

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

April 12, 2012

9:05 a.m.

MEMBERS PRESENT

Senator Bill Wielechowski, Chair
Senator Joe Paskvan, Vice Chair
Senator Albert Kookesh
Senator Kevin Meyer
Senator Cathy Giessel

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 281

"An Act establishing March 30 of each year as Welcome Home Vietnam Veterans Day."

- MOVED SCS CSHB 281(STA) OUT OF COMMITTEE

CS FOR SS FOR HOUSE BILL NO. 190(FIN)

"An Act relating to allowable absences from the state for purposes of eligibility for permanent fund dividends; and providing for an effective date."

- MOVED SCS CSSSHB 190(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 281

SHORT TITLE: WELCOME HOME VIETNAM VETERANS DAY

SPONSOR(S): REPRESENTATIVE(S) THOMAS

01/17/12	(H)	READ THE FIRST TIME - REFERRALS
01/17/12	(H)	MLV
02/09/12	(H)	MLV AT 1:00 PM CAPITOL 120
02/09/12	(H)	Moved Out of Committee
02/09/12	(H)	MINUTE(MLV)
02/10/12	(H)	MLV RPT 6DP
02/10/12	(H)	DP: MILLER, CISSNA, GATTO, LYNN, THOMPSON, SADDLER
02/20/12	(H)	TRANSMITTED TO (S)

02/20/12 (H) VERSION: HB 281
02/21/12 (S) READ THE FIRST TIME - REFERRALS
02/21/12 (S) STA
04/10/12 (S) STA AT 9:00 AM BUTROVICH 205
04/10/12 (S) Scheduled But Not Heard
04/11/12 (S) STA AT 9:00 AM BELTZ 105 (TSBldg)
04/11/12 (S) Heard & Held
04/11/12 (S) MINUTE(STA)
04/12/12 (S) STA AT 9:00 AM BUTROVICH 205

BILL: HB 190

SHORT TITLE: PFD ALLOWABLE ABSENCE

SPONSOR(s): REPRESENTATIVE(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
02/07/12 (H) Heard & Held
02/07/12 (H) MINUTE(STA)
02/09/12 (H) STA AT 8:00 AM CAPITOL 106
02/09/12 (H) Heard & Held
02/09/12 (H) MINUTE(STA)
02/14/12 (H) STA AT 8:00 AM CAPITOL 106
02/14/12 (H) Moved CSHB 190(STA) Out of Committee
02/14/12 (H) MINUTE(STA)
02/15/12 (H) STA RPT CS(STA) 6DP 1NR
02/15/12 (H) DP: P.WILSON, KELLER, GRUENBERG,
SEATON, PETERSEN, LYNN
02/15/12 (H) NR: JOHANSEN
04/04/12 (H) FIN AT 9:00 AM HOUSE FINANCE 519
04/04/12 (H) Heard & Held
04/04/12 (H) MINUTE(FIN)
04/04/12 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/04/12 (H) Moved CSSHB 190(FIN) Out of Committee
04/04/12 (H) MINUTE(FIN)
04/05/12 (H) FIN RPT CS(FIN) 6DP 4NR
04/05/12 (H) DP: FAIRCLOUGH, T.WILSON, COSTELLO,
EDGMON, STOLTZE, THOMAS

04/05/12 (H) NR: GUTTENBERG, JOULE, NEUMAN, DOOGAN
04/09/12 (H) TRANSMITTED TO (S)
04/09/12 (H) VERSION: CSSSHB 190(FIN)
04/10/12 (S) READ THE FIRST TIME - REFERRALS
04/10/12 (S) STA
04/10/12 (S) STA AT 9:00 AM BUTROVICH 205
04/10/12 (S) <Pending Referral>
04/11/12 (S) STA AT 9:00 AM BELTZ 105 (TSBldg)
04/11/12 (S) Heard & Held
04/11/12 (S) MINUTE(STA)
04/12/12 (S) STA AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

AARON SCHROEDER, Staff
Representative Bill Thomas
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Described the changes in HB 281 on behalf of the sponsor.

KENDRA KLOSTER, Staff
Senator Bill Wielechowski
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 190.

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

POSITION STATEMENT: Answered questions relating to HB 190.

REPRESENTATIVE ERIC FEIGE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 190.

ACTION NARRATIVE

9:05:23 AM

CHAIR BILL WIELECHOWSKI called the Senate State Affairs Standing Committee meeting to order at 9:05 a.m. Present at the call to order were Senators Meyer, Kookesh, and Chair Wielechowski.

HB 281-WELCOME HOME VIETNAM VETERANS DAY

[9:05:23 AM](#)

CHAIR WIELECHOWSKI announced that the first bill before the committee would be HB 281, which would declare March 29 as Vietnam Veterans Day.

CHAIR WIELECHOWSKI requested a motion to adopt the new CS for HB 281, version I.

SENATOR MEYER moved to adopt the proposed SCS for HB 281, labeled 27-LS0791\I, as the working document.

CHAIR WIELECHOWSKI objected for discussion purposes.

[9:07:38 AM](#)

AARON SCHROEDER, staff to Representative Bill Thomas, described the changes in HB 281 on behalf of the sponsor. He noted two changes in version I, both of which appear in the title in line 1. The date of March 30 is changed to March 29 and the words "Welcome Home" are deleted. On line 5, March 30 is also changed to March 29 and on line 4, "Welcome Home" is also deleted.

CHAIR WIELECHOWSKI withdrew his objection to adopting version I. He noted a zero fiscal note.

SENATOR MEYER moved to report the SCS for HB 281, version I, from committee with individual recommendations and attached zero fiscal note. There being no objection, SCS HB 281(STA) was reported from the Senate State Affairs Standing Committee.

HB 190-PFD ALLOWABLE ABSENCE

[9:08:00 AM](#)

CHAIR WIELECHOWSKI announced that the next bill before the committee would be HB 190, which proposes to amend laws related to Permanent Fund Dividend allowable absences.

CHAIR WIELECHOWSKI requested a motion to adopt the new SCS, version K, for HB 190.

SENATOR MEYER moved to adopt the proposed SCS for CS for SS for HB 190, labeled 27-LS0564\K, as the working draft before the committee.

CHAIR WIELECHOWSKI objected for discussion purposes. He recalled committee discussion the previous day regarding the concept of putting dividends for individuals who have been absent from the state for many years into an escrow account of sorts. Ms.

Bitney, Director of the Permanent Fund Dividend Division, indicated that tens of thousands of dividends have been issued to individuals living out of state. She also said that at one time it appeared that only 80 individuals had actually returned to Alaska out of thousands who had lived Outside for an extended period of time and received dividends. He said he believed she has been developing new statistics to consider.

At-ease from 9:09 a.m. to 9:10 a.m.

9:10:00 AM

KENDRA KLOSTER, staff, Senator Bill Wielechowski, testified during the discussion of HB 190. She addressed the changes in version K of HB 190. She explained that, based on some of the information provided by Ms. Bitney regarding individuals who move from Alaska and do not return to the state, the bill was changed to create an escrow account to hold the PFD's until those individuals move back to the state.

MS. KLOSTER noted that the largest change is in Section 6 of the bill and deals with the escrow account. If a person claims allowable absences for years 1-5, they would receive the PFD as usual; however, if a person claims an allowable absence after year 5, the PFD would be deposited into an account until that individual returns.

MS. KLOSTER described a number of conforming changes. In Section 1, a person is conditionally eligible under AS 43.23.009, the escrow account. In Section 2, the 5-year rule is described. In Section 3, the change refers to holding the PFD until the individual returns to the state. Section 4 excludes the military from the 10-year rule. Section 5 puts the 5-year rule into statute.

DEBBIE BITNEY, Director, Permanent Fund Dividend Division, Department of Revenue, answered questions relating to HB 190.

CHAIR WIELECHOWSKI voiced appreciation for Ms. Bitney's work on the legislation. He noted that version K of HB 190 removes the 10-year rule. He asked for a report on how many people received PFD's when the 10-year rule was in place.

9:15:00 AM

MS. BITNEY reported that, since the inception of the program in 1982, there were 321,600 dividends issued to people who did not live in Alaska for various reasons. The total of that amount was \$424 million. She said she was able to determine that since

1995, the state has paid 900 individuals who were out of Alaska 10 years or more, \$16 million in PFD's. Of people who were out of Alaska for 5 years or more, 11,000 people were paid PFD's totaling \$116 million. About 81 of the 900 individuals moved back to Alaska. She noted that the longer a person is gone from Alaska, the less likely it is that they will return.

SENATOR MEYER inquired if 81 people had returned after a 10-year period or longer of being away.

MS. BITNEY said yes.

SENATOR MEYER asked if Ms. Bitney knew the return numbers for those who had been gone for only 5 years.

MS. BITNEY said she did not.

CHAIR WIELECHOWSKI asked Ms. Bitney for her opinion of version K.

MS. BITNEY related that version K is something the division had looked a previously and had thought was doable. Administratively, it does not create a large burden for the division. She called it a "wash" as far as impact to the division.

9:20:00 AM

CHAIR WIELECHOWSKI stated that the goal of the PFD is for people who live in Alaska, or are planning to return to Alaska, to receive the benefit. The intent of the bill is to spend PFD money in Alaska, for Alaskans, as well as to ensure that those serving in the military continue to be eligible to receive PFD's.

CHAIR WIELECHOWSKI asked Representative Feige if he had had a chance to see version K.

REPRESENTATIVE ERIC FEIGE, sponsor of HB 190. He noted that he had read version K and had an opinion on it.

CHAIR WIELECHOWSKI asked for his opinion.

REPRESENTATIVE FEIGE stated that the original intent of HB 190 was to provide for Alaskan residents to be able to collect their PFD's during a military career. He opined that putting PFD's into an escrow account, as required in version K, would be perceived as taking PFD money away from the person in the

present. There is no provision for accounting for time-valued money, or interest. He pointed out that an escrow account was considered at one time, but it was thought to be too complicated.

He stated that establishing in statute the requirements for defining an intent to return to Alaska would screen those who did not qualify for a PFD. The money would then be dispersed in the present to people who are deserving of a PFD, as opposed to money being held in an account. He concluded that the previous version of the bill before the committee adequately covered the "intent to return" issue.

SENATOR KOOKESH asked if there were any other changes in the bill that would require it to be returned to the House for concurrence.

REPRESENTATIVE FEIGE explained that there were changes in the bill which reinstated the 10-year rule, but made exemptions for members of Congress and the military, and the governor's representative in Washington, DC.

[9:25:00 AM](#)

SENATOR KOOKESH stated that he did not want to see HB 190 returned to the House for concurrence due to changes having been made. He inquired if there were any other changes in version K that would require that be done.

REPRESENTATIVE FEIGE said no.

SENATOR KOOKESH suggested adopting the bill without the escrow account change.

SENATOR MEYER opined that Senator Kookesh was trying to help the sponsor. He commented that it was interesting to see that not many people return to Alaska after a 10-year period. He said he also wished to keep the bill moving.

SENATOR KOOKESH stated that he liked the original intent of the bill.

REPRESENTATIVE FEIGE stated that if version K was adopted, reported out of committee, and passed by the Senate, he would have to recommend non-concurrence and it would go to conference committee on the House side.

SENATOR KOOKESH asked if there was time for that process. He inquired if the bill had another committee of referral.

CHAIR WIELECHOWSKI said that State Affairs was the only committee of referral.

REPRESENTATIVE FEIGE noted that the statistics Ms. Bitney spoke of are as a result of weak statutory requirements for reporting an intent to return to the state. The requirements have been in regulation and subject to appeal. He maintained that putting the requirements for the intent to return into statute would greatly reduce the number of qualified applicants for the PFD.

CHAIR WIELECHOWSKI noted the arrival of Senator Paskvan. He summarized the discussion so far. He pointed out that any changes made in committee would require concurrence by the House.

CHAIR WIELECHOWSKI noted that there was a previous version of the bill, version Y.

At-ease from 9:29 a.m. to 9:32 a.m.

SENATOR PASKVAN related that 90 percent of individuals gone from the state for over 10 years don't return to Alaska. He deemed that a substantial problem. He questioned why the House would not want to correct that problem and concur with version K.

REPRESENTATIVE FEIGE agreed that those statistics present a problem. He pointed out that they occurred during years when language in statute did not specify or define the "intent to return." One of the objectives of HB 190 is to give the PFD Division backup to be able to deny PFD's based on the criteria for "intent to return."

9:35:00 AM

CHAIR WIELECHOWSKI noted the arrival of Senator Giessel.

SENATOR PASKVAN understood Representative Feige's explanation. He wished to have someone from the PFD Division state that HB 190 would lessen the failure rate from 90 percent to something better.

SENATOR KOOKESH restated his concern.

CHAIR WIELECHOWSKI related that he sponsored this identical bill in the Senate and had similar concerns. The problem is that when

the 10-year rule is removed, the potential floodgate is opened for people who live out of state to receive a PFD for a longer period of time. He said the 5-year rule is the counter to that in the hopes of protecting Alaskans' PFD's.

SENATOR KOOKESH restated his concern.

CHAIR WIELECHOWSKI agreed with the time constraint, but did not want to put policy in place that would allow people to live out of state and collect a dividend, knowing 90 percent were unlikely to return.

SENATOR KOOKESH argued that version K would not prevent that from happening.

CHAIR WIELECHOWSKI disagreed. He said it provides that if a person does not return and re-establish residency, they don't collect a PFD.

SENATOR MEYER requested Ms. Bitney to address if version Y does tighten up the "intent to return" idea. He also inquired what would happen to the money in the escrow account.

9:40:00 AM

MS. BITNEY recalled the time when she was approached by the bill sponsor. She said she worked with Representative Feige's office to create an environment where the division could do a better job of determining whether or not a person actually intends to return to Alaska. Currently, those rules do not exist in statute; they are in regulation and are very weak. The regulations are subject to argument and appeal by the applicant.

She maintained that putting the regulations into statute would reduce the number of persons who simply have "paper ties" to the state and receive a PFD. It would also provide the division with the ability to do a better job of determining who has intent to return. The regulations would contain criteria and use a point system to ascertain who truly has intent to return.

9:45:00 AM

MS. BITNEY addressed Senator Meyer's question about the escrow account. She noted that the division does not consider it an escrow account, but rather considers it a "non-paid dividend." The division would determine that the applicant would be conditionally eligible and the funds would be held in the PFD fund, not for that particular person, but as part of the whole fund. When that applicant returned to the state, and applied for

the PFD's, if they were determined to qualify, they could collect missed dividends. She compared it to the children's dividend program.

SENATOR KOOKESH inquired how many people do not return because they are deceased or ill.

MS. BITNEY replied that the 81 people who did return were from the military. She did not know why the others did not return.

SENATOR PASKVAN stated that the 90 percent non-return rate was the most troubling fact. He said he appreciated the intent language of the bill. He asked how much that number would be reduced.

MS. BITNEY could not say, but she opined that it would be a significant change because by putting the language into statute, the division would have tools to assess who is serious about returning to Alaska.

SENATOR PASKVAN asked how much of an administrative burden it would be to retain the non-paid dividend, as well as having intent language.

MS. BITNEY replied that it would not be a substantial burden on the division. The division is set up to assess eligibility and to make payments.

SENATOR PASKVAN said he did not want to kill the bill. He stated approval of both concepts: increasing the intent and preventing abuse of the system.

CHAIR WIELECHOWSKI voiced appreciation for everyone's time. He suggested three options: the House version of the bill [version L], version K, or recess to the call of the chair.

SENATOR KOOKESH said he would support either version because both versions have merit. He wanted to see a version of the bill that would pass the Senate and be available to the division now.

9:50:00 AM

CHAIR WIELECHOWSKI pointed out that the concept in version K was the same as in a bill that was filed several years ago in the House and contained 20 co-sponsors.

SENATOR KOOKESH debated the process the bill may have to go through.

REPRESENTATIVE FEIGE stated that version Y of the bill was the intermediate version between the House version and version K. He recommended adopting the House version of the bill. He said he has not seen a copy of version Y, which would reinstitute the 10-year rule with exclusions for the military. He said he thought he could recommend concurrence on version Y.

[9:52:23 AM](#)

SENATOR MEYER asked Representative Feige if he had said he would not recommend concurrence on version K.

REPRESENTATIVE FEIGE said that was correct. He maintained version K would be too much of a change and take too much time to analyze. The Y version is a relatively simple change and has been debated by the House.

SENATOR MEYER suggested the committee needed to make the right public policy call, but he agreed with Senator Kookesh about concurrence.

CHAIR WIELECHOWSKI reviewed the options.

[9:54:17 AM](#)

CHAIR WIELECHOWSKI recessed the meeting to the call of the chair.

[10:03:32 AM](#)

CHAIR WIELECHOWSKI reconvened the meeting and continued the discussion of HB 190.

SENATOR MEYER moved to rescind his motion to adopt the proposed SCS for CS for SS for HB 190, labeled 27-LS0564\K, as the working draft before the committee. There being no objection, the motion carried.

[10:03:37 AM](#)

CHAIR WIELECHOWSKI requested a motion to adopt version Y of HB 190.

SENATOR PASKVAN moved to adopt the proposed SCS for CSSSHB 190(), labeled 27-LS0564\Y, as the version of the bill before the committee. There being no objection, version Y was the document before the committee.

SENATOR PASKVAN moved to report SCS for CSSSHB 190(STA), version Y, from committee with individual recommendations and the

accompanying zero fiscal note. There being no objection, SCS CSSS HB 190(STA) was reported from the Senate State Affairs Standing Committee.

10:05:08 AM

There being no further business to come before the committee, Chair Wielechowski adjourned the Senate State Affairs Standing Committee at 10:05 a.m.