

ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE

February 7, 2012

8:05 a.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Wes Keller, Vice Chair
Representative Paul Seaton
Representative Peggy Wilson
Representative Max Gruenberg
Representative Pete Petersen

MEMBERS ABSENT

Representative Kyle Johansen

OTHER LEGISLATORS PRESENT

Representative Eric Feige

COMMITTEE CALENDAR

HOUSE BILL NO. 311

"An Act relating to certain information filed with the Alaska Public Offices Commission; and providing for an effective date."

- MOVED CSHB 311(STA) OUT OF COMMITTEE

HOUSE BILL NO. 190

"An Act relating to the allowable absence for active duty service members of the armed forces for purposes of permanent fund dividend eligibility."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 311

SHORT TITLE: REPORTS TO APOC

SPONSOR(S): RULES

| | | |
|----------|-----|---------------------------------|
| 02/01/12 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/01/12 | (H) | STA |
| 02/07/12 | (H) | STA AT 8:00 AM CAPITOL 106 |

BILL: HB 190

SHORT TITLE: PFD ALLOWABLE ABSENCE

SPONSOR(S): FEIGE

| | | |
|----------|-----|---------------------------------|
| 03/11/11 | (H) | READ THE FIRST TIME - REFERRALS |
| 03/11/11 | (H) | STA, FIN |
| 03/31/11 | (H) | STA AT 8:00 AM CAPITOL 106 |
| 03/31/11 | (H) | Heard & Held |
| 03/31/11 | (H) | MINUTE(STA) |
| 04/12/11 | (H) | STA AT 8:00 AM CAPITOL 106 |
| 04/12/11 | (H) | Heard & Held |
| 04/12/11 | (H) | MINUTE(STA) |
| 01/20/12 | (H) | SPONSOR SUBSTITUTE INTRODUCED |
| 01/20/12 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/20/12 | (H) | STA, FIN |
| 02/07/12 | (H) | STA AT 8:00 AM CAPITOL 106 |

WITNESS REGISTER

REPRESENTATIVE MIKE HAWKER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 311 on behalf of the House Rules Standing Committee, sponsor.

REPRESENTATIVE BETH KERTTULA

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Offered information during the hearing on HB 311, on behalf of the House Rules Standing Committee, sponsor.

PAUL DAUPHINAIS, Executive Director

Alaska Public Offices Commission (APOC)

Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 311.

MICHAEL PASCALL, Staff

Representative Eric Feige

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 190 on behalf of Representative Feige, sponsor.

ACTION NARRATIVE

[8:05:14 AM](#)

CHAIR BOB LYNN called the House State Affairs Standing Committee meeting to order at 8:05 a.m. Representatives Keller, Seaton, P. Wilson, Petersen, and Lynn were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

HB 311- REPORTS TO APOC

[8:06:21 AM](#)

CHAIR LYNN announced that the first order of business was HOUSE BILL NO. 311, "An Act relating to certain information filed with the Alaska Public Offices Commission; and providing for an effective date."

[8:07:00 AM](#)

REPRESENTATIVE MIKE HAWKER, Alaska State Legislature, presenting HB 311 on behalf of the House Rules Standing Committee, sponsor, stressed the importance of transparency and disclosure to the public. He said the legislature makes detailed and specific statutory policies regarding who has to disclose, what has to be disclosed, and when and how disclosures must be made, and it charges the Alaska Public Offices Commission (APOC) to keep track. He said HB 311 is the outcome of a reevaluation of established policies.

[8:09:40 AM](#)

REPRESENTATIVE HAWKER reviewed that in 2007, the legislature gave a policy directive to APOC that all state office filings were to be submitted electronically. The exception made that still exists today is that local election candidates still have to file disclosures, but do not have to do so electronically. He said historically APOC offered a proprietary electronic filing system (ELFS) and accepted Excel spreadsheets that the commission then uploaded to the its system and made available to the public. He said ELFS became "cranky and difficult for legislators" and was discontinued a couple years ago. In the interim, the commission has accepted filing on spreadsheet and, through the past campaign, filing via paper.

[8:11:46 AM](#)

CHAIR LYNN clarified that which must be reported are campaign expenditures and campaign contributions received.

8:12:05 AM

REPRESENTATIVE HAWKER said for the past couple years, APOC has been working on a new proprietary online system. He said he and many others received notice on 12/29/11 - just days before the first ferry departed for Juneau for session - that everyone involved in the current campaign had to retroactively adopt the new system for reports due 2/15/12, and he imparted that many legislators he spoke to upon arriving in Juneau indicated that they were not even aware that the filing requirement had changed. Representative Hawker offered his understanding that the new system requires users to manually enter every transaction legislators have had over the course of the past summer directly onto a state mainframe computer, without any record being kept on legislators' own personal computers for review, editing, or database management. He said that is a policy call in how APOC has established the new electronic system, but it is a departure from the past when the commission allowed legislators to manage their own data and ensure its accuracy before it was recorded onto a state computer. He noted that the commission has subsequently come up with an import/export feature for that system, but he said he is currently in the middle of session and, therefore, not legally able to engage in campaign activity outside of reporting. He opined that APOC's plan is too late to be instigated for the current campaign cycle.

CHAIR LYNN offered his understanding that during legislative session, legislators are allowed to make campaign expenditures, but not allowed to take campaign contributions,.

8:14:45 AM

REPRESENTATIVE HAWKER said while greatly respecting the efforts of APOC in coming up with a new, functional electronic system, legislators began to question whether APOC was carrying out legislative policy the way in which it was intended or was becoming prescriptive in its efforts. He said all the legislators he spoke with think APOC is not implementing the legislature's disclosure policies in the intended manner. Representative Hawker emphasized the importance of accommodating reasonable latitude by which individuals with varying degrees of skills and experience are able to comply with campaign disclosure policy.

8:16:42 AM

REPRESENTATIVE HAWKER said the proposed bill would require APOC to accept campaign finance reports in the following three formats: a paper format designed by APOC; a user-friendly electronic system, which would encourage others to switch to electronic filing; and spreadsheets or other databases, for which APOC could set the guidelines to facilitate disclosure. As under existing statute, APOC has 2 working days from the time it receives a paper filing to scan it and make it available to the public on line. Representative Hawker said the language in the bill [on page 2, line 7], says 10 days, and he explained that is a mistake for which an amendment is necessary.

[8:19:11 AM](#)

REPRESENTATIVE HAWKER said the proposed legislation would accelerate the deadline for APOC to submit a summary of electronic reports from 30 days after an election to 30 days after the report has been filed. The bill would further provide a safe harbor so that those who have not complied with the mandate for the new system during the last deadline would not have violated the law.

REPRESENTATIVE HAWKER relayed his recent campaign disclosure activity. In response to Chair Lynn, he confirmed that the proposed legislation is necessary to ensure that his recent filing method is accepted by APOC, and he explained he is sharing this information as a possible conflict of interest.

[8:22:21 AM](#)

REPRESENTATIVE HAWKER, in response to a question, confirmed that under HB 311, no changes would be made regarding what must be reported, and the only change that would be made regarding the requirements of APOC to make the information available to the public would be acceleration of the summer reporting for electronic filing.

[8:23:12 AM](#)

REPRESENTATIVE BETH KERTTULA, Alaska State Legislature, on behalf of the House Rules Standing Committee, sponsor, said she supports HB 311 because she believes in transparency and because without the bill she thinks there will be "a big problem" in eight days when the reports are due. She remarked that APOC has a thankless job. She opined that it was the legislature that caused the current problem when, five years ago, it decided it wanted electronic filing. However, after consideration and

informal polling, she said she is convinced that many legislators are not yet in a position to be able to use the new system properly. She said at this point in time, she would choose to still allow paper filing, which would put the burden on APOC to accept that form of filing and get it transferred to a form accessible via computer.

[8:25:44 AM](#)

CHAIR LYNN offered an example of a problem that occurred when he filed for office. He said he filed by paper in Anchorage, then, in response to the upcoming electronic filing requirement, went to the commission's office in Juneau to file electronically and was told he had not previously filed. He said he had the paperwork in his hands at that time to prove that was not true.

[8:26:50 AM](#)

REPRESENTATIVE KERTTULA related that because she has a computer-savvy bookkeeper, she does not anticipate having a problem filing electronically; therefore, she said she currently does not have a conflict of interest with HB 311. She reiterated that it was the legislature that directed APOC, through statute, to create the electronic filing system. She said it is now up to the legislature to figure out how to go forward from here.

[8:27:27 AM](#)

REPRESENTATIVE PETERSEN said he supports HB 311 and agrees with the idea of allowing time to get the bugs worked out of the system. He offered his understanding that several legislators do not have computer access in their session residences, which makes it difficult to get caught up on filing information.

CHAIR LYNN clarified that although legislators have access to computers in their offices, they are not allowed to use state-supplied computers to conduct campaign business.

[8:28:42 AM](#)

REPRESENTATIVE SEATON said he agrees with the direction of the proposed legislation, but is looking for clarification on points within it.

REPRESENTATIVE KERTTULA, in response to Representative Seaton, confirmed that currently and under HB 311, APOC is and would be required to accept paper filing and scan it into the system.

[8:30:36 AM](#)

REPRESENTATIVE HAWKER, in response to Representative Seaton, said HB 311 was crafted with the intent to not interfere with APOC policies, procedures, and determinations related to information submitted; the proposed bill would change only the methodology of reporting. He said it would be a policy call for the committee whether to provide further statutory guidance on the acceptance of written reports, spreadsheets, or electronically submitted data.

REPRESENTATIVE KERTTULA, in response to Representative Seaton, offered her understanding that [matters pertaining to the posting date of reports] are within the regulatory authority of APOC; however, she deferred to APOC for confirmation.

REPRESENTATIVE HAWKER said he absolutely believes that "that is the sort of thing that is best managed through regulatory activity."

[8:32:24 AM](#)

CHAIR LYNN compared the timing of sending in a report electronically versus through the mail.

[8:33:33 AM](#)

REPRESENTATIVE HAWKER, in response to a question from Representative Seaton, said language [on page 1, line 13, through page 2, line 1] would require in statute that the spreadsheets or data files submitted to APOC conform to the standard of the commission. He added that it is not intended that APOC would require any spreadsheets or data files that are not readily available to the public.

[8:37:17 AM](#)

REPRESENTATIVE GRUENBERG said he supports and appreciates the proposed legislation, because he fills out his reports himself and submits them on paper. He directed attention to page 2, line 25, regarding retroactivity. He noted that under HB 311, Sections 1 and 2 would be retroactive, and he questioned whether Section 3 - the transition section - on page 2, lines 15-22, should also be retroactive. He said Section 3 would protect people who may have been filing in good faith under the current system from being subject to a civil penalty.

[8:39:08 AM](#)

REPRESENTATIVE HAWKER said the retroactivity dates were structured by Legislative Legal and Research Services, but said he sees no reason not to accept an amendment to make Section 3 retroactive.

REPRESENTATIVE GRUENBERG mentioned an unlabeled amendment, and asked whether it would impact the current fiscal note from APOC.

[8:41:28 AM](#)

REPRESENTATIVE HAWKER told Representative Gruenberg that the day before, he received a fiscal note from APOC requesting one additional employee for an annual estimated cost of \$62,800. Based on his prior experience as co-chair of the House Finance Committee in charge of the operating budget, he said he is having difficulty accepting the need for increased cost for purposes of HB 311. He said he is cognizant that there is a cyclical increase in the need for extra staff during election years. He recommended that HB 311 be forwarded without a fiscal note, because he said he believes it would be more appropriate for APOC to discuss its aggregate needs for this election cycle and the coming fiscal budget before the House and Senate Finance Committees.

[8:44:25 AM](#)

REPRESENTATIVE KELLER said he supports HB 311. He stated, "I believe you said ... that this could become a bar impediment to people ... in the state of Alaska who may not have computers, and this may be an impediment to run for office." He opined that that is a significant element, and ventured that it could become a legal question. He indicated that the issue increases his support of the proposed legislation.

[8:45:14 AM](#)

REPRESENTATIVE KERTTULA said she thinks APOC's current regulations would cover a situation in which someone was without a computer. She said the problem is more about bandwidth and whether people are able to upload the new program.

[8:45:37 AM](#)

REPRESENTATIVE P. WILSON said her bookkeeper keeps abreast of technology, but if she had to [figure out the new filing requirements] herself, it would be hard. She commented on the difficulty of meeting reporting requirements during session. She said she supports the bill.

[8:46:44 AM](#)

CHAIR LYNN stated that there would be no conflict of interest by anyone on the committee when the time came to move the bill out of committee.

[8:46:51 AM](#)

REPRESENTATIVE HAWKER, in response to a question from Representative Gruenberg, said he would advise the committee to formally adopt the zero fiscal note in the committee packet.

[8:47:46 AM](#)

REPRESENTATIVE P. WILSON said she would like to hear from APOC whether the reason it would need to hire a person is because they released a person last year.

[8:48:23 AM](#)

REPRESENTATIVE PETERSEN remarked that there are some potential post office closures across the state, so candidates across the state may not have a way to mail in their reports, and if they do not have access to computers, they may have to travel down river to a bigger community to complete submittal of their reports.

[8:49:30 AM](#)

REPRESENTATIVE KERTTULA said she knows that APOC has been willing to work with candidates in similar circumstances in the past. She said the bill is not just about incumbents, but also affects candidates. She said she has not had a chance to ask APOC for the reason behind its fiscal note, and she indicated that she would like the bill to move on the House Finance Committee, where she would work to "be sure that we figure that out."

REPRESENTATIVE HAWKER clarified for the record that his recommendation is that the committee pass the bill with the zero fiscal note, and that APOC bring forward its needs and

considerations for the coming fiscal year in its regular budget request for 2013.

[8:51:02 AM](#)

REPRESENTATIVE SEATON noted that the APOC fiscal note analysis read, "This bill may require revision of newly enacted regulations." He asked for clarification. He then asked if the bill would affect municipal candidates, as well as state candidates.

[8:52:38 AM](#)

REPRESENTATIVE HAWKER responded that the regulatory activity undertaken by all agencies is an ongoing process, and "the capability to manage that regulatory activity is inherent in their baseline budgets." He noted that the request in the fiscal note analysis was for a position that would "engage in the activities required by this bill; namely scanning, manual data input, and direct customer service." Regarding municipal candidates, he said current statute excludes candidates from the office of borough, mayor, and municipal, assembly councils from electronic reporting. He said the rewriting of that statute, as reflected in Section 1 of HB 311 "grandfathers, for any candidate, the ability to file on paper or a spreadsheet, encompasses those elections, and makes ... no change in how those elections and those candidates are administered ... for the disclosure requirements currently." He added, "It gives state office candidates essentially the same choices that local candidates have under current statutes."

REPRESENTATIVE HAWKER emphasized that he does not see the proposed legislation as a retrograde motion; the manner in which people have filed in the past is the manner in which they will most likely file for the upcoming deadline. He opined that from the standpoint of affecting the operations of the agency, HB 311 is a benign proposal.

[8:55:38 AM](#)

REPRESENTATIVE GRUENBERG said he had just received a note from Mark Higgins, staff to the House Rules Standing Committee, that explains that because Section 4 of the bill lists Sections 1 and 2 - "triggering sections" - it is probably not necessary to include Section 3. For that reason, he said he would not offer an amendment to include Section 3.

8:56:24 AM

PAUL DAUPHINAIS, Executive Director, Alaska Public Offices Commission (APOC), prefaced his remarks by stating that the commission understands and respects the legislature's need and ability to make changes [to statutes] as it sees fit. He said the commission is charged with enforcing and administering statutes to the best of its ability. He stated that HB 311 will make access to public documents more difficult and will make APOC an inefficient organization.

MR. DAUPHINAIS said when he began his role as executive director, on February 22, 2011, the message he received from legislators was that getting the [reporting] system working was the priority, and he said APOC spent the last year making that happen. He said the public is dissatisfied with the current system of reporting, because the current method of scanning does not allow the public to compare reports side by side. He said APOC currently uses FoxPro database, which is an old, unstable database. The impetus behind the electronic system is to have a system where the data is readily available and where there is greater security.

9:00:13 AM

MR. DAUPHINAIS said as currently written, components of HB 311 would be extended to municipal filers. He said a three-year average shows there are 145 municipality candidates that have to file multiple reports annually. He indicated there are a great number of municipalities that will change between filing electronically and not filing electronically. Under HB 311, municipalities under 15,000 will be allowed to file by paper. He said statistical data from national campaign oversight organizations has shown that when electronic filing is made optional, only 15 percent of filers use that system. He noted that that is just statistical data from the state of Alaska. He said reports are amended, and when reports are filed on paper, those amendments all have to be done manually, which takes between 10 minutes to 5-6 hours. He offered further details. Mr. Dauphinais said that between July 1 and December 31 of 2011, APOC spent over 1,100 hours on data input alone.

MR. DAUPHINAIS talked about the time that APOC spends assisting the public, dealing with complaints, and keeping up with statutory requirements. He said APOC wants to complete more audits, but was only able to spend 330 hours conducting audits in the last six months. He indicated that under HB 311, the

number of those filing by paper may increase, which would add to the workload of the commission and make it inefficient. He offered his understanding that APOC has to have reports in its possession by the filing deadline, but he said he would like to check statute to be certain. Mr. Dauphinais relayed that reports sent electronically sometimes have to be transcribed, and he said he cannot guarantee no mistakes will be made in the process.

[9:05:32 AM](#)

CHAIR LYNN pointed out that the Internal Revenue Service (IRS) accepts tax return forms that have been post marked by the deadline.

MR. DAUPHINAIS reiterated that he needs to look up statute regarding the deadline for reports.

[9:06:21 AM](#)

MR. DAUPHINAIS offered his understanding that the proposed legislation would not allow filing via [the State of Alaska's on line system called,] "myAlaska." He directed attention to language on page 1, line 11, which states that the commission shall accept electronically submitted information that is "entered onto a version of the form accessed on the Internet website of the commission", and he said myAlaska is not the Internet web site of the commission. He opined that if APOC has to create a security system similar to myAlaska, based on APOC's website, it would be time consuming, expensive, and inefficient. In response to Chair Lynn, he offered further details.

[9:11:17 AM](#)

MR. DAUPHINAIS, in response to Representative Keller, said there are many states, including Massachusetts, that require electronic filing, and many others that will require electronic filing in the next two to three years, and he offered to procure a list for the committee.

CHAIR LYNN commented that the geography of Alaska is different from that of any other state.

REPRESENTATIVE KELLER explained that he was wondering if Alaska is on the leading edge of this issue.

[9:13:21 AM](#)

REPRESENTATIVE SEATON returned attention to Mr. Dauphinais' previously stated concern regarding the language on page 1, line 11. He asked him if it would help to change the language from "the Internet website of the commission" to "the Internet as designated by the commission".

MR. DAUPHINAIS answered yes.

[9:14:01 AM](#)

REPRESENTATIVE GRUENBERG recalled Mr. Dauphinais had said that currently municipal candidates in communities with populations over 15,000 are required to file electronically, and the proposed legislation would be a step backward for those communities.

MR. DAUPHINAIS confirmed that is correct.

REPRESENTATIVE GRUENBERG said he would like to know if that is the sponsor's intent.

[9:15:49 AM](#)

MR. DAUPHINAIS shared that he was confused by the proposed regulation after having been given the directive by the legislature last year to go forward with an electronic filing system. He said he understands that "APOC is the organization that everybody loves to hate," but said APOC wants to "do things right and conform to the law."

CHAIR LYNN interjected that he thinks those who make reports to APOC want to do things right.

MR. DAUPHINAIS said many of the complaints APOC addresses stem from ignorance, and the electronic filing that APOC envisioned would allow the commission to devote more time to training, outreach, and auditing.

[9:17:20 AM](#)

MR. DAUPHINAIS directed attention to APOC's fiscal note, dated 2/3/12 [included in the committee packet]. He said the increase in reports that APOC would have to do if HB 311 passes was the impetus for the fiscal note. He noted that not reflected in the fiscal note is the cost to replace the FoxPro database, which he

reiterated works at present but is not going to be supported much longer.

9:18:19 AM

REPRESENTATIVE GRUENBERG, regarding the filing deadline for financial disclosures, cited 2AAC 50.785(c), which read as follows:

(c) If a filer files a disclosure statement by hand delivery or facsimile, the date of filing is the date on which an office of the commission receives the statement. If the filer files a disclosure statement by mail, the date of filing is the date of the postmark. If a disclosure statement filed by mail has a postmark on which the date is missing or illegible, the date of the postmark is rebuttably presumed to be 10 calendar days before the date on which the disclosure statement is received. (Eff. 7/20/95, Register 135)

MR. DAUPHINAIS said he would like to review that before giving a definitive answer.

9:19:44 AM

REPRESENTATIVE HAWKER said he disagrees with Mr. Dauphinais' previous statement that HB 311 may prohibit use of myAlaska. He returned attention to the language on page 1, lines 11-12 [text provided previously], and he emphasized the word "accessed". He indicated that the top line of APOC's web site provides a link to access electronic filing of APOC documents.

9:21:47 AM

REPRESENTATIVE KERTTULA posited that "we" have a common goal. She said the agency is doing a good job trying to get ahead, but without delaying the impending APOC filing requirement, there will be "a real pile-up." She opined that using the phrase "the form accessed" would give APOC great latitude. She concluded, "It was never our intent to do away with the work that they've done."

REPRESENTATIVE HAWKER concurred. He emphasized that he wants all candidates to know that the single point of information for compliance filing is APOC's web site. He said the mission is to make the filing system work for both the candidates and the

public. He stated that the bill would codify current practice, and he stated his belief that the bill would not be a retrograde motion. He clarified that there has been a mandate for electronic filing, and those who file on paper have been able to do so because of an exception allowed in statute. He said he encourages APOC to continue to implement electronic systems that are sufficiently effective, attractive, and user-friendly, so that an increasing number of candidates choose to file electronically.

[9:25:38 AM](#)

REPRESENTATIVE PETERSEN offered his understanding that the proposed legislation does allow the commission to use myAlaska, because of the language beginning on page 1, line 13, through page 2, line 1, which read as follows:

(2) submitted to the commission in the form of an electronic spreadsheet or data file that contains field names and data types that conform to a standard defined by the commission.

REPRESENTATIVE PETERSEN indicated that if APOC wants people to use myAlaska, then the commission would just need to define that as a standard.

[9:26:42 AM](#)

REPRESENTATIVE SEATON offered his understanding that under HB 311, municipalities with populations above 15,000 could file by paper. He asked whether that is a change or whether because of "waiver ability" it is not considered a change.

REPRESENTATIVE HAWKER responded that current statute requires candidates for state and municipal offices to file electronically, and under HB 311, state office candidates and candidates in municipalities larger than 15,000 would be able to file a paper report without having to avail themselves of the other statutory provisions that allow APOC to make exceptions to [the requirement to] report electronically. He stated, "We are revisiting the standard and, through this legislation, saying that electronic filing is the desired outcome, but we respect the relative skills, abilities, and circumstances of potential candidates who may not be able to avail themselves of electronic filing or may not choose to."

[9:29:02 AM](#)

REPRESENTATIVE SEATON said he is in favor of bill, but expressed concern that it will result in a lot more paper filing.

[9:30:32 AM](#)

REPRESENTATIVE KERTTULA offered her understanding that "everyone" was under the old system, which allowed electronic and paper filing, and APOC came up with a new system, which is what HB 311 would address. She said the one point on which she is not clear is whether or not the municipalities are "in the same place" that legislators are in, but said if they are, she questions that anybody would "move backward."

[9:31:46 AM](#)

REPRESENTATIVE HAWKER concurred. He said, "I think the mandatory electronic filing has disenfranchised a certain cohort of the state's population that I think we have to be very careful to protect." He emphasized the importance of not discouraging anyone in Alaska from running for public office.

[9:33:00 AM](#)

REPRESENTATIVE GRUENBERG directed attention to the wording of a sentence on page 2, line 9, which read as follows:

Each summary must [SHALL] use uniform categories of reporting.

REPRESENTATIVE GRUENBERG pointed out that under HB 311, the word "shall" would be changed to "must". He said "must" is mandatory, whereas "shall" is directory. He said he thinks "shall" should be changed to "must" on page 1, line 6.

REPRESENTATIVE HAWKER confirmed that the intent of the sponsor was that the commission must accept "any information required under this chapter".

[9:36:18 AM](#)

REPRESENTATIVE KERTTULA, in response to Representative Keller, said the directive from the legislature to APOC to create an electronic filing system is in statute. She reiterated that the goal has not changed, but the timing is problematic.

[9:38:45 AM](#)

MR. DAUPHINAIS, in response to Representative P. Wilson, said the rule regarding municipalities with a population over 15,000 was in place before he took his current position with APOC a year ago.

REPRESENTATIVE P. WILSON asked if APOC has received much feedback in the past from municipalities with populations over 15,000 that the electronic filing process is too difficult.

MR. DAUPHINAIS answered that he is not aware of any, but said he would canvas staff to find out if they have received any such comments in the past.

[9:41:42 AM](#)

CHAIR LYNN, after ascertaining that there was no one else who wished to testify, closed public testimony.

[9:42:07 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt Amendment 1, which read as follows:

Page 2, line 7, following "within"
Delete "10"
Insert "two working"

There being no objection, Amendment 1 was adopted.

[9:42:34 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt Conceptual Amendment 2, to change "shall" to "must", on page 1, line 6. He explained that he would like to leave it up to Legislative Legal and Research Services to determine if the change is necessary.

CHAIR LYNN suggested that the next committee of referral could ask Legislative Legal and Research Services if the change is necessary and act accordingly.

REPRESENTATIVE HAWKER noted that if HB 311 moves out of the House State Affairs Standing Committee without a fiscal note, then the next committee of referral would be the House Rules Standing Committee; however, if a fiscal note is attached, the bill would have to be heard by the House Finance Committee. He stated that if the committee researches the question brought by

Representative Gruenberg and determines that the language needs to be changed, then he would ensure that the issue is heard by the House Rules Standing Committee.

[9:44:41 AM](#)

REPRESENTATIVE GRUENBERG withdrew his motion to adopt Conceptual Amendment 2.

[9:44:59 AM](#)

REPRESENTATIVE KERTTULA, in response to Representative Gruenberg, said both municipalities and the legislature were "in the same boat," and then municipalities with less than 15,000 were exempted. She said she would continue to work to improve the bill.

[9:46:01 AM](#)

REPRESENTATIVE KELLER moved to attach the zero fiscal note prepared by the House State Affairs Standing Committee, with the understanding that APOC would use the normal budgetary process to explain any budgetary needs.

[9:47:05 AM](#)

REPRESENTATIVE P. WILSON objected to make a comment. She cautioned the committee to carefully consider the effects of the bill on municipalities. She said she thinks it makes sense to allow municipalities with populations under 15,000 to file by paper. She talked about the difficulty of changing gears mid-election cycle.

REPRESENTATIVE P. WILSON removed her objection. There being no further objection, the motion to attach the zero fiscal note prepared by the House State Affairs Standing Committee was accepted.

[9:49:16 AM](#)

REPRESENTATIVE SEATON commented on the rapid nature of the bill hearing and the possible effect of allowing everyone to choose between paper and electronic filing. He stated, "I think that this is a drastic change in direction from where we have been going in trying to make our system of reporting quick and available to the public." He recommended consideration be given

to change the bill so that there still is a presumption of electronic filing with a possible variance for paper filing.

[9:52:21 AM](#)

REPRESENTATIVE KELLER posited that the common goal is to have a user-friendly method of clear reporting.

REPRESENTATIVE KELLER moved to report HB 311, as amended, out of committee with individual recommendations and the attached zero fiscal note. There being no objection, CSHB 311(STA) was reported out of committee.

[9:54:04 AM](#)

REPRESENTATIVE P. WILSON said she thinks there is a fear of the process, but it is not that difficult. She offered examples.

HB 190-PFD ALLOWABLE ABSENCE

[9:55:23 AM](#)

CHAIR LYNN announced that the last order of business was SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 190, "An Act relating to allowable absences from the state for purposes of eligibility for permanent fund dividends; and providing for an effective date."

[9:55:59 AM](#)

REPRESENTATIVE PETERSEN moved to adopt the proposed committee substitute (CS) for SSHB 190, Version 27-LS0564\R, Kirsch, 2/3/12, as a work draft. There being no objection, Version R was before the committee.

[9:56:25 AM](#)

MICHAEL PASCALL, Staff, Representative Eric Feige, Alaska State Legislature, on behalf of Representative Feige, sponsor, noted that the House State Affairs Standing Committee had heard HB 190 last year. He reminded the committee that approximately 13 years ago, statute was put into place such that anyone on an allowable absence from the state became ineligible for a permanent fund dividend (PFD) after 10 years, with the exception of members of Congress, congressional staff, and their families. He said numerous objections have been raised, there have been questions about constitutionality, and there have been court cases. He said the sponsor, in working on HB 190, decided to

propose extending the allowable absence time from 10 years to 20 years, during which time perhaps a better solution could be found. He indicated that Version R would create a tighter standard by putting some regulations into statute. He said he would offer a presentation at the next hearing of the proposed bill that would explain SSHB 190 in more detail.

CHAIR LYNN recognized that Representative Eric Feige, sponsor of HB 190, had arrived.

[9:59:24 AM](#)

CHAIR LYNN closed public testimony.

[HB 190 was held over.]

[10:01:22 AM](#)

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 10:01 a.m.