and with two new fiscal notes by the Department of Labor and Workforce Development.

AT-EASE: [10:09:13 AM](#)

RECONVENED: [10:13:31 AM](#)

Co-Chair Stedman MOVED to RESCIND the action to move SCS CSHB 226(FIN) from Committee. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman noted that more work was needed on the bill.

AT-EASE: [10:15:06 AM](#)

RECONVENED: [10:15:34 AM](#)

CS FOR HOUSE BILL NO. 50(JUD)

"An Act relating to the Interstate Compact for the Placement of Children; establishing an interstate commission for the placement of children; amending Rules 4 and 24(b), Alaska Rules of Civil Procedure; and providing for an effective date."

RYNNIEVA MOSS, STAFF, REPRESENTATIVE JOHN COGHILL, explained that the Interstate Compact for the Placement of Children has several problems. States have been joining forces to compose a new compact that has accountability and allows the states to agree on regulations of conformity that will result in children being placed in foster care a shorter length of time before being placed with relatives and friends in other states. She shared Representative Coghill's story behind deciding to come forth with the legislation in order to help children.

Ms. Moss reported that under this legislation, work studies would be completed in sixty days, rather than three months to a year, as happens now.

[10:18:23 AM](#)

MARCIA PICKERING, DEPUTY COMPACT ADMINISTRATOR, SOCIAL SERVICES PROGRAM COORDINATOR, OFFICE OF CHILDREN'S SERVICES (OCS), DEPARTMENT OF HEALTH AND SOCIAL SERVICES, explained the requirements of the new Compact, which are intended to return uniformity to the process, establish accountability, and ensure safe and timely placements of children in foster care to homes in other states. The Compact should shorten the time spent in foster care to two months because there will be an opportunity to request an assessment vs. a full-

blown home study. The assessment will allow for provisional approval from another state more quickly.

Ms. Pickering explained that the provisions in the new Compact will help address the frustrations the state, judges, and others have had. It will provide for administrative rule-making and enforcement. In the past there has not been any accountability in enforcement. It will also provide for supervision services for children already placed. It will provide for uniform data collection and information sharing and require oversight by an in-state advisory committee made up of administration, judiciary, and legislative participants.

[10:20:31 AM](#)

Co-Chair Hoffman asked how the bill relates to the Indian Child Welfare Act. Ms. Pickering shared her understanding of the purpose of the placement responsibilities of the Act. The Compact will help facilitate the placements recommended by the Act. Co-Chair Hoffman asked if it conflicted with the Indian Child Welfare Act's intention to place children with a native family. Ms. Pickering said it did not.

[10:22:09 AM](#)

Senator Elton referred to page 27, Section 6, where the Governor is replaced with the Commissioner of the Department of Health and Social Services. He questioned the constitutionality of that change. Ms. Moss said that the Department of Law was involved in drafting the language. She related the history of analyzing the language in the old Compact. The Governor's office, Attorney General's office, as well as private attorneys, have been involved in drafting this legislation.

Senator Elton wondered if "the Governor may delegate" would be better. Ms. Moss referred to statutes that transfer authority to the commissioner to be on the commission and to be involved in promulgating regulations for states to use as guidelines for placement of children. She predicted it would be labor intensive for the first several years. It would be consistent with other laws.

Senator Elton assumed it would not restrict an acting commissioner. Ms. Moss thought an acting commissioner was considered to be the commissioner. Senator Elton requested the bill be set aside to answer that question.

[10:25:51 AM](#)

Senator Thomas stated support for the bill. He asked how many children the bill would affect. Ms. Pickering said there were about 150 children placed outside the state.

About 38 of those are in relative foster care, about 50 are in residential programs, and the rest are with parents, relatives, and adoption placement.

CSHB 50 (JUD) was heard and HELD in Committee for further consideration.

AT-EASE: [10:28:01 AM](#)

RECONVENED: [10:32:30 AM](#)

HOUSE BILL NO. 366 am

"An Act relating to an exemption from public disclosure of certain appropriations from the dividend fund; relating to execution upon permanent fund dividends by civilian process servers using electronic procedures; amending Rule 89, Alaska Rules of Civil Procedure; and providing for an effective date."

REPRESENTATIVE HARRY CRAWFORD, Sponsor, explained that a number of years ago the law was changed so that incarcerated felons and multiple misdemeanants could not collect a Permanent Fund Dividend. Unfortunately, it prevented their children who were owed child support from receiving it. This bill ensures that those children will not lose out on their child support. Most children of incarcerated parents have a child support order that is \$50 per month. The majority of the time the parents' only assets are the PFD's. The bill also provides for electronic delivery of writs by the Department of Revenue.

[10:35:58 AM](#)

Co-Chair Stedman asked if the bill would direct the PFD of a parent that is incarcerated to the child. Representative Crawford explained that it would require the Department of Revenue to estimate the amount of the child's PFD and allow the child to receive child support payments. The bill is subject to appropriation by the legislature.

Senator Thomas wondered about the order of dispersal of the PFD for incarceration costs to the Department of Correction and the Department of Public Safety. He wondered how much would be left over for child support payments. Representative Crawford replied that the bill simply puts the children back on the list to be able to receive payments. It does not make an appropriation.

Representative Crawford reported that this year it was estimated that there would be about \$16 million for incarceration costs. He said there were about 5,000 children, of which about 2,000 would be eligible. He thought that there would be money left over.

[10:39:07 AM](#)

JERRY BURNETT, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, reported on currently calculated PFD felon funds. There were about 10,188 people who did not qualify for their dividend as a result of incarceration, which represented about \$16,800 in the FY 09 budget.

AT-EASE: [10:39:57 AM](#)

RECONVENED: [10:40:47 AM](#)

Mr. Burnett continued to explain that currently the money is all appropriated to the Department of Corrections and to the Department of Public Safety's Council on Domestic Violence and Sexual Assault. With the passage of the bill, PFD felon funds would potentially be available for grants to children of incarcerated parents.

Mr. Burnett reported that next year when the FY 2010 budget is compiled, the Department of Revenue would estimate how many children are not in foster care or are wards of the state and whose parents would have received a PFD absent their incarceration, and bring a budget request for that amount. He guessed that next year's felon funds would be about \$21 million to \$22 million. He said that half of the felons who are incarcerated have child support orders. It is estimated that next year less than 2,000 children would be eligible for the support, which would require about \$4 million to replace garnished dividends.

Co-Chair Stedman said the fiscal notes show zero. Mr. Burnett said they were zero because the effect of the bill only allows the appropriations from the PFD felon fund to be made. The fiscal notes do not show appropriations.

[10:43:52 AM](#)

Senator Thomas asked if the legislature would appropriate money for purposes of child support. He wondered how much would be available after the other appropriations are made. Mr. Burnett explained that the monies can be spent for anything on the list without disclosure on the PFD as a reduction to peoples' dividends. The bill allows for a specific appropriation request for a child support grant program. He related that the appropriation request could be made in several ways. He gave an example of how it could be done.

[10:45:47 AM](#)

Mr. Crawford explained that the bill allows child support payments to be back on the list. No one expected to pay for items in the felon's fund to come off of the backs of children. It was an unintended consequence.

Senator Olson asked if the incarcerated person has access to the money. Representative Crawford said they did not.

Senator Thomas said he was supportive of the bill.

Representative Crawford explained that child support orders are number one in line for garnished wages in all other instances.

Co-Chair Stedman noted that the fiscal notes need to be cleared up.

HB 366 was heard and HELD in Committee for further consideration.

[10:49:06 AM](#)

CS FOR HOUSE BILL NO. 332(FIN)(title am)

"An Act defining an elementary school to include certain pre-elementary programs and relating to counting pre-elementary students in a school's average daily membership."

REPRESENTATIVE BRYCE EDGMON, Sponsor, explained that the bill would allow pre-elementary school programs such as Head Start to be eligible for federal E-Rates, a subsidy that flows from the Universal Service Administrative Company (USAC) funds. It would not impact the average daily membership. It would transfer about \$14 million to \$20 million a year in federal funds to Alaska. It would allow Head Start to receive federal funds unencumbered by state matching funds. He gave the Bristol Bay Native Head Start program as an example.

Senator Olson asked where the \$15 - \$20 million goes now. Representative Edgmon said it goes to K-12 facilities which must qualify to receive the funds. Senator Olson asked if the department is in favor of the bill. Representative Edgmon said they were.

[10:52:38 AM](#)

EDDY JEANS, DIRECTOR, EDUCATION SUPPORT SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, testified in support of the bill. He noted previous efforts to get this approach reauthorized in legislation.

[10:53:17 AM](#)

Senator Huggins asked if there was a preference for pre-elementary programs over elementary programs regarding this federal funding. Mr. Jeans explained that there was no competition because it is a national program. Senator Huggins asked if the pre-school program has to be on-site at an elementary school. Mr. Jeans did not think so. Senator Huggins asked for a definition of a recognized pre-elementary program. Mr. Jeans did not know.

Senator Thomas clarified that the bill does not change what exists today regarding student count numbers. Mr. Jeans agreed.

[10:55:27 AM](#)

Senator Elton MOVED to REPORT CSHB 332(FIN)(title am) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 332(FIN)(title am) was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by Department of Education and Early Development.

AT-EASE: [10:55:58 AM](#)

RECONVENED: [3:43:37 PM](#)

HOUSE BILL NO. 366 am

"An Act relating to an exemption from public disclosure of certain appropriations from the dividend fund; relating to execution upon permanent fund dividends by civilian process servers using electronic procedures; amending Rule 89, Alaska Rules of Civil Procedure; and providing for an effective date."

Co-Chair Stedman referred to the revised Department of Corrections fiscal note which has been changed from a zero note to an indeterminate note. He referred to the second paragraph on the fiscal note which states, "In FY 2009 approximately \$9.1 million of the \$31 million Inmate Health Care budget is PFD Criminal Funds. If in the future the legislature chooses to reduce the current level of PFD Criminal Funds appropriated to the Department of Corrections, a General Fund appropriation equal to the reduction would be requested to maintain inmate health care services." It would be up to the legislature to decide what would be appropriated annually.

[3:45:31 PM](#)

Representative Crawford estimated the amount of felon funds for the coming year to be \$21 to \$22 million. The amount for inmate care will increase, but there should be more than enough funds to handle the child support request. That amount can't be known until the number of children are accounted for. He maintained that it could be about \$4 million and there should be enough available.

[3:46:38 PM](#)

Senator Elton MOVED to REPORT HB 366 am from Committee with individual recommendations and accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

HB 366 am was REPORTED from Committee with "no recommendation" and with a new indeterminate fiscal note from the Department of Corrections and a previously published zero fiscal note from the Department of Revenue.

[3:47:35 PM](#)

CS FOR HOUSE BILL NO. 50(JUD)

"An Act relating to the Interstate Compact for the Placement of Children; establishing an interstate commission for the placement of children; amending Rules 4 and 24(b), Alaska Rules of Civil Procedure; and providing for an effective date."

Co-Chair Stedman remarked that the bill was held because of Senator Elton's concerns. He referred to a legal memo that addresses those concerns (copy on file.)

Senator Elton agreed that his questions were answered.

Senator Thomas MOVED to REPORT CSHB 50(JUD) from Committee with individual recommendations and accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSHB 50(JUD) was REPORTED from Committee with "no recommendation" and with previously published zero fiscal note #1 by the Department of Administration and fiscal note #2 by the Department of Health and Social Services.

AT EASE: [3:48:49 PM](#)

RECONVENED: [3:55:58 PM](#)

CS FOR HOUSE BILL NO. 226(FIN)

"An Act extending the termination of the state training and employment program; requiring a review of the program; and providing for an effective date."

Co-Chair Stedman reported that this was the second hearing on HB 226. There was a need to clear up some issues.

Senator Elton MOVED to REPORT SCS CSHB 226(FIN) from Committee with individual recommendations and the accompanying fiscal note.

AT EASE: [3:56:32 PM](#)

RECONVENED: [3:56:46 PM](#)

There being NO OBJECTION, it was so ordered.

SCS CSHB 226(FIN) was REPORTED from Committee with "no recommendation" and with two new fiscal notes by the Department of Labor and Workforce Development.

AT EASE: [3:57:07 PM](#)

RECONVENED: [4:29:37 PM](#)

CS FOR HOUSE BILL NO. 44(FIN)

"An Act relating to information from veterans on the permanent fund dividend application form."

[4:30:08 PM](#)

REPRESENTATIVE DAVID GUTTENBURG, Sponsor, presented an overview of bill. This bill would instruct the Permanent Fund to put a question on the dividend application to find out if the applicant is a veteran. This list of veterans would go to the Department of Military and Veterans Affairs and to a service organization for outreach for the purpose of informing veterans about earned benefits. This information could not be used for anything political.

Representative Guttenberg explained that about \$2 billion a year in benefits is provided for veterans, but only 20 percent actually receive benefits. The bill would allow service groups to reach out and notify veterans of eligible benefits.

[4:32:13 PM](#)

Senator Thomas inquired if there would be an explanation on the form. Representative Guttenberg said there would be information included on the form saying that disclosure is voluntary and an opportunity to sign up for benefits.

[4:33:17 PM](#)

Senator Huggins asked what Military and Veterans Affairs would do with the information. Representative Guttenberg

replied that congressionally chartered veterans organizations would send mailings out to veterans.

Senator Huggins stated that DMVA presently gets 214's. He asked what they can do with those. Representative Guttenberg said that the reason the PFD is the vehicle is because it has the most current address. He did not know about the 214's.

[4:34:26 PM](#)

Senator Elton, speaking as a vet, said he did not want junk mail or lots of unwanted mail. He wondered if there were restrictions to prevent the organizations from selling the list. Representative Guttenberg said that was a topic of discussion in the House. The department and the organizations have confidentiality rules in place. It would be a violation of the law to sell the lists.

Senator Elton concluded that there are provisions that would prevent the organizations from selling the list. Representative Guttenberg said that was his understanding also.

[4:36:05 PM](#)

MAURICE BAILEY, PRESIDENT, VIETNAM VETERANS OF AMERICA, MATSU, testified in support of the bill. He spoke of organizing an Aviation Outreach Program to find veterans in Alaska in order to get health care and other benefit information to them. The program also supplies American flags to villages for burial services. Most of the veterans do not know how to get the forms they need because they are not tracked after active duty. He shared a personal story.

[4:40:49 PM](#)

Senator Huggins commented on military organizations such as Veteran Service Officers who provide information to veterans. He said he was proud of these organizations for reaching out to veterans.

Representative Guttenberg agreed with Senator Huggins. He pointed out that a lot of people get lost in the system. He shared a personal story about his father who was a veteran.

[4:43:05 PM](#)

Senator Elton spoke of his experience with the G.I. Bill paying for his schooling. He liked the idea that it would be voluntary to use the Permanent Fund to find out about benefits. He said he would not like it if it was required.

[4:44:08 PM](#)

CSHB 44(FIN) was heard and HELD in Committee for further consideration.

AT EASE: [4:44:21 PM](#)

RECONVENED: [4:46:09 PM](#)

CS FOR HOUSE BILL NO. 65(FIN)

"An Act relating to breaches of security involving personal information, credit report and credit score security freezes, protection of social security numbers, care of records, disposal of records, identity theft, credit cards, and debit cards, and to the jurisdiction of the office of administrative hearings; amending Rules 60 and 82, Alaska Rules of Civil Procedure; and providing for an effective date."

Senator Olson MOVED to ADOPT SCS HB 65(FIN), labeled 25-LS0311\F, Bannister, 4/10/08, as the working document. There being NO OBJECTION, it was so ordered.

[4:47:27 PM](#)

DARWIN PETERSON, STAFF, SENATOR BERT STEDMAN, reviewed the changes to the new SCS. On page 2, line 19, the word "and" was changed to "or". On page 3, line 25, the words "to state residents" were added for clarification. On page 5, line 31, language was deleted that was added as an amendment in the previous committee that referred to radio frequency devices. Page 8, line 28, through page 9, line 18, is the section of the bill that describes the exceptions for the fifteen minute time limit on removing a security freeze.

Mr. Peterson continued to explain that on page 11, lines 21-24, changes were made to the amount that a consumer credit reporting agency may charge a consumer for lifting a freeze. Previous language stated that if a consumer makes more than two requests, then the company may charge \$2. That language was problematic. On page 13, lines 17-18, language was inserted to conform to the previous exceptions for the fifteen minute time limit. On page 16, line 8-9, the language was added referring to AS 21.36.460 and AS 21.39.035.

Mr. Peterson turned to page 19, lines 1-4, a new subsection that refers to exceptions for accessing a person's social security number, and lines 8-12, which defines "insurer". On page 28, line 7, the words "or expiration date" were added after "credit card number". On page 29, lines 8-14, a new definition for credit report, cross referencing federal code, was inserted. On page 30, line 22, the

effective date was changed from January 1, 2009, to July 1, 2009, to conform with the start of the next fiscal year.

[4:51:41 PM](#)

Senator Elton referred to the change made on page 11, line 21, about the charge to consumers. He asked how many agencies a consumer would need to contact to establish a freeze. Darwin Peterson deferred to Karen Lister.

KAREN LISTER, STAFF, REPRESENTATIVE JOHN COGHILL, reported that it would be three credit reporting agencies.

Senator Elton assumed that the cost would be \$15, not \$5. Ms. Lister agreed.

[4:53:08 PM](#)

Ms. Lister presented an overview of the bill and listed the 7 articles that deal with all areas of personal information and the rights and protections the consumer has and can expect from individuals that handle their personal information:

- Breach of Security Involving Personal Information
- Credit Report and Credit Score Security Freeze
- Protection of Social Security Number
- Disposal of Records
- Factual Declaration of Innocence after Identity Theft;
- Right to File Police Report Regarding Identity Theft
- Truncation of Card Information
- General Provisions

[4:58:03 PM](#)

Senator Thomas inquired who currently has access to personal information. Ms. Lister replied that the Fair Credit Reporting Act provides guidelines that control access and disclosure of that information. Those guidelines are referenced many times in the bill. Credit reporting agencies are subject to those requirements.

[5:00:02 PM](#)

Senator Olson asked, if the bill passes, if doctors will still be able to use Social Security numbers for reporting purposes. Ms. Lister said they would. She referenced that information in the bill.

Senator Olson found that information on page 20, lines 29-31.

[5:00:42 PM](#)

Senator Huggins asked how long of a delay there would be before the person is informed if their security file is lost. Ms. Lister deferred to the Attorney General's Office to report on the "allowable delay" term.

Co-Chair Stedman noted that an amendment was forthcoming.

AT EASE: [5:02:07 PM](#)

RECONVENED: [5:03:52 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment #1:

Page 1, line 3, following "**debit cards**,":  
Insert "**disclosure of the names and addresses of permanent fund dividend applicants**,"

Page 2, following line 1:  
Insert a new bill section to read:  
"**\* Sec. 2.** AS 43.23.017 is amended by adding a new subsection to read:

(b) Notwithstanding (a) of this section, the department may release the names and addresses of permanent fund dividend applicants to a legislator of this state and to the legislator's office staff."

Renumber the following bill sections accordingly.

Page 30, line 6:  
Delete "sec. 3"  
Insert "sec. 4"

Page 30, line 10:  
Delete "sec. 3"  
Insert "sec. 4"

Page 30, line 19:  
Delete "sec. 3"  
Insert "sec. 4"

Page 30, line 21:  
Delete "Section 6"  
Insert "Section 7"

Page 30, line 22:  
Delete "secs. 7 and 8"  
Insert "secs. 8 and 9"

Co-Chair Stedman OBJECTED.

[5:04:13 PM](#)

MILES BAKER, STAFF, SENATOR BERT STEDMAN, presented an overview of the amendment. The amendment would insert an addition to AS 43.23.017, which is the section in statute regarding who has access to the names and addresses of Permanent Fund Dividend applicants. Prior to 2004, legislative offices had access to that data. In 2004 legislation was passed which had the unintended effect of eliminating legislative access. Currently, local, state, and federal government agencies can access the PFD list, but legislative offices cannot. The amendment would allow legislators and their staff would have access to the list.

Co-Chair Stedman WITHDREW his OBJECTION.

Senator Elton OBJECTED. He inquired if there were any restrictions on legislative use of that information.

[5:07:17 PM](#)

Mr. Baker related that the department could not release confidential information and he assumed that legislative offices would do the same. The issue was not specifically addressed in the amendment.

Senator Elton said he was comfortable with having access for official purposes. He thought it should be restricted to only official purposes.

Mr. Baker reported that he had discussed this with Legal Services and the original suggestion included the wording "legislative offices for official business". That was the intent of the amendment, but in discussions with Legal Services it was decided that Amendment 1 contained the best description. He related the history of the discussion of the wording.

[5:10:59 PM](#)

Senator Elton MOVED to ADOPT a conceptual amendment: on line 10, before the period, add the words "for official use."

Co-Chair Stedman agreed with that friendly amendment.

Senator Elton WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #1 was adopted, as amended.

Co-Chair Stedman MOVED to ADOPT a conceptual amendment, on page 4, line 1, insert "credit" after "consumer". This was recommendation by Legal Services.

There being NO OBJECTION, it was so ordered.

[5:13:27 PM](#)

MARIE DARLIN, AARP, CAPITAL CITY TASK FORCE, testified in support of the bill. She related that the subject of this bill has been a concern of AARP's for a long time. It has been thoroughly reviewed and discussed since last year. AARP believes that HB 65 will be one of the most comprehensive identity theft bills in the U.S. She referred to a letter of support by AARP (copy on file.) She asked for the Committee's support of the bill.

[5:16:26 PM](#)

Co-Chair Stedman referred to a letter from legal services dealing with interstate commerce. He inquired if the bill creates a problem with interstate commerce.

Ms. Lister replied that she does not see a problem, but would like to have a legal explanation.

CLYDE (ED) SNIFFEN, JR., ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, reported that this kind of legislation has been passed in 42 states and is not a concern.

[5:18:24 PM](#)

Co-Chair Hoffman MOVED to REPORT SCS CSHB 65(FIN) from Committee with individual recommendations and accompanying fiscal notes.

Co-Chair Stedman OBJECTED. He reviewed the two fiscal notes.

Co-Chair Stedman WITHDREW his OBJECTION.

SCS CSHB 65(FIN) was REPORTED from Committee with "no recommendation" and with indeterminate fiscal note #3 by the Office of the Governor and fiscal note #5 by the Department of Administration.

AT EASE: [5:19:32 PM](#)

RECONVENED: [5:27:44 PM](#)

CS FOR HOUSE BILL NO. 314(FIN) am

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state transportation projects; and providing for an effective date."

Co-Chair Hoffman MOVED to ADOPT SCS CSHB 314(FIN), labeled 25-GH2041\0, Cook, 4/11/08, as the working document before the Committee. There being NO OBJECTION, work draft 25-GH2041\0 was adopted.

[5:28:41 PM](#)

MILES BAKER, STAFF, SENATOR BERT STEDMAN, went over the changes in the new Senate Committee Substitute. On page 2, line 14, the Sawmill project was moved over from the capital budget. The next five projects are Senate additions. Page 3, lines 1-19, are all House projects. On line 13 there was a name change to Craig-Klawock Highway. On line 16, "Gateway Borough" was removed for clarification. On line 18, "Matanuska Susitna Borough" was removed. Page 4, lines 1-8, are Senate additions. The total bond bill in the House was \$220.6 million, of which \$6.6 million was deleted for two projects. The Senate added \$101,050,000 for a total of \$315,050,000.

[5:32:18 PM](#)

Co-Chair Hoffman MOVED to REPORT SCS CSHB 314 (FIN) from Committee with individual recommendations and accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS CSHB 314 (FIN) was REPORTED from Committee with a "do pass" recommendation and fiscal note #1 by the Office of the Governor and fiscal note #2 by the Department of Revenue.

AT EASE: [5:32:59 PM](#)

RECONVENED: [5:57:59 PM](#)

ADJOURNMENT

The meeting was adjourned at 5:57 PM.