

SENATE FINANCE COMMITTEE

February 24, 2014

8:02 a.m.

8:02:57 AM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 8:02 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Dan Spencer, Director, Division of Administrative Services, Department of Public Safety; Thomas Cherian, Director, Division of Administrative Services, Department of Environmental Conservation; Bill Griffith, Facility Programs Director, Division of Water, Department of Environmental Conservation; Edra Morledge, Staff, Senator Kevin Meyer; Kris Curtis, Auditor, Division of Legislative Audit; Lauree Morton, Executive Director, Council on Domestic Violence and Sexual Assault, Department of Public Safety; Tally Teal, Staff, Senator Anna Fairclough; Chad Hutchison, Staff, Senator John Coghill; Senator John Coghill; Jean Davis, Director, Support Services Division, Department of Natural Resources; Senator Fred Dyson; Joshua Banks, Staff, Senator Fred Dyson; Chuck Kopp, Staff, Senator Fred Dyson; Dan DeBartolo, Director, Permanent Fund Division, Department of Revenue; Kaci Schroeder, Special Assistant, Department of Corrections.

PRESENT VIA TELECONFERENCE

Amy Erickson, Director Division of Motor Vehicles, Department of Administration; Stan Leaphart, Executive Director, Citizens' Advisory Commission on Federal Areas in Alaska.

SUMMARY

SB 104 APPROPRIATIONS FROM THE DIVIDEND FUND

SB 104 was HEARD and HELD in committee for further consideration.

SB 109 ADVISORY COMMISSION ON FEDERAL MGT AREAS

SB 109 was HEARD and HELD in committee for further consideration.

SB 119 BUDGET: CAPITAL

SB 119 was HEARD and HELD in committee for further consideration.

SB 124 EXTENDING COUNCIL ON DOMESTIC VIOLENCE

SB 124 was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN1 (DPS).

SB 132 MOTOR VEHICLE REGISTRATION FEES

CS SB 132 (STA) was REPORTED out of committee with a "do pass" recommendation and with previously published zero fiscal note: FN1 (ADM).

FY 15 GOVERNOR'S BUDGET OVERVIEWS:

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

DEPARTMENT OF PUBLIC SAFETY

#sb119

SENATE BILL NO. 119

"An Act making appropriations, including capital appropriations and other appropriations; making appropriations to capitalize funds."

8:04:04 AM

[8:04:51 AM](#)

DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, discussed the budget for Department of Public Safety (DPS). He outlined each request by reference number.

RN 6121

Aircraft and Vessel Repair and Maintenance

FY2015 Request: \$1,000,000

Brief Summary and Statement of Need:

This annual project provides repair and maintenance for the Department of Public Safety's 44 aircraft and 41 vessels. These assets are crucial tools used to achieve the department's mission to ensure public safety and enforce fish and wildlife laws. These funds are used to rebuild vessel and aircraft engines and components when they reach the limits of safe useful life.

[8:05:21 AM](#)

RN 37774

Alaska State Troopers Law Enforcement Equipment

FY2015 Request: \$500,000

Brief Summary and Statement of Need:

This annual project provides various types of law enforcement equipment that is deemed mission critical. The Alaska State Troopers rely upon capital improvement funding for equipment purchases for day-to-day operations in order to meet the department's mission of ensuring public safety and enforcing state laws by protecting lives, property and public peace.

RN 45300

Alaska Wildlife Troopers Law Enforcement Equipment

FY2015 Request: \$500,000

Brief Summary and Statement of Need:

This annual project provides new and replacement law enforcement equipment for use by the Alaska Wildlife Troopers. The Alaska Wildlife Troopers rely upon capital improvement project funding for purchase of equipment used

for day-to-day operations in order to meet the department's mission of ensuring public safety and enforcing state laws by protecting lives, public peace, and wildlife resources.

RN 51707

Village Public Safety Officer Equipment

FY2015 Request: \$500,000

Brief Summary and Statement of Need:

This annual project provides equipment replacement to support the Village Public Safety Officer (VPSO) program. The Department of Public Safety supports the VPSO program through grants to non-profit organizations and local governments. The VPSOs rely upon capital improvement project funding for equipment purchases for day-to-day operations in order to meet the department's mission of public safety and enforcing state laws by protecting lives, property, and public peace in rural communities.

RN 35825

Marine Fisheries Patrol Improvements

FY2015 Request: \$1,200,000

Brief Summary and Statement of Need:

This annual project is part of a joint enforcement agreement (JEA) with the National Marine Fisheries Service. The project is for federal fiscal year 2014 JEA. The JEA federal funding has historically been part of the capital budget since it primarily funds equipment, but it also currently funds three positions. Federally regulated marine fisheries occur on a year-round basis in the coastal and offshore waters of Alaska. Both the federal and state governments share an interest in ensuring these fisheries are protected. This project will help the department achieve its mission to ensure public safety and enforce fish and wild life laws and protecting wildlife resources.

[8:06:45 AM](#)

RN 35688

Statewide Domestic Violence Shelter Improvements

FY2015 Request: \$2,000,000

Brief Summary and Statement of Need:

This project provides state funds to leverage matching funds from the Rasmuson Foundation, and possibly other entities, to provide deferred maintenance improvements for

domestic violence shelters statewide. All domestic violence shelters have deferred maintenance needs such as roof repairs, window replacements, kitchen upgrades, flooring/carpeting, furnishings, etc.

[8:07:23 AM](#)

Senator Hoffman requested a list of improvements made to shelters in the previous fiscal year and which shelter would benefit from the FY2015 funds.

Mr. Spencer said that he would provide the information.

[8:07:50 AM](#)

Vice-Chair Fairclough explained that Standing Together Against Rape (STAR) would send a contractor out to each shelter in order to determine the needs for each entity. She wondered if the funding request would be enough to support the 26 different programs across the state that provided shelter for women and children facing in-home violence.

Mr. Spencer relayed that a statewide assessment would be done on all domestic violence shelters in the state and then the necessary repairs and improvements would be prioritized. The repairs and upgrades would then be handled by a statewide group rather than turning the funding directly over to the shelters. He understood that there was potentially an amount of additional private funds that could be added to the appropriation.

[8:09:46 AM](#)

Vice-Chair Fairclough understood that the Council on Domestic Violence and Sexual Assault in coordination with the Rasmuson Foundation would be providing the allocation and not the state. She said that the state was trying to fortify the shelter and was going to let the appropriation be managed by the council.

Mr. Spencer replied that that was correct. He continued to list the budget requests.

[8:11:44 AM](#)

RN 41788

**Deferred Maintenance, Renewal, Repair and Equipment
FY2015 Request: \$1,350,000**

Brief Summary and Statement of Need:

This annual project allows the Department of Public Safety to address some of the deferred maintenance needed in buildings throughout Alaska. The department occupies various facilities in 66 locations with a number of electrical/mechanical code issues, as well as energy and security improvements that need to be addressed. Storing evidence, protecting department-owned equipment, and providing employees with safe working conditions allows the department to meet its mission. The following requests were allocations under this appropriation:

RN 58735

**Anchorage - Alaska Bureau of Investigation Headquarters
Roof Repair
FY2015 Request: \$100,000**

Brief Summary and Statement of Need:

This project will allow for the Alaska Bureau of Investigation building roof repairs.

RN 58736

**Bethel - Trooper Office Improvements and Hangar Energy
Repairs
FY2015 Request: \$500,000**

Brief Summary and Statement of Need:

The State Trooper office and hangar in Bethel are in need of improvements that were identified by a survey and energy audit done in 2011. Identified issues include repairs to the hangar foundation, aircraft door, and ventilation system. The office needs improvements such as energy efficiency upgrades and windows replacement.

RN 58738

**Soldotna - Trooper Post Facility Repairs
FY2015 Request: \$150,000**

Brief Summary and Statement of Need:

The Soldotna Alaska State Trooper office building is in need of repair and renovations. This project will provide separate public restrooms, exit signs, heating and ventilation improvements, and safety and building repairs and renovations for the Soldotna Trooper Post facility.

RN 58737

**Fairbanks - Facility and Energy Repairs
FY2015 Request: \$400,000**

Brief Summary and Statement of Need:

The Fairbanks facility is in need of code and energy repairs. This project will provide upgrades such as replacing in-wall wiring, circuit breaker panels, helipad renovations, and other building energy efficiencies or electrical code or safety issues.

RN 58740

**Statewide Facility Security Renovations and Electrical
Upgrades
FY2015 Request: \$200,000**

Brief Summary and Statement of Need:

This project will upgrade and secure office entrances to protect staff and provide electric system upgrades statewide.

[8:12:38 AM](#)

Senator Olson looked at RN 6121: Aircraft Vessel Repair and Maintenance. He asked for more information regarding moving the P/V Stimson from Dutch Harbor to Kodiak.

Mr. Spencer responded that the items listed on the P/V Stimson were routine and were not dependent on where the vessel was based. He noted that there was a proposal in the Operating Budget to move the vessel from its base in Dutch Harbor to Kodiak, but the move would not affect Capital Projects.

[8:13:59 AM](#)

Senator Olson spoke to RN 45300: Alaska Wildlife Troopers Law Enforcement Equipment. He asked how much of the equipment replacement and repairs was related to the number of airplane accidents over the past few seasons.

Mr. Spencer did not believe that any of the repairs were specifically related to accidents. He said that in the past year, aside from one helicopter crash, there had been two incidents with aircraft both of which had involved prop strikes.

Senator Olson asked whether the pilots of the prop strike incidents had been given additional training or disciplined in any way.

Mr. Spencer responded that he would look into the situation and get back to the committee.

[8:15:25 AM](#)

Senator Olson wondered if the troopers were still signed up with the Medallion Program.

Mr. Spencer agreed to provide the information at a later date.

[8:15:43 AM](#)

Vice-Chair Fairclough noticed that many appropriations were for maintenance. She asked how much money the department was sitting on and whether they expended each of the funds each year.

Mr. Spencer responded no. He elaborated that the department often found itself in the situation where there was either not enough funding in one particular year and other years when there was additional funding. He said that the department needed to have an amount of money available at any particular point in time during any particular year. He gave an example from years past.

Co-Chair Meyer handed the gavel to Vice-Chair Fairclough.

[8:16:59 AM](#)

AT EASE

[8:18:08 AM](#)

RECONVENED

^FY 15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF ENVIRONMENTAL CONSERVATION

[8:18:16 AM](#)

THOMAS CHERIAN, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, discussed the FY15 Capital Budget requests for the Department of Environmental Conservation (DEC). He noted

that the total departmental request for RY15 was \$69.3 million, 61 percent of which was funded by federal agencies. He said that 5 percent came from other sources and 34 percent was unrestricted general funds. He spoke to the projects by reference number.

RN 41376

**Village Safe Water and Wastewater Infrastructure Projects
FY2015 Request: \$51,500,000**

Brief Summary and Statement of Need:

This project provides financial and technical assistance to rural communities to plan, design, and construct water and sewer system improvements. 60% of the funding will provide first-time service to communities while 40% will be used for expansion, upgrade, and replacement of existing service.

Mr. Cherian said that the appropriation would be allocated to the following projects:

RN 497848

**First Time Service Projects
FY2015 Request: \$30,900,000**

Brief Summary and Statement of Need:

This project provides funding for first time service grants to communities to plan, design, and construct drinking water and sanitation facilities.

RN 49749

**Expansion, Upgrade, and Replacement of Existing Service
FY2015 Request: \$20,600,000**

Brief Summary and Statement of Need:

This project provides grant funding for expansion, upgrade, and replacement of existing service to communities to plan, design and construct drinking water and sanitation facilities.

[8:20:49 AM](#)

Senator Dunleavy queried the number of different approaches to clean water and sanitation in rural areas of the state.

BILL GRIFFITH, FACILITY PROGRAMS DIRECTOR, DIVISION OF WATER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, explained

that there were standard designs for a number of major system components like sewage lift stations and different treatment processes, but there were other parts of the systems that could not be standardized because of the variation in the environment of different communities. He said that the typical design life of the systems was 30 years and some of the existing systems had surpassed that and were in need of an upgrade. He added that sometimes systems did not last as long as they were expected, did not work as well as intended, and faced environmental challenges such as flooding.

[8:22:17 AM](#)

Senator Dunleavy asked how many communities were without minimal water and sewer facilities.

Mr. Griffith replied that there were 34 communities that were without running water and sewer; the department had ongoing construction projects in four of the communities to provide running water and sewer to homes, but the department did not have current funding to bring water and sewer to the remaining 30 communities.

[8:23:02 AM](#)

Senator Dunleavy asked whether the population of a community was a determining factor for the department when choosing projects.

Mr. Griffith replied that under the Village Safe Water Act there was a definition of eligibility. The minimum number of people in a community to make that community eligible was 25. He added that it was not always feasible or sustainable to construct a community water and sewer system in a community larger than 25.

[8:24:06 AM](#)

Senator Olson wondered if communities with partial water and sewer facilities were included in the 34 communities cited.

Mr. Griffith responded that the department defined a community that did not have running water and sewer as fewer than 55 percent of the homes had running water and sewer. He said that in the 30 that he mentioned, none of the homes had water and sewer. He said that there were many

communities where more than 55 percent, but less than 100 percent, of the homes had running water and sewer.

[8:25:02 AM](#)

Senator Olson asked for the list of projects in priority of spending.

Mr. Griffith agreed to provide a multi-year priority list of the projects. He added that in addition to state funds projects were funded every year through the Indian Health Service some of which were administered by the department and some by the Alaska Native Tribal Health Consortium.

[8:25:39 AM](#)

Senator Olson asked how the projects played into the Village Safe Water Act projects.

Mr. Griffith responded that the department worked closely with the Alaska Native Tribal Health Consortium and Indian Health Service to identify projects; all three groups used the same data base to identify necessary projects. A scoring system was used for state funded projects and a different set-up criteria was used for Indian Health Service projects.

[8:26:08 AM](#)

Senator Dunleavy requested a list of projected annual maintenance costs for the projects statewide.

Mr. Griffith agreed to provide the information.

[8:27:08 AM](#)

Mr. Cherian continued to discuss the budget requests.

RN 49697

**Drinking Water Capitalization Grant - Subsidy Funding
FY2015 Request: \$2,526,300**

Brief Summary and Statement of Need:

The federal Drinking Water Capitalization Grant requires states to issue 30% of the funding as subsidies (a loan forgiveness process). This program functioned strictly as a loan program until FY2011 when this provision was added to

the federal budget. In order to implement this provision, an appropriation is necessary to properly record the loan forgiveness payment as an expense in the Alaska Drinking Water Fund. Future requests will remain at 30% of capitalization grants.

[8:28:07 AM](#)

RN 49698

**Clean Water Capitalization Grant - Subsidy Funding
FY2015 Request: \$563,200**

Brief Summary and Statement of Need:

The federal Clean Water Capitalization Grant requires states to issue subsidies (a loan forgiveness process). The subsidy amount required was identified under the grant terms the Environmental Protection Agency has identified for Alaska. This program functioned strictly as a loan program until FY2011 when this provision was added to the federal budget. In order to implement this provision, an appropriation is necessary to properly record the loan forgiveness payment as an expense in the Alaska Clean Water Fund. Future funding requests will remain at a set percentage of each year's capitalization grant.

RN 46714

**Municipal Water, Sewage, and Solid Waste Facilities Grants
(AS 46.03.030)
FY2015 Request: \$14,558,203**

Brief Summary and Statement of Need:

This project provides funding for grants to larger communities to plan, design, and construct drinking water and sanitation facilities and the associated operating costs of the Facility Construction component within the Division of Water.

RN 54566

**Deferred Maintenance, Renewal, Repair and Equipment
FY2015 Request: \$200,000**

Brief Summary and Statement of Need:

This project will address deferred maintenance items in the state Environmental Health Laboratory Building. Examples of immediate deferred maintenance needs in the lab include water main back-flow backup, autoclave, door locks, and window blast films.

SB 119 was HEARD and HELD in committee for further consideration.

8:30:28 AM

AT EASE

8:32:16 AM

RECONVENED

#sb124

SENATE BILL NO. 124

"An Act extending the termination date of the Council on Domestic Violence and Sexual Assault; and providing for an effective date."

8:32:44 AM

EDRA MORLEDGE, STAFF, SENATOR KEVIN MEYER, explained that SB 124 would extend the sunset date for the Council on Domestic Violence and Sexual Assault.

8:34:30 AM

KRIS CURTIS, AUDITOR, DIVISION OF LEGISLATIVE AUDIT, explained that the division had conducted an audit report on the council and had determined that the council was serving the public interest and should have the termination date extended. She added that the report provided a summary of the council's organization and function as well as their funding sources. The division found that the council served as a central coordinator for related services throughout the state. She cited Page 16 of the audit provided a schedule of operating expenditures and funding sources, which had increased from FY09 through FY12. The increases were the result of an FY12 addition of a prevention coordinator, a reduction in staff vacancies, increased funding through the governor's "Choose Respect" initiative and additional focus on domestic violence and sexual assault prevention. She explained that council funding sources were comprised of federal funds, state general funds, permanent fund dividends (PFD) for incarcerated individuals, and inner agency receipts from the Departments of Corrections, Health and Social Services and the Office of the Governor. She relayed that there was a change in the council's funding from FY11 to FY12 when PFD's for incarcerated individuals were consolidated as a funding

source for the Department of Corrections and supplanted with general funds. The audit identified 3 recommendations for operation improvements and could be found on Page 11 of the audit. The first recommendation was a continuation of a prior finding from the 2005 sunset review of the council; the recommendation was to improve coordination between itself and the Department of Education and Early Development Education (DEED) and the Department of Health and Social Services (DHSS). During the current audit period the division found that the council had significantly improved coordination with DEED, to implement its fourth "R" initiative, which is a school-based curricula designed to include students, teachers, parents, and the community in reducing violence and risky behaviors. However, the council did not coordinate with DHSS to develop standards and procedures. Because general standards and procedures for healthcare providers and facilities delivering services to domestic violence victims were developed over ten years ago, and the council and the department did not coordinate regarding continued delivery and ongoing availability of the standards to healthcare providers, improved coordination had been recommended. She stated that the other two recommendations could be found on Page 13 of the audit and were administrative in nature. First, it was recommended that the council's executive director improve procedures to post public notices; secondly, the council director should improve grant award in monitoring policies and procedures.

[8:38:31 AM](#)

Senator Olson wondered if there had been any significant programs that had not been funded due to budgetary constraints.

Ms. Curtis replied that the division had not identified through the audit procedure any unfunded programs. She noted that it had not been a focus of the review.

[8:39:15 AM](#)

Vice-Chair Fairclough noted that a response to the recommendations from the executive director of the council could be found on Pages 31 through 33 of the audit.

LAUREE MORTON, EXECUTIVE DIRECTOR, COUNCIL ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT, DEPARTMENT OF PUBLIC SAFETY,

spoke to the audit recommendations. She shared that the two administrative recommendations had been addressed by the council. She relayed that during the first meeting of 2014 the council would develop a schedule of meetings which would be posted on the state public notice system. She said that the council had established a routine where program coordinators met on a quarterly basis to discuss program quality control. She relayed that the council would be meeting with DHSS in summer 2014. She pointed out that although it was the responsibility of the council to consult with the department, the burden was on the department to get the work done.

[8:41:45 AM](#)

Senator Dunleavy wondered about stated program goals.

Ms. Morton replied that program goals could be found both in the annual report and on their website.

[8:42:37 AM](#)

Senator Dunleavy asked whether the council had collected data in order to determine if the goals were being achieved.

Ms. Morton responded that the within the past year the council had examined how the services had helped victims and not only the amount of emergency transportations provided. She said three areas were examined: interactions with the legal system, processing the experience and healing, and access and utilization of safety resources. She shared that 2013 results had indicated that 80 percent of the council's clients believed that their lives had improved in those three areas. She stated that data was collected for the Batter's Intervention programs by logging the people who were referred to, attended, and completed the program and whether they had gone back into the system within one year. In addition, a survey examining attitudes and longitudinal changes over time was administered at the beginning, middle, and end of the program. She said that prevention programs had evaluations that were specific to each program; in 2014 the council would look into ways to provide overarching goals that could weave prevention efforts together.

Vice-Chair Fairclough pointed out to the committee that the council's functions were outlined on page 5 of the audit.

[8:45:32 AM](#)

Senator Hoffman lamented that Alaska had the highest rate of domestic violence in the nation. He asked if there were areas of the state where statistics might be improving; additionally, he queried areas that were seeing an escalation in domestic violence.

Ms. Morton responded that the council looked at regions of the state that through the 2010 statewide Alaska Victimization Survey, which confirmed that 59 percent of adult Alaska women had been victims of domestic violence or sexual violence, or both. The council intended to repeat the survey in 2015. Regional baseline surveys had been conducted. She believed that a decrease in violence would be noticed through prevention efforts, the changes in the behavior of young people and community member interactions would indicate whether change was occurring in the way people treated each other. She said that 9,300 victims had worked with the council in the past year, which had been the average for the past several years. She believed that instances would decrease as a result of prevention efforts by the council.

[8:48:04 AM](#)

Senator Hoffman stressed that he was the most interested in two area of the state that recently changed their alcohol status: Kotzebue and Bethel. He remarked that there was concern over the impact of alcohol on domestic violence and sexual abuse.

Vice-Chair Fairclough shared that there were two pilot programs for primary prevention.

Vice-Chair Fairclough CLOSED public testimony.

[8:50:23 AM](#)

Vice-Chair Fairclough discussed the fiscal note from the Department of Public Safety. She noted the total operating budget request of \$17,762 for each year from FY 15 to FY 20.

[8:51:07 AM](#)

Vice-Chair Fairclough looked at Page 16, exhibit 3 of the audit and noted that the travel for FY12 increased dramatically. She queried additional cost increases reflected on the fiscal note.

Ms. Morton explained that the travel increase was the reflection of increased training activities. She said that the council provided scholarships for participation. She believed that the increase in commodity spending was due to an increase in publications and materials for training. She said that reimbursable service agreements were used for services line items to give funding to other state departments.

[8:54:11 AM](#)

Vice-Chair Fairclough noted that the audit reflected an increase in personnel services of \$150,000 between FY12 and FY15.

Ms. Morton agreed to provide information on the increase at a later date.

[8:54:38 AM](#)

AT EASE

[8:55:06 AM](#)

RECONVENED

[8:55:17 AM](#)

Senator Bishop MOVED to REPORT SB 124 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 124 was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN1 (DPS).

[8:55:38 AM](#)

AT EASE

[8:58:03 AM](#)

RECONVENED

#sb132

SENATE BILL NO. 132

"An Act relating to motor vehicle registration fees."

8:58:25 AM

TALLY TEAL, STAFF, SENATOR ANNA FAIRCLOUGH, offered the sponsor statement for SB 132(copy on file):

Currently, Alaska Statute 28.10.411 exempts a resident from a vehicle registration fee if they are over the age of 65; however, the statute requires the resident to be 65 "on January 1 of the year the vehicle is registered." This requirement disqualifies individuals who turn 65 later in the year from receiving the same benefit as their peers.

Senate Bill 132 will allow any resident who is 65 years old at the time of registration to take advantage of this fee exemption. It is important that we clarify the intent to provide a lifetime vehicle registration to Alaskans when they reach age 65.

8:59:43 AM

Senator Dunleavy asked if there were a minimal numbers of vehicles that could be registered.

Ms. Teal replied that there was a maximum number: 1 vehicle.

9:00:32 AM

Senator Olson offered a conflict of interest because he was over 65 years old.

9:00:48 AM

Senator Olson asked how many people would be affected by the bill.

Ms. Teal responded that the number was unknown. She said that there were just over 32,000 people who currently had a vehicle registered under the exemption.

9:01:16 AM

Senator Olson wondered whether there would be undue hardship caused by not passing the bill.

Ms. Teal replied that she did not know.

Senator Dunleavy queried the current cost of vehicle registration.

Ms. Teal replied that it was \$100 per vehicle.

[9:01:51 AM](#)

AMY ERICKSON, DIRECTOR DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION (via teleconference), explained that 32,425 seniors currently took advantage of the senior exemption. She clarified that the registration fee was \$100, every two years, and did not include the motor vehicle registration tax imposed in 16 communities across the state.

Senator Dunleavy understood that the \$100 fee was charges per every qualifying senior.

Ms. Erickson responded that every Alaskan was charged \$100 for vehicle registration, including seniors, unless they took an exemption on one of their vehicles.

[9:03:03 AM](#)

Senator Dunleavy wondered how much the vehicle registration fee grossed in 2013.

Ms. Erickson said she would get back to the committee with the information.

Senator Olson wondered about married couples qualifying if a spouse was below the age of 65.

Ms. Erickson responded that every senior would be entitled one vehicle exemption.

Vice-Chair Fairclough CLOSED public testimony.

[9:05:01 AM](#)

Vice-Chair Fairclough looked at the zero fiscal note attached to the bill. She felt that the fiscal note should be considered "indeterminate."

[9:05:37 AM](#)

Senator Bishop MOVED to REPORT SB 132 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS SB 132 (STA) was REPORTED out of committee with a "do pass" recommendation and with previously published zero fiscal note: FN1 (ADM).

[9:05:57 AM](#)

AT EASE

[9:12:54 AM](#)

RECONVENED

#sb109

SENATE BILL NO. 109

"An Act extending the termination date of the Citizens' Advisory Commission on Federal Management Areas in Alaska; and providing for an effective date."

[9:13:00 AM](#)

Vice-Chair Fairclough returned the gavel to Co-Chair Meyer.

[9:13:39 AM](#)

CHAD HUTCHISON, STAFF, SENATOR JOHN COGHILL, explained that SB 109 would extend the sunset date of the Citizen's Advisory Commission of Federal Areas (CACFA). The extension would be from June 30, 2014 to June 30, 2021. He provided some background on the commission. He said that the commission was currently particularly important because of the federal executive branch's behavior as it related to natural resource development and land access issues in the state. He shared that the commission held hearings related to land management and access, and natural resource development. He related that the commission held 2 summits in 2013 that were attended by several Alaskan politicians concerned with federal overreach. He expounded on the many ways the commission fought against federal overreach. He

shared that CACFA was creating an electronic database that would analyze and review the Memorandums of Agreement (MOA's) and Memorandums of Understanding (MOU's) between state departments and federal agencies with the intent of establishing a database that regular citizens could use to understand potential legal repercussions when trying to move forward with development on federal land. He spoke to the benefits of the commission and of the database and of the development projects championed by CACFA.

[9:21:36 AM](#)

SENATOR JOHN COGHILL, believed that the commission should be extended. He warned that Alaska shared a lot of land with the federal government and the state not having legislation that established legitimate citizen input into management and access issues would be a failure. He asserted that the federal government had a different perspective on land usage than the people of Alaska; the federal government wanted to go from conservation to preservation and the state wanted to go from production to conservation. He believed that the commission was a good forum for conversations between the state and the federal government.

[9:23:39 AM](#)

Vice-Chair Fairclough wondered if the commission had ever been audited.

Mr. Hutchison deferred to Mr. Leaphart.

Co-Chair Meyer stressed that many boards and commissions in Alaska were subject to audit, but that the CACFA board was not subject to audit.

Senator Olson queried the significant actions of the commission over the years.

[9:25:03 AM](#)

Mr. Hutchison remarked that the most significant impact of the commission related to the allowance of the public to comment on land management plans. He added that the recommendations provided by the commission had been effective in changing policy as it pertained to natural resource development issues. He said that without CACFA

there were no assurances that the federal government would honor its MOA's and MOU's.

[9:26:55 AM](#)

Senator Olson asked if the list of members on Page 3 of the annual report was up-to-date.

Mr. Hutchison responded in the affirmative.

Senator Olson wondered where Chokosna was located within the state.

Mr. Hutchison deferred the question to Mr. Leaphart.

[9:28:02 AM](#)

STAN LEAPHART, EXECUTIVE DIRECTOR, CITIZENS' ADVISORY COMMISSION ON FEDERAL AREAS IN ALASKA (via teleconference), stated that Chokosna was located within Wrangell-St. Elias National Park.

[9:29:28 AM](#)

Co-Chair Meyer noted that at the initial establishment of the commission the budget was \$246 million and was now up to \$285 million.

Mr. Leaphart explained that he was a full-time employee of the commission and that the other position in the budget was funded for 9.2 months of the year. He assumed that the budget increase had been for additional travel costs and standard inflation.

Co-Chair Meyer queried the job descriptions of the commission's staff.

Mr. Hutchison responded that the 2 staff members created recommendations, organized summits, organized committees, exchange policy ideas with commissioners around the state, and analyze the regulations and compendiums coming from the federal government.

[9:32:28 AM](#)

Vice-Chair Fairclough wondered if the commission had a set of bylaws.

Mr. Leaphart responded yes. He added that they were updated in 2007 and could be provided to the committee.

[9:33:06 AM](#)

Vice-Chair Fairclough asked if the bylaws were available online.

Mr. Leaphart responded that he did not know. He agreed to update the website. He agreed to send a copy of the bylaws to Vice-chair Fairclough.

Senator Hoffman wondered if the commission members had term limits, and whether there were guidelines for membership appointment.

Mr. Leaphart responded that the regional appointments were staggered. He remarked that the statutory guidelines specified that the federal land users must be geographically represented. He explained that there were various members from different areas across the state.

[9:35:31 AM](#)

Co-Chair Meyer queried the commission's relationship with the Department of Law (LAW) and the Department of Natural Resources (DNR).

Mr. Leaphart replied that the commission worked closely with the DNR Alaska National Interest Lands Conservation Act (ANILCA) coordination program.

[9:37:55 AM](#)

Co-Chair Meyer asked whether the commission would be amenable to an audit.

Mr. Hutchison responded that he could offer no compelling reason that an audit should not be done.

[9:39:26 AM](#)

JEAN DAVIS, DIRECTOR, SUPPORT SERVICES DIVISION, DEPARTMENT OF NATURAL RESOURCES, stated that the commission could be audited.

Co-Chair Meyer queried Ms. Davis's interaction with the commission.

Ms. Davis replied that her primary role was in budget creation. She said that she did not work directly with the commission's program function.

Senator Bishop asked whether any of the members on the commission represented any non-profits or native corporations.

Mr. Leaphart responded that Mr. Frank Woods was a commercial fisherman from Dillingham who worked for the Bristol Bay Native Association.

[9:41:44 AM](#)

Senator Hoffman remarked that over 95 percent of private lands in the state were owned by the native corporations. He wondered how much of the focus of the commission was related to oversight of private lands as in relation to overreach by the federal government.

Mr. Leaphart replied that the commission placed significant focus on the matter.

[9:44:07 AM](#)

Co-Chair Meyer CLOSED public testimony.

SB 109 was HEARD and HELD in committee for further consideration.

#sb104

SENATE BILL NO. 104

"An Act relating to appropriations from the dividend fund; creating the criminal fund; and providing for an effective date."

[9:45:00 AM](#)

SENATOR FRED DYSON, offered a brief history of the legislation that lead to SB 104. He said that in 2012 there was court ordered restitution of victims totaling \$600,000; approximately \$70,000 was given to the Violent Crimes Compensation Board for distribution to victims. He asserted

that there were millions in court ordered restitution that had not been paid. He said that the legislation was a vehicle that would make priorities clearer and provide a method for the funds to be accumulated. He opined that that the Department of Corrections (DOC) was using \$13 million per year to pay for inmate healthcare with none of the funds going to victims. He said that with the passage of the Affordable Care Act prisoners would be eligible for Medicaid, which would allow for the department to receive reimbursement. He offered that the governor supported the bill. He said that the bill would clarify ambiguity in existing law.

[9:50:53 AM](#)

JOSHUA BANKS, STAFF, SENATOR FRED DYSON, spoke to the fiscal impacts of the bill. He remarked that there were six fiscal notes currently attached to the bill, and only one had fiscal impact. He said that the DOC fiscal note had been written to be larger than anticipated, but would be updated as new information was brought to light. He believed that even with the fiscal note, based on projections for the 2014 dividend, there would be minimal negative fiscal impact to DOC.

[9:52:01 AM](#)

Senator Dyson referred to a report from Legislative Research Services (copy on file). He lamented that the mission that the legislature has clearly articulated in law had been ignored.

Vice-Chair Fairclough requested a sectional analysis.

Mr. Banks explained the document, "Section Analysis - CS SB 104 (STA)" (copy on file):

Section 1

AS 43.23.028(a)(5)

Prioritizes by order of importance the legislative purposes for making certain individuals under AS 43.23.005(d) ineligible for a PFD to be: compensation for crime victims, child support arrearages, court-ordered rehabilitation programs, and other incarceration or probation costs.

AS 43.23.028(a)(7)

References a new section of law to be used to determine which agencies can receive money from the Criminal Fund.

AS 43.23.028(b)

Adds language to allow money from the criminal fund to go to the purposes listed in this section, after the appropriation to the criminal fund.

Section 2

AS 43.23.031

A new section in law is created to deal with appropriations from the criminal fund:

1. Section (a) sets the priority order for how the money in the criminal fund should be appropriated and the departments that should receive the money.

2. Sections (b) states that by October 1 of each year the Violent Crimes Compensation Board will send to the Office of Management and Budget the total amount of compensable claims from the previous fiscal year and the operating costs of the VCCB.

3. Section (c) states that by October 1 of each year the child support services agency will report to the Office of Management and Budget the total amount of money owed towards child support arrearages of incarcerated individuals.

4. Section (d) states that the Department of Corrections will report to the Office of Management and Budget the total amount of money owed towards court-ordered drug or alcohol treatment.

5. Section (e) provides that the Office of Management and Budget will use the amounts reported by each department in sections (b)-(d) and the total amount of money in the criminal fund under AS 43.23.028(a)(6) to determine how much money should go to each department.

6. Section (f) states that the Office of Management and Budget will send a report to the Legislature at the same time the Governor submits the Operating Budget listing the size of the appropriation to each agency.

Section 3

AS 43.23.048

A new section is put into law to statutorily create the Criminal Fund as an individual account within the dividend fund consisting of money that would have been paid to felons and certain misdemeanants had they not

been made ineligible under AS 43.23.005(d). This section also emphasizes that the money in the Criminal Fund may be appropriated in accordance with AS 43.23.031. Finally, this section states that it does not create a dedicated fund in violation of Article IX Section 7 of the Alaska State Constitution.

Section 4

AS 43.23.055

1. Subsection (6) is amended to allow the Department of Revenue to create new regulations that are necessary to implement the Department's new responsibilities in AS 43.23.031.

2. Subsection (11) is added to give the child support services agency the authority to use the list of ineligible individuals to determine the amount of child support arrearages owed by these individuals.

Section 5

This section provides that this bill will take effect on July 1, 2014.

[9:57:57 AM](#)

Senator Hoffman asked whether there was a timeframe for when the perpetrator would have their dividend reinstated.

Mr. Banks responded that under AS 43.23.005 an incarcerated felon, third-time misdemeanor, or a misdemeanor with a prior felony, would be ineligible to receive a dividend until released from jail.

[9:59:17 AM](#)

Vice-Chair Fairclough asked how money got into the fund.

Mr. Banks deferred the question to the Permanent Fund Division. He said that there was a list from DOC and the Department of Public Safety (DPS) that DOR used to determine which inmates should have their dividends deposited into the criminal fund.

[10:00:38 AM](#)

Vice-Chair Fairclough asked how the dividends could help to pay child support for the children of those incarcerated if the inmates failed to apply for the permanent fund. She

wondered about the children of parents who did not apply for the dividend, could the child collect their dividend retroactively.

Senator Hoffman interjected that the child would not be able to apply for the retroactive dividends until they reached the age of 18. He thought that those children would have expenses before the age of 18 and should not be punished for their parents neglect. He opined that the issue had yet to be addressed, even for children whose parents were not incarcerated.

[10:02:11 AM](#)

Vice-Chair Fairclough stressed that the bill referred to individuals who were leaving incarceration. She wanted to understand the formula of how the money would be distributed.

Mr. Banks deferred the question to LAW.

Senator Hoffman remarked that the department could apply on behalf of the child for their parent's dividend if the parent was delinquent in their child support payments.

Vice-Chair Fairclough reiterated he desire to understand how money would be dropped into the fund.

[10:04:12 AM](#)

Co-Chair Meyer queried how the priority list for distribution of the funds was established.

Mr. Banks responded that distribution was the per-view of the legislature and the governor. He cited Page 3 of the bill which listed the agencies that were currently eligible to receive money from the criminal fund. He believed that for budgetary purposes the CDVSA had opted to not receive money from the criminal fund.

[10:06:09 AM](#)

Senator Dyson stressed that under the concept of victim restoration the court would order that everything that the victim needed for restoration would be covered by the fund.

CHUCK KOPP, STAFF, SENATOR FRED DYSON, explained that there were no new entities in the bill. He asserted that the legislation was crafted to assure that the victims were the first on the priority list to receive money from the fund. He stated that the intent of the bill was to establish the fund in statute and to assure that money from the criminal fund went first and foremost to victim restoration.

[10:08:11 AM](#)

Vice-Chair Fairclough explained that CDVSA had received significant financial support from the criminal fund in the past. In the past few years the legislature had been using general fund dollars for the CDVSA and the felon monies had been distributed elsewhere. She understood that the monies had been going to programs inside of the DOC rather than to victim restoration.

Co-Chair Meyer CLOSED public testimony.

[10:09:35 AM](#)

Vice-Chair Fairclough asked for more information regarding how the money was distributed into the fund.

Mr. Banks responded that the process was conducted by DOR.

DAN DEBARTOLO, DIRECTOR, PERMANENT FUND DIVISION, DEPARTMENT OF REVENUE, could not speak to how the dividend program calculated the amount appropriated into the criminal fund. Annually, the division matched a large file from DOC that identified the incarcerated individuals against the current dividend application list. He explained that if incarceration was the only thing that was disqualifying the individual for the dividend DOR applied that percentage to the number of people in the file, including those who did not apply in that year. He said that the division then determined how many people would have received a dividend, had they applied. The number of people was then multiplied by the amount of the dividend for the year, which determined the pool of funds reported to the Office of Management and Budget (OMB). He said that the amount had ranged over the years from \$9 million to \$19 million.

[10:12:15 AM](#)

Vice-Chair Fairclough requested further clarification.

Mr. DeBartolo responded that the calculation had been used for a while. He said that the assumption was that not every inmate that fell into one of the criminal fund categories was applying for a dividend because they had become aware that they were ineligible. The process allowed for the division of account for those individuals.

Vice-Chair Fairclough felt that an individual who was incarcerated should be required to apply for the PFD, in order to provide for their family or contribute to the criminal fund.

[10:14:39 AM](#)

Co-Chair Meyer noted that all of the money in the fund could be used solely for priority one listed on Page 4 of the bill.

Mr. Banks responded that there were two charts included in the bill file. The first, "Historic PFD Criminal Fund Appropriations"(copy on file), illustrated the DOA appropriation that went to the Violent Crimes Compensation Board. He said that the board had never needed more than \$2 million and had received much more. He did not anticipate that the Violent Crimes Compensation Board would take all of the money from the criminal fund. He spoke to child support, which was the next priority on the list. He said that the drafters of the bill understood that all of the funds could be used for child support, which had not been the intent of the legislation; the CS had been amended to limit one dividend per child support order. He referred to the second chart, "Potential Appropriation Scenarios". He said that the bill would have minimal impact on DOC's budget.

[10:17:25 AM](#)

Vice-Chair Fairclough looked at the child support language in the bill. She wondered whether there was a way that the amount of money going to child support services could be increased without damaging the budget of DOC.

Mr. Banks responded that the intent had not been to take funds away from the department. He believed that the step

that had been taken to limit one dividend per order for child support was a good solution.

[10:19:35 AM](#)

Vice-Chair Fairclough wondered if there was an order per child, or per family. She specifically wondered if more than one order could be submitted, creating further bureaucracy.

Senator Dyson responded that the idea had been to provide restitution retroactively. He said that there was a huge amount of restoration due for businesses that had been burglarized. It had been decided that those businesses that received payment from insurance would not be a priority. He stressed that he wanted the funds to go to individuals. He said that the rearages on child support in the state ran into the 10's of millions of dollars. He said that the Child Support Enforcement Division had approached him with the idea so that the child support unmet obligations would not overpower other priorities. He stressed that it had not been the intention to protect DOC from the loss of \$12 million per year. He suspected that most people did not realize that those funds were in the DOC budget in the first place.

[10:21:50 AM](#)

Co-Chair Meyer understood one dividend would be ordered regardless of the number of children in a household.

Mr. Banks replied in the affirmative.

[10:22:39 AM](#)

Vice-Chair Fairclough stressed that the state was using percentages. She noted that the incarcerated individual may not have applied for all of the children in their household and wondered how those children would be compensated. She asserted that she did not understand the method used by the Permanent Fund Division to calculate the percentage.

Mr. Banks said that it was difficult to find a perfect calculation to provide families with all of the necessary support.

[10:24:45 AM](#)

Vice-Chair Fairclough remarked that the equation was complicated. She disagreed with the use of percentages in the calculation rather than using the number of actual applicants. She felt that the current method created a scenario where the funds were not making it to the victims.

Mr. Kopp explained that the bill sponsor was amenable to the conversation spurred by Vice-chair Fairclough's questions. He furthered that sideboards would be put in place to assure that child support rearages would not eat up the entire criminal fund. He agreed that the methodology could be revisited.

[10:27:11 AM](#)

Vice-Chair Fairclough relayed that what she needed to see was how DOR was calculating dividends and coming up with an \$8 million number to fund something, because it currently was not funding victim restoration. She requested the formula that DOR used.

[10:28:02 AM](#)

Co-Chair Meyer surmised that the money would be moved from the criminal fund to the Violent Crimes Compensation Board. He noted that the fiscal note for the board was zero.

Mr. Banks said that the fiscal note was zero because the board did not anticipate any additional operating costs.

[10:29:23 AM](#)

KACI SCHROEDER, SPECIAL ASSISTANT, DEPARTMENT OF CORRECTIONS, testified that the only concern that the department had was any reduction in criminal fund receipts. She said that any reduction would be met with a corresponding general fund request.

[10:30:21 AM](#)

Vice-Chair Fairclough said that she had further questions for DOC regarding work opportunities for inmates and their ability to make money in order to provide restitution. She requested additional information on sentencing and the ability for inmates to access alcohol treatment and substance abuse programs during incarceration.

Senator Dyson replied that the convicted felon was not excused from their debt and obligation because their forfeited dividend had gone into the criminal fund. He added that he had considered the issue of covering multiple children.

[10:33:26 AM](#)

Co-Chair Meyer remarked that the fiscal notes did not reflect the \$8.5 million being directed to the Violent Crimes Compensation Board. He felt that the fiscal notes needed to be studied and revised.

Mr. Banks replied that there was no anticipation of the Violent Crimes Board receiving \$8.5 million under the legislation. He understood that the note spoke to the worst-case scenario of the department losing the money that they would receive from the criminal fund they would need \$8.5 million to backfill for their operating costs. He said that looking at projections for the 2014 dividend the department did not anticipate that there would be any loss.

[10:35:46 AM](#)

Mr. Kopp remarked that the bill sponsor was confident that the legislation would not negatively affect DOC.

[10:36:50 AM](#)

Senator Hoffman asked for calculations for FY16 through FY18 in order to examine how the fund would be distributed at higher numbers.

Mr. Banks replied that there was a rough estimate of FY16 on the second chart.

[10:38:11 AM](#)

Senator Hoffman felt that the number did not calculate all of the lower earning years of the dividend. He wondered if there was the anticipation that the number would increase in FY 17 and FY18.

Mr. Banks agreed to provide that information.

SB 104 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

10:39:39 AM

The meeting was adjourned at 10:39 a.m.