

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

February 2, 2010

1:06 p.m.

**MEMBERS PRESENT**

Representative Carl Gatto, Chair  
Representative Bob Lynn  
Representative Jay Ramras  
Representative Tammie Wilson  
Representative Robert L. "Bob" Buch  
Representative Scott Kawasaki

**MEMBERS ABSENT**

Representative John Harris

**COMMITTEE CALENDAR**

HOUSE BILL NO. 291

"An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 292

"An Act relating to grants to victims of a disaster in this state; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 274

"An Act establishing August 7 as Purple Heart Day."

- MOVED HB 274 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 291

SHORT TITLE: GUARANTEED REVENUE BONDS FOR VETERANS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/19/10 (H) READ THE FIRST TIME - REFERRALS  
01/19/10 (H) MLV, STA, FIN  
02/02/10 (H) MLV AT 1:00 PM BARNES 124

BILL: HB 292

SHORT TITLE: GRANTS TO DISASTER VICTIMS  
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/19/10 (H) READ THE FIRST TIME - REFERRALS  
01/19/10 (H) MLV, STA, FIN  
02/02/10 (H) MLV AT 1:00 PM BARNES 124

BILL: HB 274

SHORT TITLE: ESTABLISHING PURPLE HEART DAY  
SPONSOR(S): REPRESENTATIVE(S) DAHLSTROM, GARDNER, BUCH, KELLER,  
PETERSEN, LYNN, GATTO, TUCK, DOOGAN, THOMAS, HAWKER, GUTTENBERG,  
RAMRAS, FAIRCLOUGH, JOHNSON, MILLETT, HERRON

01/08/10 (H) PREFILE RELEASED 1/8/10  
01/19/10 (H) READ THE FIRST TIME - REFERRALS  
01/19/10 (H) MLV, STA  
02/02/10 (H) MLV AT 1:00 PM BARNES 124

**WITNESS REGISTER**

DAN FAUSKE, CEO/Executive Director  
Alaska Housing Finance Corporation (AHFC)  
Department of Revenue (DOR)  
Anchorage, Alaska

**POSITION STATEMENT:** Introduced HB 291 on behalf of the House  
Rules Standing Committee and the governor.

JOE DUBLER, Chief Financial Officer/Finance Director, Alaska  
Housing Finance Corporation (AHFC)  
Department of Revenue (DOR)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB  
291.

McHUGH PIERRE, Deputy Commissioner  
Department of Military & Veterans' Affairs (DMVA)  
Fort Richardson, Alaska

**POSITION STATEMENT:** Presented HB 292, and answered questions.

MICHAEL O'HARE, Deputy Director  
Division of Homeland Security/Emergency Management (DHS&EM)  
Department of Military & Veterans Affairs (DMVA)

Fort Richardson, Alaska

**POSITION STATEMENT:** Assisted in the presentation of HB 292, and answered questions.

REPRESENTATIVE BERTA GARDNER

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Speaking as one of the prime sponsors of HB 274, indicated there is support for the bill by legislators and members of the public.

ELLIE SICA, Intern

Representative Berta Gardner

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Presented HB 274 on behalf of Representative Berta Gardner, one of the prime sponsors.

TIM ARMSTRONG, Chief of Staff

Alaska Military Order of the Purple Heart

Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 274.

VERDIE BOWEN, Director

Office of Veteran Affairs

Department of Military & Veterans' Affairs

Fort Richardson, Alaska

**POSITION STATEMENT:** Testified in support of HB 274.

MAJOR WILLIAM ALLEN, Commander

U. S. Marine Corps

Elmendorf Air Force Base, Alaska

**POSITION STATEMENT:** Testified in support of HB 274.

#### **ACTION NARRATIVE**

[1:06:08 PM](#)

**CHAIR CARL GATTO** called the House Special Committee on Military and Veterans' Affairs meeting to order at 1:06 p.m. Representatives Kawasaki, Tammie Wilson, Buch, Lynn, and Gatto were present at the call to order. Representative Ramras arrived as the meeting was in progress. Also in attendance was Representative Gardner.

#### **HB 291-GUARANTEED REVENUE BONDS FOR VETERANS**

[1:07:48 PM](#)

CHAIR GATTO announced that the first order of business would be HOUSE BILL NO. 291, "An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date."

[1:08:38 PM](#)

DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), informed the committee that HB 291 is an act allowing the issuance of state guaranteed revenue bonds by AHFC. The sale of these bonds is mandated by federal law and requires a vote of the people and unconditional backing by the state. In addition, the bonds are exempt from federal income taxation. To date, the state has issued \$2.6 billion of veteran's bonds of which \$338 million are outstanding. He reminded the committee that the authorization in 2002 was for \$500 million and \$95 million remains. Of the amount issued, loans are \$341 million and delinquencies are at 3.11 percent. In response to Chair Gatto, Mr. Fauske clarified that 3.11 percent is a low delinquency rate and well below the national average. He pointed out that there is no cost or cash requirement for these bonds, simply state backing, and AHFC is requesting a \$600 million authorization to issue bonds after the program is approved by the voters. The last time the program was on the ballot, it was approved by about 72 percent of the voters. In further response to Chair Gatto, he confirmed that approval of the bonds is by a simple majority of voters. Mr. Fauske stated that AHFC "has had to fight long and hard" to keep these bonds and he expressed surprise that the bonds are not accepted nationwide. Alaska is one of five states that continue to issue veteran's bonds: Alaska, Oregon, California, Texas, and Wisconsin. He opined that every state should issue these bonds as "it's good for the state, it's good for our veterans, it's a program that Alaska Housing Finance Corporation really enjoys administering, and it just does a lot of good."

[1:12:34 PM](#)

MR. FAUSKE, in further response to Chair Gatto, said that the abovementioned five states are the only states that have ever participated in the program.

CHAIR GATTO remarked on the foreclosure market in other states.

MR. FAUSKE indicated that the foreclosure rates in California, Michigan, Florida, and Nevada were in double-digits.

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REPRESENTATIVE BUCH observed that these are exciting times in many ways. He congratulated AHFC on its ability to use monies to make monies. He then asked whether the federal bond market is a healthy market.

MR. FAUSKE relayed that AHFC re-entered the market about six months ago utilizing the national New Issue Bond Program (NIBP), which has the Federal National Mortgage Association (Fannie Mae) and the Federal Home Mortgage Corporation (Freddie Mac) buy bonds. Through the NIBP, AHFC participated in the amount of \$193 million. He noted that another new program, the Tax Credit Loan Program (TCLP) was disliked due to its limiting provisions regarding the pre-payment of variable rate debt. He explained AHFC's policy on variable rate debt. Returning to the bond market, he said liquidity in the market has improved; in fact, AHFC is now very competitive again, and its rate today is about 4.65 percent for first-time, tax-exempt, homebuyers. Mr. Fauske assured the committee that AHFC is "back in play" and is looking forward to increased activity. Actually, in the first ten months of the calendar year 2009, AHFC purchased 240 loans with a total principal balance of approximately \$47 million. Furthermore, AHFC interest rates became competitive around September 2009, and loan activity increased with activity for the last two months of 2009 being 189 loans purchased with a total principal balance of approximately \$40 million. Additionally, 106 loan commitments were made in January 2010, for approximately \$23 million. Mr. Fauske anticipated a very good year for AHFC if the Alaska economy stays healthy.

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REPRESENTATIVE BUCH asked if, during past difficult economic times, the state required a vote of the people to approve bonds issued by AHFC.

MR. FAUSKE responded that this is the only bond issued by AHFC that requires a vote of the people. Other bonds are based on the credit of the corporation or revenue bond activity. He acknowledged that in the 1980's there was a state budget crisis and shortfalls were internalized in the state. Only the financial strength of the corporation let it recover from 14,000-15,000 [units] of "real estate owned (REO)" on its books.

However, he opined that the present situation was induced by greed, the lack of oversight, and improperly secured loans. In truth, the mortgage-back security market collapsed and because AHFC was not participating in interest-only loans and adjustable rate mortgages (ARMS), it currently sits in a premium position: Alaska, with North Dakota and Wyoming, are last in the country in the amount of foreclosures and delinquencies. Although activity has slowed, there is not a drastic decline in the value of homes and there is nothing forecast that is alarming to AHFC. He re-stated the importance of jobs to the strength of the housing industry. One oversight of the current recovery effort is that the state housing corporations are refused federal assistance because of their inability to access capital markets.

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REPRESENTATIVE BUCH reminded the committee that the state has one diminishing pot of money impacting the state's revenue. He expressed his concern that, over the long-term, the state [may fail to] follow-through with the kind of vision that AHFC has proven to be effective and profitable. Representative Buch said he would like "to get some reports about how much money you have made, you guys have done a phenomenal job [in the] last two years." However, AHFC policies need to be substantiated in order to get "buy-in" from the public.

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REPRESENTATIVE KAWASAKI asked whether there are other bonding mechanisms that AHFC uses for the same purpose, and if so, what they are.

MR. FAUSKE answered that, in addition to the bonds authorized by the bill, AHFC has guaranteed bonds through two other programs. All of these bonds are monies used to fund the various programs, whether it is the tax-exempt program for the first-time homebuyer, the taxable program for the first-time homebuyer, conventional loans, or the rural loan portfolio. He further explained that in a good year, AHFC is in the market for \$400 million to \$800 million annually. AHFC's task is to access capital and buy mortgages from banks that are "paid off, through people paying of their mortgage payment." Although a huge responsibility, this business model is heavily scrutinized and, with good fiduciary and fiscal oversight, AHFC successfully serves as the secondary market. Furthermore, after the normal programs, it is sometimes necessary to find additional funding through grant programs administered through AHFC's planning

department such as federal HOME monies, Community Development Block Grants (CDBG), the Special Needs Housing Grant Program (SNHG), and a good mix of corporate dollars and federal monies for disabled Alaskans, disabled veterans, and seniors. On this subject, he warned that Alaska has a fast growing population of seniors and there is a need to keep pace. He then pointed out the positive impact of the energy rebate and weatherization program that reduces energy costs and makes home ownership more affordable for young citizens and seniors. Mr. Fauske observed, "That [program] is having an amazing impact on [this] very issue."

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REPRESENTATIVE KAWASAKI asked for the size of the first-time homebuyer program at its inception. He also questioned whether there was a time limit on the bond authorization.

MR. FAUSKE deferred the question to Mr. Dubler.

[1:33:04 PM](#)

JOE DUBLER, Chief Financial Officer/Finance Director, Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), in response to Representative Kawasaki, opined that there is not a time limit on the bond authorization. In the case of the veteran's bond, there is a monetary limit on the federal legislation of \$100 million per year; thus the most the state could fund is \$100 million each year. Mr. Dubler anticipated the authorization would last between four and five years.

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CHAIR GATTO opined there is confusion when the government bonds for a bridge, a building, or a public project. The committee's questions to the presenters are realistic for public understanding that this is an authorization to bond on an "as needed basis."

MR. FAUSKE agreed that most people may misunderstand; furthermore, because the bill will be on an election ballot, AHFC cannot promote its passage. Explaining "how the process would work" will be limited to public service announcements.

MR. DUBLER recalled the voting history of veteran's bonds. In 1982, the voters authorized \$400 million in bonds and in 1983, \$400 million were sold. He noted that there was a lot of

activity then, and many veterans qualified for the program. Furthermore, veteran's programs have always been one of the best performing programs in terms of low rates of delinquencies and foreclosures. In 1983, the voters approved \$500 million in bonds and those were all issued that year. In 1984, the voters approved \$700 million in bonds, and in 1986 the voters approved \$600 million in bonds for a total of \$1.7 billion in those four years. He re-stated that AHFC has [\$94.6] million remaining from the 2002 authorization. In response to Chair Gatto, he said the vote is typically 70 percent in support.

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MR. DUBLER, in response to Representative Kawasaki, indicated that the current amount of veteran's mortgage program bonds outstanding is \$338 million and that amount represents four or five different transactions. In further response, he confirmed that [\$94.6] million is left from 2002.

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CHAIR GATTO posed a scenario in which a veteran obtains a loan and five years later wants to sell his house and "carry the mortgage himself."

MR. DUBLER responded that some loans are assumable, with the qualification that the new buyer would also have to be a veteran.

MR. FAUSKE added that there is no requirement that the veteran remain living in the home.

MR. DUBLER clarified that the veteran cannot rent the home and then apply for another veteran's loan, but can get a second loan if he sells the first home.

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REPRESENTATIVE BUCH assumed that the state patterns its program after federal compliance requirements.

MR. DUBLER pointed out that the veteran's program is a loan guarantee program that can be added to any one of AHFC's loans to allow the financing of closing costs and a loan of a higher amount than what would be available with a conventional loan.

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REPRESENTATIVE KAWASAKI asked for the total amount of money that AHFC currently has that is not out to bond.

MR. FAUSKE explained that this is the one time AHFC comes before the legislature for authorization. However, AHFC reports annually on activity that is anticipated for the upcoming year to the Joint Legislative Committee on Budget and Audit (JBUD). AHFC is also authorized to come to the Joint Legislative Committee on Budget and Audit for additional funds, although, he could not recall if this was ever necessary.

MR. DUBLER, in further response to Representative Kawasaki, said AHFC currently has approximately \$3.1 billion in debt outstanding for all of its programs including state capital projects, the Atwood Building, all of the first-time homebuyer programs, the multi-family programs, and veteran's programs. He explained that the majority of the debt was for the first-time homebuyer programs that are through the federal government and authorized through the private-activity bond cap and the state bond committee allocates the money to whatever entities issue the bonds.

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CHAIR GATTO observed that the Alaska Commission on Postsecondary Education is another very successful organization, along with AHFC and the Alaska Permanent Fund Corporation. He asked for the percentage of AHFC's return on equity.

MR. DUBLER remarked:

To look at return on equity of AHFC like you look at a bank, with all the social programs that we support with our capital budget and operating budget, doesn't really make a lot of sense and we ... don't keep those numbers .... I can calculate it for you and I can get it to your office ... we haven't done one in years.

MR. FAUSKE offered that AHFC returns a substantial amount of cash to the state every year. In response to Chair Gatto, he confirmed that the corporation was front-loaded in the 1980s with \$1.8 billion from the state.

MR. DUBLER assured the committee that AHFC looks closely at its net interest spread-which is the difference between the rate at which it borrows and the rate at which it lends-and that

difference has been over 1 percent for many years, and was about 1.4 percent at AHFC's last board meeting. He concluded that this percentage tells AHFC how well it is managing its debt and mortgage portfolios; typically, state housing finance corporations earn less than 1 percent.

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REPRESENTATIVE TAMMIE WILSON inquired as to the number of veterans that stay in the state because of this program.

MR. FAUSKE estimated that there are 76,000 veterans in Alaska; in fact, Alaska has the highest per capita number of veterans in the nation.

MR. DUBLER opined that AHFC does not have any knowledge as to whether veterans stay in the state because of this program, although it may one of the "top three reasons."

CHAIR GATTO observed that soldiers know that Alaska welcomes the military.

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REPRESENTATIVE BUCH related that the VA has an accurate count of the number of veterans living in the state. He said this program, and others, influence veterans to return to Alaska to retire.

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MR. FAUSKE stressed that from a business perspective, veteran's loans "stand out" with low foreclosures and low delinquencies. He then offered to provide committee members with further answers to questions at any time.

[1:47:34 PM](#)

REPRESENTATIVE KAWASAKI asked for Mr. Fauske's opinion as to why this loan program has a low delinquency rate.

MR. FAUSKE explained that these loans often involve people with established careers and job security. In addition, the interest rate reduction is a condition of federal law as is "the tax-exempt issuance of debt [that] is controlled by the [Internal Revenue Service (IRS)] in this country, and the federal government." Historically, the taxable rate versus the tax-

exempt rate is a 100 basis points spread in difference, which is 1 percentage point of interest. Thus a conventional rate in today's market might be 5 percent, but a tax-exempt rate might be 4 percent, and this interest rate incentive helps drive down the cost of the mortgage for the veteran. For this, and a variety of other reasons, it is a "very high-performing, very successful loan program."

[1:49:59 PM](#)

REPRESENTATIVE KAWASAKI inquired as to why more states do not participate in this program.

MR. DUBLER recalled there was a very short window during which states could enter the program. In the 1970s, AHFC and the other [four] states had the foresight to get in the program.

MR. FAUSKE acknowledged that veteran's groups have had to defend the program over the years. In response to Representative Kawasaki, he indicated that the bonds for this program can only be used for veterans.

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REPRESENTATIVE KAWASAKI then asked for confirmation that the total number of loans issued since 1994 was 4,758.

MR. FAUSKE assumed that number may include some first-time homebuyers. He re-stated that the total number was "\$2.6 billion of bonds issued on the veteran's side, since inception." In response to Representative Kawasaki, Mr. Fauske indicated that more information will be provided.

[1:53:45 PM](#)

CHAIR GATTO announced that HB 291 was held.

**HB 292-GRANTS TO DISASTER VICTIMS**

[1:54:31 PM](#)

CHAIR GATTO announced that the next order of business would be HOUSE BILL NO. 292, "An Act relating to grants to victims of a disaster in this state; and providing for an effective date."

[1:54:48 PM](#)

McHUGH PIERRE, Deputy Commissioner, Department of Military & Veterans' Affairs (DMVA), reminded the committee the state suffered monumental disasters last year, two of which were Presidential Disaster Declarations. The largest disaster, the spring flood that spread from Eagle down to the Kuskokwim and Yukon Rivers, focused attention on the state's Individual and Family Grant (IFG) program, portions of which have not been changed since 1977. For example, the Federal Emergency Management Program (FEMA) was granting relief in the amount of approximately \$30,000 per family, but families eligible under the state disaster declaration were receiving \$5,000. He said, "It was very troubling to witness people who were trying to rebuild ... to see the disparity when someone lost their house in one location of our state and another person ... [was] eligible for different amounts of service." Mr. Pierre expressed his hope that the proposed bill will change this situation.

[1:56:25 PM](#)

MICHAEL O'HARE, Deputy Director, Division of Homeland Security/Emergency Management (DHS&EM), Department of Military & Veterans Affairs (DMVA), explained that the governor is limited by statute to grant a maximum of \$5,000 in individual assistance to those affected in a state-declared disaster emergency. Recent experience shows this amount is just not enough; in fact, in current dollars \$5,000 in 1977 values about \$18,500. A multi-agency task force, including DMVA, DHS&EM, the Department of Health and Social Services (DHSS), the Department of Public Safety (DPS), AHFC, and the U.S. Department of Agriculture Rural Development, recommended the provisions in the proposed bill such that in a state-declared disaster or emergency, the governor may allow individual assistance grant funding up to one-half of the federal amount. Mr. O'Hare further explained that the federal amount fluctuates based on the consumer price index (CPI). Therefore, the bill amends the \$5,000 limit to a more reasonable and current amount based on today's economy.

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CHAIR GATTO posed a scenario in which an insured homeowner suffers a loss in a declared disaster zone.

MR. O'HARE responded that homeowners with insurance, or the means by which to recover from the loss, are not eligible; in fact, DHS&EM has staff to assess damages and the economic status

of victims. In further response to Chair Gatto, he said cases can also be reviewed as to the insured's deductible.

2:00:18 PM

REPRESENTATIVE TAMMIE WILSON asked why the amount of \$14,950 was chosen for the eligibility amount.

MR. O'HARE indicated that an increase from \$5,000 to half of the FEMA Individual Assistance (IA) allotment "seemed appropriate." He estimated that only 30 percent of those affected by a disaster will qualify for 100 percent of the eligible expenses.

MR. PIERRE added that this recommendation came from the task force because a state disaster is less in magnitude than a federal disaster.

MR. O'HARE further noted that the amount fluctuates with the CPI. In response to Chair Gatto, he clarified that the maximum an individual or household can qualify for is the federal amount, not both the state and the federal amount. Mr. O'Hare further described the qualification process.

2:03:00 PM

CHAIR GATTO asked whether the grant was a reimbursable amount or "a check upfront to help you get started."

MR. O'HARE provided the options for payments, verification of expenses, and the methods for checking for non-compliance.

2:03:45 PM

REPRESENTATIVE BUCH assumed there is a pool of money.

MR. O'HARE said yes, the Disaster Relief Fund is funded through the general fund. In further response to Representative Buch, he relayed the fund consists of approximately \$100,000, which is all that is left after the spring disaster cost \$10 million.

MR. PIERRE added that his department is bound by statute and cannot spend more than \$1 million without legislative authorization. However, the legislature has forward-funded the disaster fund in the amount of \$5 million per year. If necessary during the interim or session, the department can request the legislative leadership to approve additional or future funds.

MR. O'HARE, in response to Chair Gatto, explained that in the interim the leadership of both bodies of the legislature issues the authorization; during session, the department requests a supplemental authorization.

[2:05:49 PM](#)

REPRESENTATIVE KAWASAKI referred to the fiscal note and pointed out that the fiscal note only includes monies that would be designated to grantees; therefore, there is zero overhead for the agency.

MR. O'HARE agreed. Although the fiscal note is speculative, the sponsors have based its numbers on an average over the past five years. In further response to Representative Kawasaki, he said the bill identifies "U.S. code 42, which is that federal element which fluctuates on the CPI."

MR. PIERRE further added that the sponsors based the fiscal note on the amount "that we would pay out this year, so we've tried to make it very appropriate to today's response...."

[2:07:27 PM](#)

REPRESENTATIVE BUCH expressed his concern that at the time this obligation would be instituted, the state will enter into an extended period of potential shortfalls in the budget. In fact, two or three disasters could encumber the state with massive obligations. He warned that to triple the state's obligation seems to be a very expensive adjustment.

MR. PIERRE stated that the department shares Representative Buch's concerns; however, the intent of the original language of the fund would be equal to an \$18,000 expenditure today. He concluded that the proposed bill does not surpass the original intent of the legislature and encouraged the committee to make recommendations after considering the needs of Alaskans, particularly those in rural areas.

[2:10:33 PM](#)

CHAIR GATTO suggested the legislation may need "sideboards" to prevent abuse of the benefits.

MR. O'HARE encouraged Chair Gatto to meet his staff who perform damage assessments and audits in affected communities. He

assured the committee his staff is diligent in assessing and verifying losses of items for which there may not be documented evidence, through interviews with elders and other individuals.

[2:13:04 PM](#)

MR. PIERRE reminded the committee the maximum grant is \$14,950.

[2:13:40 PM](#)

MR. O'HARE said that he shared the concern about the opportunity for fraud, but encouraged the committee to focus on the intent of the bill that is to help those who have been affected by disaster in a manner that is appropriate in the current economy. The state is not an insurance company, and this funding "will only get them up on one knee, or maybe two feet."

[2:14:49 PM](#)

REPRESENTATIVE RAMRAS observed that fraud is a crime, and although people will abuse the system, most people are honest and most times the reimbursement or insurance payment does not leave a person whole. He expressed his belief that the overwhelming majority of people who would be eligible for this assistance are honest. Representative Ramras said, "We should not allow the bad behavior of ... the few to affect good legislation for the many."

[2:16:17 PM](#)

MR. O'HARE assured the committee that his staff has prosecuted fraudulent claims.

[2:16:46 PM](#)

REPRESENTATIVE BUCH said, "Doubling the numbers of disasters and tripling the response to that, we would go from 10 to 60 million dollars of obligation. That's my concern."

[2:17:47 PM](#)

REPRESENTATIVE TAMMIE WILSON pointed out that the legislation states, "may appropriate up to \$15,000." Therefore, this amount could be changed by the governor; in addition, the legislature must re-appropriate money into the fund. She asked whether her understanding of the legislation was correct.

MR. O'HARE replied yes.

2:18:33 PM

REPRESENTATIVE KAWASAKI has heard that is difficult to apply for the \$5,000 due to the lack of receipts. He surmised that raising the cap on eligibility might cause more people to apply.

MR. PIERRE opined that more people will not apply. The department already conducts an aggressive advertising campaign in affected disaster areas during which staff are sent in to help with the application process. Moreover, the fiscal note purposefully reflects "a very liberal number there, because I wanted to show ... the maximum impact, in case there were questions."

2:20:14 PM

REPRESENTATIVE KAWASAKI asked for confirmation that the funding would be just for the grant, and not for more man hours.

MR. PIERRE indicated that DMVA is a very small department that makes up 0.3 percent of the overall budget. There are 70 employees in Mr. O'Hare's staff at DHS&EM, and there are 300 state employees at DMVA, with 4,000 National Guard members. He stressed that DMVA employees are dedicated to helping folks during times of disaster.

MR. O'HARE explained that his staff sets up disaster assistance centers in affected communities to interview local individuals and verify damages.

MR. PIERRE, in response to Representative Kawasaki's earlier question about the budget, further explained that although employees are sometimes pulled from other areas to maintain consistency in handling cases, the amount of money and number of staff remains the same. Furthermore, his department is looking for more efficiency and has reduced its budget by 0.5 percent this year.

2:23:16 PM

CHAIR GATTO questioned whether renters who purchased flood insurance at different times would benefit.

MR. O'HARE answered that because both renters would benefit from flood insurance, they would not qualify for this program, except perhaps for the amount of the deductible.

CHAIR GATTO referred to the last page of document entitled "State Individual and Family Grant Program (IFG)" and read:

If the grantee is a renter, flood insurance required under this section must be maintained on the contents of the rental unit for as long as the grantee resides at the flood-damaged property address.

MR. O'HARE clarified that owners or renters need to have had insurance coverage prior to the disaster.

[2:25:38 PM](#)

REPRESENTATIVE RAMRAS asked what happens to a typical off-duty enlisted soldier who volunteers for duty during an emergency.

MR. PIERRE informed the committee that in an emergency, the local community government sends a disaster declaration to the state. If the governor agrees to declare a state disaster, the state emergency coordination center at DHS&EM will task from the local community "response-to-needs." The community's request is sent to the joint force commander who asks for volunteers. These volunteers are paid a state active duty rate, according to their rank, from the Disaster Relief Fund; in fact, their pay from the state is in lieu of their regular week-end drill or annual training time paid by the federal government.

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REPRESENTATIVE KAWASAKI asked whether the disaster relief funds can go to purposes other than directly to individuals.

MR. O'HARE said yes. The funds also encompass response costs such as safety of life and protection of property. However, the portion of the bill being discussed addresses the recovery aspect of a disaster; state monies to assist affected individuals recover from a disaster.

MR. PIERRE added that disaster relief funds are also used in a 25 percent matching fund program with FEMA. In response to Chair Gatto, he clarified that an arrangement with the Department of Defense National Guard Bureau allows for expenses on the federal side in response to a disaster. These expenses

are paid through federal training funds; in fact, to pay for expenses incurred during a disaster, the department uses federal funding through the U.S. Property and Fiscal Office, which is a federal [contractor] working for the National Guard Bureau in Washington, D.C. The federal training monies can be applied to gasoline, trucks, repairs, and other expenses.

[2:31:46 PM](#)

CHAIR GATTO set aside HB 292.

[Although not formally announced, HB 292 was held.]

**HB 274-ESTABLISHING PURPLE HEART DAY**

[2:31:50 PM](#)

CHAIR GATTO announced that the final order of business would be HOUSE BILL NO. 274, "An Act establishing August 7 as Purple Heart Day."

[2:32:13 PM](#)

REPRESENTATIVE BERTA GARDNER, Alaska State Legislature, thanked the four other prime sponsors on the committee for their support. In addition, she pointed out that there are members of the public, including a Purple Heart recipient, who are present in support of the bill. She then introduced Ellie Sica, a member of her staff.

[2:33:29 PM](#)

ELLIE SICA, Intern, Representative Berta Gardner, Alaska State Legislature, speaking on behalf of Representative Gardner, one of the prime sponsors of HB 274, introduced the bill. The Purple Heart is awarded to any member of the U.S. armed forces who is wounded or killed in battle, and it has been awarded to approximately 1.7 million service men and women. August 7 is historically significant because on this day in 1782, General George Washington established the Badge of Military Merit to honor military enlisted men and noncommissioned officers. In 1932, the badge was reinstated and renamed the Purple Heart. Other states currently recognize August 7 as Purple Heart Day; in fact, the Alaska State Legislature has previously supported Purple Heart related legislation and proclamations such as the Purple Heart Trail and the governor's proclamation of August 7,

2009, as Purple Heart Day. Ms. Sica explained that the intent of the proposed bill is to establish this day in perpetuity and to show that Alaska honors its citizens that have been wounded or killed in action.

[2:35:42 PM](#)

REPRESENTATIVE LYNN pointed out that the Badge of Military Merit was established to honor enlisted men and noncommissioned officers; however, the Purple Heart can be awarded to any member of the military.

REPRESENTATIVE GARDNER agreed.

[2:37:11 PM](#)

TIM ARMSTRONG, Chief of Staff, Alaska Military Order of the Purple Heart, informed the committee that his organization is in favor of the bill. He said he received the Purple Heart on November 23, 1968. The Alaska Military Order of the Purple Heart has active chapters in Anchorage, Fairbanks, the Matanuska-Susitna Valley, and Soldotna, and a chapter will open soon in Juneau. There are approximately 254 life members of the Order in Alaska including two females. He noted that the national Order is the only 100 percent combat veteran organization in the country. Mr. Armstrong related his past and present affiliations with other veterans' organizations and thanked the committee members who are in support of the bill. He stated his organization's support for establishing Purple Heart Day in perpetuity in order to recognize those deserving of this award. He said, "This is one award that nobody went out in search of." Mr. Armstrong stressed that the award began as a medal of merit that was changed to include those wounded as a result of hostile action. He noted that the majority of awardees receive the medal posthumously and unfortunately, the number of awardees is growing.

[2:41:48 PM](#)

REPRESENTATIVE LYNN thanked Mr. Armstrong for his service.

MR. ARMSTRONG reviewed how he came to be a recipient of the Purple Heart.

[2:45:01 PM](#)

VERDIE BOWEN, Director, Office of Veteran Affairs, Department of Military & Veterans' Affairs, verified that Alaska honors its military; in fact, the passage of HB 274 would be one more way to show veterans that Alaska cares about them. He recalled the dedication of the Purple Heart Trail in Alaska and noted that the majority of the state's Purple Heart recipients are Vietnam veterans.

[2:46:37 PM](#)

MAJOR WILLIAM ALLEN, Commander, U. S. Marine Corps, said that he had eight encounters with Improvised Explosive Devices (IEDs) in Iraq.

[2:47:03 PM](#)

CHAIR GATTO described his feelings when he drove by the Purple Heart Trail sign in Tok.

[2:47:26 PM](#)

MAJOR ALLEN expressed his belief that, as a Purple Heart recipient, his reception in Alaska was like no other Marine community as he was welcomed and given an opportunity to tell his story. The designation of this date does more than honor Purple Heart recipients, but also recognizes those who may return with injuries suffered due to training and noncombat injuries, or from injuries that remain internalized. He advised that suffering also extends beyond the service member and affects family members, who are the "home front warriors." Major Allen concluded that the bill is a symbol for the heroic young men and women who have served and have been injured, as well as those with lesser injuries, and the families at home who suffer the "injuries of absence."

[2:49:19 PM](#)

REPRESENTATIVE RAMRAS thanked Major Allen for his service and his work done on behalf of veterans, reservists, and service members on active duty.

[2:50:27 PM](#)

MR. BOWEN opined the most important aspect of the bill is to demonstrate support for the veteran and his or her family, as do the Purple Heart Trail markers.

2:52:02 PM

REPRESENTATIVE LYNN moved to report HB 274 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 274 was reported from the House Special Committee on Military and Veterans' Affairs.

2:52:42 PM

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 2:52 p.m.