

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

March 12, 2013

9:01 a.m.

**MEMBERS PRESENT**

Senator Fred Dyson, Chair  
Senator Cathy Giessel, Vice Chair  
Senator John Coghill  
Senator Bert Stedman  
Senator Bill Wielechowski

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 46

"An Act relating to regulations adopted by the Department of Administration waiving the commercial motor vehicle driving skills test for certain drivers with military commercial motor vehicle experience."

- MOVED HB 46 OUT OF COMMITTEE

SENATE BILL NO. 48

"An Act requiring each municipality with a population that decreased by more than 25 percent between 2000 and 2010 that participates in the defined benefit plan of the Public Employees' Retirement System of Alaska to contribute to the system an amount calculated by applying a rate of 22 percent of the total of all base salaries paid by the municipality to employees of the municipality who are active members of the system during a payroll period; reducing the rate of interest payable by a municipality with a population that decreased by more than 25 percent between 2000 and 2010 that is delinquent in transmitting employee and employer contributions to the defined benefit plan of the Public Employees' Retirement System of Alaska; giving retrospective effect to the substantive provisions of the Act; and providing for an effective date."

- HEARD AND HELD

SENATE BILL NO. 44

"An Act relating to election practices and procedures; relating to the election of an advisory school board in a regional educational attendance area; and providing for an effective date."

- MOVED CSSB 44(STA) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 46

SHORT TITLE: WAIVE CDL SKILL TEST FOR CERTAIN VETERANS

SPONSOR(S): REPRESENTATIVE(S) SADDLER

01/16/13 (H) PREFILE RELEASED 1/7/13  
01/16/13 (H) READ THE FIRST TIME - REFERRALS  
01/16/13 (H) STA, TRA  
02/12/13 (H) STA AT 8:00 AM CAPITOL 106  
02/12/13 (H) Moved Out of Committee  
02/12/13 (H) MINUTE(STA)  
02/13/13 (H) STA RPT 6DP  
02/13/13 (H) DP: HUGHES, ISAACSON, KREISS-TOMKINS,  
GATTIS, KELLER, LYNN  
02/19/13 (H) TRA AT 1:00 PM BARNES 124  
02/19/13 (H) Moved Out of Committee  
02/19/13 (H) MINUTE(TRA)  
02/20/13 (H) TRA RPT 6DP  
02/20/13 (H) DP: LYNN, JOHNSON, KREISS-TOMKINS,  
GATTIS, ISAACSON, P.WILSON  
03/01/13 (H) TRANSMITTED TO (S)  
03/01/13 (H) VERSION: HB 46  
03/04/13 (S) READ THE FIRST TIME - REFERRALS  
03/04/13 (S) STA, TRA  
03/12/13 (S) STA AT 9:00 AM BUTROVICH 205

BILL: SB 48

SHORT TITLE: PERS CONTRIBUTIONS BY MUNICIPALITIES

SPONSOR(S): SENATOR(S) OLSON

02/11/13 (S) READ THE FIRST TIME - REFERRALS  
02/11/13 (S) STA, FIN  
03/12/13 (S) STA AT 9:00 AM BUTROVICH 205

BILL: SB 44

SHORT TITLE: ELECTION PROCEDURES; REAA ADVISORY BOARDS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/06/13 (S) READ THE FIRST TIME - REFERRALS

02/06/13 (S) STA  
02/28/13 (S) STA AT 9:00 AM BUTROVICH 205  
02/28/13 (S) Heard & Held  
02/28/13 (S) MINUTE(STA)  
03/12/13 (S) STA AT 9:00 AM BUTROVICH 205

**WITNESS REGISTER**

REPRESENTATIVE DAN SADDLER  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of HB 46.

AMY ERICKSON, Director  
Division of Motor Vehicles  
Department of Administration  
Anchorage, Alaska  
**POSITION STATEMENT:** Answered questions related to HB 46.

MARC SAN SOUCI, Northwest Regional Liaison  
U.S. Department of Defense (DOD)  
Tacoma, Washington  
**POSITION STATEMENT:** Testified in support of HB 46.

AVES THOMPSON, Executive Director  
Alaska Trucking Association (ATA)  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of HB 46.

DAVID SCOTT, staff  
Senator Donny Olson  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Introduced SB 48 on behalf of the sponsor.

JIM PUCKETT, Director,  
Division of Retirement and Benefits  
Department of Administration  
Juneau, Alaska  
**POSITION STATEMENT:** Answered questions related to SB 48.

GREG MOYER, Interim City Manager  
City of Galena  
Galena, Alaska  
**POSITION STATEMENT:** Testified in support of SB 48.

CLINT BEAN, Mayor  
City of Pelican  
Pelican, Alaska

**POSITION STATEMENT:** Testified in favor of SB 48.

KATHIE WASSERMAN, Executive Director  
Alaska Municipal League  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 48.

BROOKS CHANDLER, City Attorney  
City of Galena  
Galena, Alaska

**POSITION STATEMENT:** Testified in support of SB 48

PAUL DAUPHINAIS, Executive Director  
Alaska Public Offices Commission (APOC)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions related to SB 44.

PADDY MCGUIRE, Deputy Director,  
Federal Voting Assistance Program  
Department of Defense  
Washington, D.C.

**POSITION STATEMENT:** Testified in support of SB 44.

#### **ACTION NARRATIVE**

[9:01:43 AM](#)

**CHAIR FRED DYSON** called the Senate State Affairs Standing Committee meeting to order at 9:01 a.m. Present at the call to order were Senators Coghill, Giessel, Stedman, Wielechowski, and Chair Dyson.

#### **HB 46-WAIVE CDL SKILL TEST FOR CERTAIN VETERANS**

[9:03:16 AM](#)

CHAIR DYSON announced the consideration of HB 46.

REPRESENTATIVE DAN SADDLER, sponsor of HB 46, said the bill is predicated on the assumption that veterans have honed their driving skills while in the military and should not have to pass the state Commercial Motor Vehicle Driving Skills Test (CDL). The bill would help veterans get jobs and businesses hire qualified drivers. Many Alaska industries require the (CDL) and recent federal law allows this test to be bypassed.

He noted the Federal Motor Carrier Safety Administration is encouraging states to allow such waivers and as of January 9, 2013, 34 states allow the waiver. Ten states are working on similar legislation, including Alaska, and seven states do not currently allow the waiver. The bill directs the Department of Administration to adopt regulations in accordance with federal law to allow such waivers.

CHAIR DYSON asked about the process of applying for a CDL in Alaska.

REPRESENTATIVE SADDLER explained that one has to be an Alaska resident and domiciled here for 30 days, possess a regular driver's license for a year, and pass knowledge and road tests.

[9:06:37 AM](#)

AMY ERICKSON, Director, Division of Motor Vehicles, Department of Administration, introduced herself and offered to answer questions related to HB 46.

CHAIR DYSON asked if the department favored the bill.

MS. ERICKSON said yes.

CHAIR DYSON asked how much time a veteran would save by not having to take the CDL.

MS. ERICKSON replied that the pass/fail test takes about two hours and scheduling it could take a few weeks. Once an applicant passes the test, the division would issue the license immediately.

SENATOR WIELECHOWSKI asked if the bill is necessary or if the division could adopt regulations without the bill.

MS. ERICKSON said legislation is needed to waive the skills test.

SENATOR STEDMAN clarified that the written test is still in order; this legislation waives the driving test and vehicle inspection portion of the test.

REPRESENTATIVE SADDLER said agreed.

SENATOR STEDMAN noted he has a CDL.

[9:09:31 AM](#)

MARC SAN SOUCI, Northwest Regional Liaison, U.S. Department of Defense (DOD), testified in support of HB 46. He reported that heavy and tractor trailer driving ranks in the top ten of all occupational specialties in the military and is the second highest occupation in the Army, with almost eight percent of personnel skilled in it, and the second highest in the Marines with over five percent skilled in it. The Department of Labor forecasts that the truck driving field will have a faster-than-average job growth projection between 2010 and 2020.

He emphasized that taxpayers have already paid for military truck driver training through federal tax dollars to the DOD budget.

CHAIR DYSON asked how a veteran verifies that he or she has the military training and experience.

MR. SAN SOUCI explained that the military is working on documentation to submit to the respective state agency upon discharge.

REPRESENTATIVE SADDLER offered his understanding that a form is under development for an officer to fill out to verify the veteran's experience and training. The military member's service record would include which schools he or she attended.

[9:12:57 AM](#)

SENATOR STEDMAN asked for the difference between military training and a citizen's training. His impression is that the military training is more stringent.

REPRESENTATIVE SADDLER said he couldn't give a detailed differentiation. He deferred the answer to Mr. Thompson.

CHAIR DYSON mentioned double or "train" rigs and asked if there is comparable military equipment.

MR. SAN SOUCI said he wasn't qualified to answer that question.

[9:15:03 AM](#)

AVES THOMPSON, Executive Director, Alaska Trucking Association (ATA), testified in support of HB 46. He related that ATA is a statewide organization representing over 200 businesses. He said it is difficult to find qualified drivers of commercial vehicles. The industry welcomes returning veterans and the opportunity to help former military drivers find employment, as they have good training and extensive experience.

SENATOR GIESSEL asked about comparability of civilian and military licensing.

MR. THOMPSON said he wasn't altogether familiar with military training, but did know that they operate large rigs on substandard roads. In Alaska there are private driving schools that provide 4-6 weeks of classroom and on-the-road training. He opined that civilian training was not minimal and was basically the same as military training.

CHAIR DYSON commented that military drivers do not have to deal with scale houses and inspections.

REPRESENTATIVE SADDLER added that civilians do not have to deal with improvised explosion devices.

CHAIR DYSON asked for the will of the committee.

[9:18:09 AM](#)

SENATOR GIESSEL moved to report HB 46, version 28-LS0263\A, from committee with individual recommendations and attached zero fiscal note.

CHAIR DYSON found no objection and announced that HB 46 moved from the Senate State Affairs Standing Committee.

[9:18:38 AM](#)

At ease

#### **SB 48-PERS CONTRIBUTIONS BY MUNICIPALITIES**

[9:19:49 AM](#)

CHAIR DYSON announced the consideration of SB 48.

DAVID SCOTT, staff to Senator Donny Olson, sponsor of SB 48, introduced SB 48 on behalf of the sponsor. He said this legislation seeks to provide relief to communities hardest hit by the "2008 salary floor" that was contained in SB 125 during the 25th Legislature. The mechanics of the bill are that if a community has lost more than 25 percent of its population between the two censuses - 2000 and 2010, they can count their current PERS employees in order to calculate the 22 percent that they owe to the PERS system. The bill also allows those who lost over 25 percent to retroactively eliminate delinquency fines and lower the percentage rate of 12 percent to around 4 percent.

He related that the three communities most affected are Pelican, Galena, and Atka. He opined that without action taken, the PERS system will not see the money it is owed from these communities. Galena, for example, owes more than \$400,000 at 12 percent interest and is unable to pay.

SENATOR WIELECHOWSKI asked how SB 125 worked.

MR. SCOTT explained that there were 160 PERS employers across the state at the time. Their liabilities were combined and each was required to pay a 22 percent contribution from their 2008 floor.

[9:23:46 AM](#)

SENATOR WIELECHOWSKI asked how the three communities got into the situation they're in.

MR. SCOTT knew that the Air Force left Galena, a lot of employees and employers left, and the PERS number went below the 2008 floor.

SENATOR WIELECHOWSKI asked the rationale for the 2008 floor.

MR. SCOTT said the idea was to keep communities from "gaming the system" and not paying their fair share into the new consolidated PERS system.

[9:25:16 AM](#)

SENATOR DYSON asked for more information about SB 125.

SENATOR STEDMAN recalled testimony regarding the concern that communities would game the system. A main impetus for pooling the communities was the accuracy of the payments. Pooling seemed to be the easiest solution. There was concern that communities would close the current plan and shift the responsibility to the state.

He said the bill did have some inadvertent effects, such as communities that lose population being unable to pay. Other issues have surfaced over time, such as exposure to the state. Currently, there is residual discussion about returning to a defined benefit plan.

CHAIR DYSON asked if the Department of Administration was represented in the meeting.

[9:28:14 AM](#)

JIM PUCKETT, Director, Division of Retirement and Benefits, Department of Administration, introduced Deputy Director Kathy Lea.

CHAIR DYSON inquired about the administration's position.

MR. PUCKETT replied that the administration has no position on the bill.

CHAIR DYSON asked why a community that is struggling financially shouldn't be able to carry on public services in the most economical way, such as contracting for services.

MR. PUCKETT opined that they should be able to do so, as long as they continue to meet their present obligations.

CHAIR DYSON asked if those obligations consist of continuing to contribute to the PERS fund in order to access retirement benefits for their employees.

MR. PUCKETT agreed; they voluntarily entered into an agreement and are obligated to pay the funds necessary to meet the retirement benefits of their employees.

SENATOR STEDMAN said he wasn't familiar with the communities' specific situations, but if populations continue to decline he wondered if the "last man standing" will have to pay the bill.

MR. PUCKETT replied the community has to pay or it will fall on all other payers in the state.

CHAIR DYSON said he could understand the problem in communities such as Galena who fall into situations through no fault of their own. However, he said he disagrees with the way that Kalskag solved its financial problems. He asked how to justify the different situations.

MR. PUCKETT said he had no suggestions.

SENATOR STEDMAN pointed out that this is the first time that policy makers have grappled with this issue. He suggested the situation could be the same in Fairbanks if the military moves out.

[9:33:07 AM](#)

SENATOR WIELECHOWSKI asked what the administration intends to do with Galena if this legislation were not to pass.

MR. PUCKETT said the administration didn't have another method or solution in mind.

SENATOR WIELECHOWSKI asked if the bill is appropriate or if there was a better way to go.

MR. PUCKETT said the bill is an attempt to open the discussion in order to address the problem. He noted, at this time, the administration is taking no stance.

CHAIR DYSON said his understanding is that a community cannot get away from its contractual responsibilities unless there is a bankruptcy. He noted that when the responsibilities were aggregated communities were precluded from going bankrupt

MR. PUCKETT stated that the state has already assumed the lion's share of the financial responsibility for retirement benefits. This bill will add yet another financial responsibility to the state. He reiterated that the administration takes no position on the bill, but considers it the beginning of the conversation.

[9:36:50 AM](#)

SENATOR COGHILL asked if any communities to date in Alaska have gone bankrupt.

MR. PUCKETT said not to his knowledge.

CHAIR DYSON noted that Elfin Cove has the status of no longer being a recognized community, which is similar to bankruptcy. He expressed a desire to know more about the dissolution process.

MR. PUCKETT did not know about the dissolution process.

CHAIR DYSON said the question goes beyond whether a community is viable or not; it's whether the community has chosen to dissolve itself or not.

SENATOR COGHILL said dissolving a community is one issue; putting a legal barrier to debt is another. He explained he was referring to not being able to service the debt, but wanting to remain a community, such as the situation Galena is in. He thought the PERS law did not excuse a community from that debt and it would shift to other payers.

SENATOR WIELECHOWSKI noted a document from legislative legal that says that municipal bankruptcies are illegal in Alaska.

MR. PUCKETT said he was unaware of that opinion.

9:39:46 AM

GREG MOYER, Interim City Manager, City of Galena, testified in support of SB 48. He related that he was hired to restructure and save the community of Galena, which is reeling from the 2008 closure of the Galina Airbase. He provided background of the community. He said when the Galina Air Base was realigned in 1994, the population was reduced by 20 percent to 650. With closure of the Galina Airbase in 2008, the community lost the military population, a strong economy, and a reliable employment base. That same year, Galena was required to meet the salary floor or be penalized 20 percent, plus interest. Galena tried to pay using the Municipal Bond Bank Authority. The population is now under 500. He said he has developed an austere FY13 budget, with total PERS salaries of about \$885,000. Unfortunately, that is about \$628,000 less than the state's June 2008 salary floor of \$1.5 million.

He emphasized that the community doesn't want to shirk its responsibility, but it will never meet the salary floor that was set in 2008. He said if it was a one-time debt the bond bank would provide a solution, but this is an annual payment. There is no escape.

He opined that SB 48 has less to do with the money due and more with doing the right thing for communities that are required to meet an unattainable salary floor. He urged the committee to find a legislative fix for this issue. He emphasized that SB 48 does the right thing for Galena and a few other communities.

9:47:35 AM

CHAIR DYSON said he appreciates the situation and what Galena is doing to address the problem, such as opening a boarding school.

MR. MOYER stated that the community has a boarding school with 220 kids from across the state.

CHAIR DYSON asked if the community has local taxes.

MR. MOYER said they have a sales tax, but no property tax.

9:49:16 AM

CLINT BEAN, Mayor, City of Pelican, echoed Mr. Moyer's sentiments. He noted that he has submitted written testimony. The difference between Pelican and Galena is that Pelican lost

its fish plant and half of its population since the 2008 floor. He said Pelican has tried to apply solutions to their debt, but to no avail. He noted that Pelican doesn't want to end up like Elfin Cove - no longer a viable community - but it is headed down the same road.

[9:51:11 AM](#)

SENATOR STEDMAN asked Mr. Bean to mention Pelican's tax structure. He noted that there has been work toward getting the turbine hydro plant back on line, the fuel dock upgraded, and the fish processing plant improved in order to reverse the course.

CHAIR DYSON asked how the community taxes itself.

MAYOR BEAN said Pelican has a property tax and a 4 percent sales tax. The population has dropped from 127 in 2008 to 88 currently.

CHAIR DYSON noted that the committee received Mr. Bean's testimony.

[9:52:46 AM](#)

KATHIE WASSERMAN, Alaska Municipal League, testified in support of SB 48. She said, while this may not be the perfect solution, it is a step in the right direction. The bill intends to reverse the unintended consequences of SB 125, passed in 2008.

She explained what has happened in some smaller communities. All municipalities continue to willingly pay 22 percent of past and present PERS service obligations, but this requirement is proving to be impossible for small communities. She spoke to Pelican's difficulties. She shared her perspective as a Local Boundary Commission member regarding the dissolution process that some communities have gone through.

[9:56:00 AM](#)

SENATOR STEDMAN said he wanted to broaden the discussion and get the population counts for communities in order to get a feel for how many are close to the 25 percent population drop.

SENATOR GIESSEL directed attention to the information in the packet that shows the debt that communities have. She noted Noorvik has a debt of almost \$128,000.

CHAIR DYSON requested information on the community dissolution process.

MS. WASSERMAN said it is similar to the means of incorporation. A municipality must file a petition, although there is often no one left in the community that can fill out that petition. In that case, it appears that the state requires them to hire a consultant to prepare the petition, which she strongly disagrees with.

CHAIR DYSON questioned how the state might set up a mechanism to sort out which community is gaming the system and which is truly in trouble.

MS. WASSERMAN stated that the government isn't good at looking at things individually, but it would be fairly easy to determine whether a community was trying to game the system. She stressed that the three communities under discussion certainly aren't trying to game the system.

10:00:30 AM

BROOKS CHANDLER, City Attorney, City of Galena, said the bill creates an exception to the policy established in 2008. It is limited through an equation based on loss in population. The problem is that the system doesn't allow exceptions to the rule. Galena hasn't tried to game the system. The legislation is a practical cure to the one-size-fits-all policy. If implemented, it does not expand beyond these three communities because the population loss is limited to between 2000 and 2010. He suggested expanding the reach of the bill to include other communities should not be considered right now because the three communities require immediate relief.

10:03:47 AM

CHAIR DYSON said he appreciated Mr. Chandler's efforts.

He asked Mr. Puckett how much of the PERS/TRS unfunded liability is as a result of bad actuarial advice years back.

MR. PUCKETT said he has heard between \$1 billion and \$2 billion.

CHAIR DYSON stated he would hold the bill because he had more questions. One question is to the administration about how long it will take to get a plan together in order to determine if passage of the bill will preclude some of the solutions the administration would like to do. Perhaps passing the bill will build a fire under the administration to help with some of the policy decisions. He asked if the administration could give an

opinion by the next hearing in ten days on the best way to move forward.

MR. PUCKETT said the administration has been working on this issue, but doesn't have a clear proposal or solution at this time.

CHAIR DYSON opined that the bill is a well-tailored solution. He held SB 48 in committee.

**SB 44-ELECTION PROCEDURES; REAA ADVISORY BOARDS**

[10:07:31 AM](#)

CHAIR DYSON announced the consideration of SB 44. [CSSB 44, version U was before the committee.]

PAUL DAUPHINAIS, Executive Director, Alaska Public Offices Commission (APOC), said he was available to answer questions.

SENATOR GIESSEL asked how moving the primary election forward two weeks would affect those who were running for office in a legislative session which may extend into a special session. She wondered how deadlines would be affected.

MR. DAUPHINAIS said APOC's perspective is that once a candidate has filed, reporting requirements would be the same for incumbents and others running in the primary election. Regarding newsletters, APOC would look at whether campaigning was going on. He deferred to legislative ethics to comment further.

SENATOR COGHILL said his concern is that it would be awkward to comply if the election is moved up by two weeks. However, APOC says the filing date is the same so the only difference is that reporting requirements might be compressed a little. Legislators would be affected by what could go in their newsletters. He said he didn't hear anything from APOC that was alarming, but wanted to review the ethics requirements again.

[10:12:19 AM](#)

PADDY MCGUIRE, Deputy Director, Federal Voting Assistance Program, Department of Defense, testified in support of SB 44. He explained that Section 2 of version U of the bill enfranchises children of former Alaskans who have never resided in the U.S. by allowing them to register and vote in Alaska. Section 10 codifies in state law the 45-day federal requirement to transmit ballots to military and overseas voters. This, too, is an important step in enfranchising overseas voters. Section

12 moves the primary two weeks forward, which is important in getting ballots to persons overseas.

SENATOR COGHILL said the main conversation around Section 2 applies to military families, but other entities would also be enfranchised.

MR. MCGUIRE agreed.

[10:15:53 AM](#)

SENATOR WIELECHOWSKI asked if Native groups or villages have chimed in on moving the date.

CHAIR DYSON said no and recalled that the Division of Elections didn't believe it was a problem.

SENATOR GIESSEL commented on her experience in the North Slope Borough. She said whaling season in that community begins at the end of August - about the time of the primary election. She believed that an accelerated primary date would be an advantage in that area.

CHAIR DYSON asked for the will of the committee.

[10:17:20 AM](#)

SENATOR GIESSEL moved to report CS for SB 44, [version 28-GS1983\U], from committee with individual recommendations and attached zero fiscal notes.

[10:17:34 AM](#)

CHAIR DYSON announced that without objection CSSB 44(STA) moved from the Senate State Affairs Standing Committee.

[10:17:43 AM](#)

There being no further business to come before the committee, Chair Dyson adjourned the Senate State Affairs Standing Committee meeting at 10:17 a.m.