

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

April 9, 2009

1:03 p.m.

MEMBERS PRESENT

Representative Carl Gatto, Chair
Representative John Harris
Representative Bob Lynn
Representative Kurt Olson
Representative Jay Ramras
Representative Robert L. "Bob" Buch

MEMBERS ABSENT

Representative Scott Kawasaki

COMMITTEE CALENDAR

HOUSE BILL NO. 65

"An Act relating to an allowable absence for certain military civilian employees and civilian contractors for purposes of determining eligibility for permanent fund dividends; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 65

SHORT TITLE: PFD ALLOWABLE ABSENCE:MILITARY CONTRACTORS

SPONSOR(S): REPRESENTATIVE(S) LYNN

01/20/09	(H)	PREFILE RELEASED 1/16/09
01/20/09	(H)	READ THE FIRST TIME - REFERRALS
01/20/09	(H)	MLV, STA, FIN
04/09/09	(H)	MLV AT 1:00 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE BOB LYNN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, offered a preliminary introduction to HB 65.

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

POSITION STATEMENT: Presented HB 65 on behalf Representative Lynn, prime sponsor.

KAREN DORONDO
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 65.

DEBBIE BITNEY, Director
Permanent Fund Dividend Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 65.

ACTION NARRATIVE

[1:03:10 PM](#)

CHAIR CARL GATTO called the House Special Committee on Military and Veterans' Affairs meeting to order at 1:03 p.m. Representatives Buch, Lynn, Olson, Ramras, and Gatto were present at the call to order. Representative Harris arrived as the meeting was in progress.

HB 65-PFD ALLOWABLE ABSENCE:MILITARY CONTRACTORS

[1:03:38 PM](#)

CHAIR GATTO announced that the only order of business would be HOUSE BILL NO. 65, "An Act relating to an allowable absence for certain military civilian employees and civilian contractors for purposes of determining eligibility for permanent fund dividends; and providing for an effective date."

[1:04:08 PM](#)

REPRESENTATIVE BOB LYNN, Alaska State Legislature, as prime sponsor of HB 65, said he thinks the proposed legislation is a good concept.

[1:04:32 PM](#)

DIRK MOFFATT, Staff, Representative Bob Lynn, Alaska State Legislature, presenting HB 65 on behalf of Representative Lynn, prime sponsor, paraphrased the sponsor statement, which read as follows [original punctuation provided]:

HB 65 would create a Permanent Fund Dividend allowable absence for Alaskans who serve in a civilian capacity for the United States Military. This would include civilians who are either direct employees or outside contractors who are contractually obligated to deploy with and in support of the U.S. Military. Currently under Section 43.23.008 "Allowable absences" the state of Alaska provides excused absences for otherwise eligible Alaskans who are absent from the state for more than 180 days. Excused absences are given to students, armed service members, staff to and members of congress and employees of the State who work outside the state. We also provide excused absences to civilians serving in the Peace Corps, members of the United States Olympic Team and individuals serving under foreign or coastal articles of employment aboard an oceangoing vessel of the United States merchant marine. In our modern military today jobs once done by service members in uniform are now done by civilian employees or contractors. We believe that an allowable absence for civilian employees and contractors serving outside while under orders to deploy by the U.S. Armed Forces is justified. Whether it's the civilian contractors who keep our military aircraft flying in Iraq and Afghanistan, or the civilian employees of the Army Corps of Engineers sent to help with a natural disaster like Katrina, they deserve to be excused.

[1:06:17 PM](#)

CHAIR GATTO offered his understanding that in World War II, the U.S. Merchant Marines were civilian contractors rather than military personnel.

MR. MOFFATT said the U.S. Merchant Marines are considered civilians and "currently under statute they're covered as excused absence if you fall under that category."

[1:06:59 PM](#)

REPRESENTATIVE OLSON inquired as to how many people this would cover.

MR. MOFFATT estimated that it would be a small number, perhaps 30.

REPRESENTATIVE OLSON expressed discomfort at the proposed retroactivity of the bill. He said he thinks the number would be a lot more than 30, since he estimated he has close to 20 friends who are contractors in Iraq.

CHAIR GATTO recollected that former Representative Ethan Berkowitz had talked about civilians who took jobs in Antarctica, and that the legislature had voted down the ability of those civilians to use their situation as an allowable absence for the purpose of receiving a permanent fund dividend.

REPRESENTATIVE OLSON emphasized his concern is based not only on the retroactivity of the bill, but also on the large amount of last year's permanent fund dividend.

[1:08:51 PM](#)

REPRESENTATIVE LYNN indicated that he would be amenable to changing the effective date.

[1:09:09 PM](#)

CHAIR GATTO expressed concern about whether the proposed legislation should be passed, which would add on a group of employees who are working for a corporation and are out of town "for reasons they have considered economically advantageous." He asked, "Why don't we just extend it to everybody who says, 'Hey, I'm an Alaskan and I'm getting out of town for the winter, and I get an allowable absence.'?"

[1:09:38 PM](#)

REPRESENTATIVE OLSON remarked that the bill title is rather broad.

[1:09:51 PM](#)

REPRESENTATIVE BUCH echoed [Representative Gatto's] aforementioned sentiments, stating that he is reticent to obligate the state with a commitment based on an individual's economic choice. He said he has two "ongoing discrepancies"

with constituents. One is a woman who was a student in Japan and whose absence did not qualify for receiving a PFD. He said even if the effective date were not retroactive, he would have a difficult time "giving somebody the opportunity just because they made that choice that they felt they should be receiving something that we have some very stringent requirements for."

[1:11:16 PM](#)

REPRESENTATIVE RAMRAS remarked that not all "these folks" are making six figures. He suggested it might be worthwhile to find out what the jobs are and how many of those jobs exist. He said some of those folks share some of the same risks that those in our military face.

[1:13:45 PM](#)

KAREN DORONDO testified that she is a civilian employee of the U.S. Department of Defense, who works for the U.S. Army, and whose work requires that she go wherever she is sent on temporary duty (TDY). She relayed that she has been an Alaska resident since 1970 and owns a home [in the state]. Ms. Dorondo stated that she was offended that she was not considered a resident when she was sent to Iraq in 2007. She said she thinks the consideration that those who make too much money should not get a permanent fund is odd. She stated that there are probably some wealthy people who live in Alaska year round and receive the PFD. She said her TDY has been extended in the past for lack of a replacement. She concluded that she considers herself deserving [of a PFD], because Alaska is her home.

[1:17:13 PM](#)

CHAIR GATTO said he does not think anyone present made the suggestion that a person's income would be a consideration in determining whether or not a person would qualify for an allowable absence for purposes of a PFD. He offered his understanding that the Permanent Fund Corporation sets the rules and uses the requirement of residency and allowable absence [from Alaska].

[1:17:43 PM](#)

REPRESENTATIVE HARRIS responded that he does not believe the Permanent Fund Division makes rules; the legislature sets the rules and the division administers those rules.

[1:18:17 PM](#)

REPRESENTATIVE LYNN thanked [Ms. Dorondo] for her service to United States. He asked if she is ever subjected to enemy fire.

MS. DARONGO replied that where she is presently located, there was mortar fire last week; however, she said she was nowhere near it at the time. She said she has been on other bases when they have had mortars, but not within fire. She said she has been lucky. In response to a follow-up question, she said her home station is Ft. Richardson, and she works as a supply logistics representative - she takes part in providing equipment to soldiers.

[1:19:46 PM](#)

REPRESENTATIVE LYNN said someone made the comment that it is the economic choice of people like Ms. Dorondo to "go over there." He said that in some respect it is also the economic choice of people to join a volunteer military. He said the civilian contractors share most of the same risk as [military personnel serving] in hostile locations. He emphasized the importance of the civilian contractors to the work of the military.

MS. DARONGO concurred.

[1:20:46 PM](#)

DEBBIE BITNEY, Director, Permanent Fund Dividend Division, Department of Revenue, apologized for the lack of a fiscal note. She explained that she was afraid to even attempt a guess as to how many Alaskan's this proposed legislation could affect.

[1:21:31 PM](#)

MS. BITNEY, in response to Representative Harris, said the Department of Revenue has taken no position regarding HB 65. In response to a follow-up question, she said whether or not the bill would create considerable work for the division would depend on the number of people who claim the absence. She said each person who makes the claim would automatically become a case that would require review by a technician. People's absences are sometimes more complex - "they don't always go straight there and come back" - which means additional time spent on the case, she said. Furthermore, denials and the subsequent appeals would increase the division's work.

[1:23:01 PM](#)

MS. BITNEY, in response to Representative Harris, confirmed that those active duty military personnel who are deployed are given allowable absences and thus can receive their PFDs. She stated her belief that they can request waivers of the "72-hour rule," which requires a person with an allowable absence to return to Alaska for 72 hours every two years.

[1:23:36 PM](#)

REPRESENTATIVE HARRIS summarized that the proposed legislation would include civilians deployed for work with the military under the same provisions that currently cover active military personnel who are deployed.

MS. BITNEY responded that that is her understanding.

[1:23:53 PM](#)

MS. BITNEY related that the retroactivity proposed in HB 65 would increase the fiscal note exponentially, which is a concern, because the division does not have the money to pay dividends for prior years.

[1:24:35 PM](#)

REPRESENTATIVE OLSON noted that during the 2001-2002 session, legislation was proposed that would have included allowable absences for those in the Peace Corps and AmeriCorps. He recollected, "By the time the bill died, I think it was well over a thousand ... people."

[1:25:46 PM](#)

REPRESENTATIVE BUCH asked if [Ms. Dorondo] would have qualified for the PFD if she had returned. He clarified that when people meet certain obligations of the permanent fund, they remain eligible, and he wants to know "whereby this person would have been eligible to meet those requirements."

MS. BITNEY stated her belief that [Ms. Dorondo] would have remained a resident for the program by all other accounts; the issue is [Ms. Dorondo's] length of absence from the state of Alaska.

[1:27:15 PM](#)

REPRESENTATIVE OLSON questioned if an involuntary extension of Ms. Dorondo's time away from Alaska would be grounds for appeal.

MS. BITNEY responded that currently anyone can be outside of the state for 180 days for any reason and remain qualified for a PFD, but beyond that, a person must qualify for an allowable absence. Circumstances beyond a person's control have not ever successfully resulted in a decision that was overturned by appeal; not even in the case of people who exceeded the 180 days as a direct result of planes not flying because of [the terrorist attacks of September 11, 2001]. In response to Chair Gatto, Ms. Bitney briefly discussed allowable absences for students.

[1:29:37 PM](#)

CHAIR GATTO announced that HB 65 would be held over.

[1:29:45 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 1:29 p.m.