

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

February 13, 2014

9:01 a.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Senator Bert Stedman

**COMMITTEE CALENDAR**

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."

- MOVED SB 124 OUT OF COMMITTEE

SENATE BILL NO. 104

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

- MOVED CSSB 104(STA) OUT OF COMMITTEE

SENATE BILL NO. 127

"An Act authorizing the commissioner of administration to enter into agreements with agents to perform for compensation certain transactions related to vehicles; relating to the duties of those agents; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 145

"An Act relating to the Teachers' Retirement System, the Judicial Retirement System, and the Public Employees' Retirement System for qualified military service; relating to the definition of 'veteran' for purposes of housing, eligibility for veterans' loans, and preferences in state employment hiring; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 104

SHORT TITLE: APPROPRIATIONS FROM THE DIVIDEND FUND

SPONSOR(s): SENATOR(s) DYSON

|          |     |                                 |
|----------|-----|---------------------------------|
| 01/22/14 | (S) | PREFILE RELEASED 1/10/14        |
| 01/22/14 | (S) | READ THE FIRST TIME - REFERRALS |
| 01/22/14 | (S) | STA, FIN                        |
| 02/06/14 | (S) | STA AT 9:00 AM BUTROVICH 205    |
| 02/06/14 | (S) | Heard & Held                    |
| 02/06/14 | (S) | MINUTE(STA)                     |
| 02/11/14 | (S) | STA AT 9:00 AM BUTROVICH 205    |
| 02/11/14 | (S) | Heard & Held                    |
| 02/11/14 | (S) | MINUTE(STA)                     |
| 02/13/14 | (S) | STA AT 9:00 AM BUTROVICH 205    |

BILL: SB 145

SHORT TITLE: VETS' RETIREMENT/LOANS/HOUSING/EMPLOYMENT

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

|          |     |                                 |
|----------|-----|---------------------------------|
| 01/29/14 | (S) | READ THE FIRST TIME - REFERRALS |
| 01/29/14 | (S) | STA                             |
| 02/13/14 | (S) | STA AT 9:00 AM BUTROVICH 205    |

BILL: SB 124

SHORT TITLE: EXTENDING COUNCIL ON DOMESTIC VIOLENCE

SPONSOR(s): MEYER

|          |     |                                 |
|----------|-----|---------------------------------|
| 01/22/14 | (S) | READ THE FIRST TIME - REFERRALS |
| 01/22/14 | (S) | STA, FIN                        |
| 02/13/14 | (S) | STA AT 9:00 AM BUTROVICH 205    |

BILL: SB 127

SHORT TITLE: VEHICLE TRANSACTION AGENTS

SPONSOR(s): GIESSEL

|          |     |                                 |
|----------|-----|---------------------------------|
| 01/22/14 | (S) | READ THE FIRST TIME - REFERRALS |
| 01/22/14 | (S) | STA                             |
| 02/13/14 | (S) | STA AT 9:00 AM BUTROVICH 205    |

**WITNESS REGISTER**

SENATOR KEVIN MEYER

Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of SB 124

LAURIE MORTON, Executive Director  
State Council on Domestic Violence and Sexual Assault  
Department of Public Safety (DPS)  
Juneau, Alaska

**POSITION STATEMENT:** Provided information about the State Council on Domestic Violence and Sexual Assault.

KRIS CURTIS, Legislative Auditor  
Legislative Audit Division  
Juneau, Alaska

**POSITION STATEMENT:** Reported on the audit of the State Council on Domestic Violence and Sexual Assault.

VICKI D'AMICO, Executive Director,  
Sitkans Against Family Violence  
Sitka, Alaska

**POSITION STATEMENT:** Testified in support of SB 124.

JOSHUA BANKS, Staff for Senator Dyson,  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions related to SB 104.

LESLIE HOUSTON, Deputy Commissioner  
Department of Corrections (DOC)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions related to SB 104.

STACY STEINBERG, Chief Assistant Attorney  
Collections and Support Section  
Civil Division  
Department of Law (DOL)  
Anchorage, Alaska,

**POSITION STATEMENT:** Offered to answer questions related to SB 104.

FORREST WOLFE, Staff  
Senator Cathy Giessel  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained SB 127 on behalf of the sponsor.

MELISSA CUCULLU, General Manager

Alaska Tags and Titles  
Palmer, Alaska

**POSITION STATEMENT:** Testified in support of SB 127.

AVES THOMPSON, Executive Director  
Alaska Trucking Association  
Anchorage, Alaska,

**POSITION STATEMENT:** Testified in support of SB 127.

AMY ERICKSON, Director  
Division of Motor Vehicles (DMV)  
Anchorage, Alaska,

**POSITION STATEMENT:** Answered questions related to SB 127.

DUANE BANNOCK, Former Director  
Division of Motor Vehicles (DMV)  
Department of Administration  
Kenai, Alaska

**POSITION STATEMENT:** Testified in support of SB 127.

CURTIS THAYER, Commissioner  
Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Presented information about SB 145.

#### **ACTION NARRATIVE**

[Due to technical difficulties, the recording does not begin until 9:01:45.]

[9:01:10 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 Wielechowski, Giessel, and Chair Dyson. Senator Coghill arrived shortly thereafter.

#### **SB 124-EXTENDING COUNCIL ON DOMESTIC VIOLENCE**

[9:01:31 AM](#)

**CHAIR DYSON** announced that the first order of business would be SB 124.

**SENATOR KEVIN MEYER**, Alaska State Legislature, Juneau, Alaska, sponsor of SB 124, explained that the bill extends the termination date of the Council on Domestic Violence and Sexual Assault by eight years to June 30, 2022. He said Legislative Audit Division conducted an audit and recommended the eight-year

extension. The audit contains several recommendations which are in members' packets. He opined that the audit was pretty clean. He noted a fiscal note and said the Council receives funding from many sources; state, federal, and interagency funds.

CHAIR DYSON referred to the recommendations and asked whether the "statutory responsibilities" require statutory changes.

SENATOR MEYER thought the auditor would address that issue. He said he did not believe statutory changes were necessary.

CHAIR DYSON noted that "reauthorizing an extension" is a common occurrence and requires an audit.

LAURIE MORTON, Executive Director, State Council on Domestic Violence and Sexual Assault, Department of Public Safety (DPS), Juneau, Alaska, provided information about the State Council on Domestic Violence and Sexual Assault. She reported that this past year over 9,300 people sought services at domestic violence and rape crisis centers. About 75 percent were victims of domestic violence, 20 percent victims of sexual assault, 3 percent victims of stalking, and 13 percent victims of other violent crimes.

She said the Council receives a federal grant from the Victims of Crime Act (VOCA) for victims of "other violent crimes." About 79 percent of those who sought services were women and 17 percent were men; 68 percent were adults and 28 percent were children.

CHAIR DYSON questioned the percentage totals.

MS. MORTON explained that there were about 4 percent of those who sought services who did not identify their age or gender.

She continued to say that there is much community support for the programs. Over 3,000 people donated over 78,000 hours of service in the past year.

She related that another component of the Council is programs for the rehabilitation of perpetrators - Batterer Intervention Programs. There were 262 intakes this past year with 84 people completing the program. One of the Task Force on Domestic Violence and Sexual Assault's recommendations several years ago was to look at the efficacy of batterer intervention programs. The Council has entered into a memorandum of agreement with the Department of Corrections in order to look at regulations,

revise the, and provide a broader reach in Batterer Intervention Programs.

9:07:40 AM

MS. MORTON pointed out that the Council coordinates programs across the state, such as the Sexual Assault Response Team (SART). Two week-long trainings are held for SART each year. This year training was also held in the Mat-Su area, funded by the legislature. The Council receives a federal grant called Services, Training, Officers, and Prosecutors (STOP) for training first responders.

She discussed the Alaska Victimization Survey. She said Dr. Andre Rosay conducted the Survey first in 2010, which confirmed that there was a very high rate - 58 percent - of domestic and sexual violence in Alaska. The Study will be replicated in 2015 and it is hoped that prior-year numbers may show some decrease. She noted a dashboard that collects and posts data from departments and studies in one place.

9:10:08 AM

CHAIR DYSON believed that the committee will pass the bill and it will pass both bodies. He recognized the seriousness of the topic and complimented Ms. Morton on her efforts. He requested comments from committee members.

SENATOR GIESSEL voiced concern about two findings from the audit. Number 2 has to do with the timely posting of public notices, which is a fundamental role of the Council and important to the public. Number 3 has to do with improving grant awards and monitoring policies.

MS. MORTON explained that the public notice issue is rectified in a way that the Council hopes provides ample time for the public to be aware of the meetings. In February of each year when the Council meets, it will set the schedule of meetings for the next year, in advance. Also, the meeting schedule will be published all at once on the Council's website. Two weeks prior to the meetings, the Council will post them on the state public notice website and on the Council's website.

She indicated that there were a series of vacancies and turnovers that interfered with grant awards. Now there is a solid staff, and a procedure has been established where the program coordinators meet once a quarter, review the files, and complete a peer review of each other's work and on-site evaluations. As a last step, she signs off on the grant awards.

CHAIR DYSON asked about the first audit item.

MS. MORTON explained that the Council is required to consult with the Department of Health and Social Services (DHSS) in the development of policies and procedures for health care facilities in responding to victims of domestic violence. It is the responsibility of DHSS to do the work. She reported that over the past few years, before she was the executive director, there had not been a lot of work done in that area. She said she and Commission Streur will be updating and revising those policies and procedures.

[9:13:17 AM](#)

SENATOR WIELECHOWSKI thanked Ms. Morton for her work. He asked whether the fiscal note of \$17.7 million should be larger or smaller, due to the inability to measure the success of the Council. He noted the extension is for 8 years. He inquired what a successful mission would look like in 8 years.

MS. MORTON replied that fundamental elements of victim service providers is shelters and rape crisis centers across the state that provide safe places for victims to go. Keeping the doors open to those facilities is important. She said that last year the legislature provided \$250,000 for emerging programs for training people who live in a community without a shelter, but who can provide services to victims where they live. In 8 years, the goal is to see more people trained as victim service providers. Other goals are better coordination across the state in responding to the crimes and a broader array of batterer intervention programs. She added that it is not the Council's responsibility to take on the role of courts or police, but it can play an integral part in the systems working together.

[9:16:26 AM](#)

CHAIR DYSON requested more information about the 16 percent of males who were abused.

MS. MORTON offered to find out.

CHAIR DYSON commented on the number of male juvenile sexual assaults. He asked about trends over the years.

MS. MORTON said she has not seen trends in victims or perpetrators; they continue to be from all ages and all ethnicities. She noted she has seen in communities at large a

willingness to talk about the problem and to be willing to do something to stop it.

CHAIR DYSON agreed that it is better climate for victims. He assumed the increase in numbers might be a function of more reporting. He thought that Senator Wielechowski's question was skirting the edges of prevention.

[9:18:50 AM](#)

MS. MORTON pointed out that prevention is part of the Council's responsibility. In 2009 the legislature first awarded money for prevention. Governor Parnell increased that amount each year. She referred to the Council's annual report which lists prevention activities.

[9:19:39 AM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Juneau, Alaska; reported on the audit of the State Council on Domestic Violence and Sexual Assault. The audit of May 2013 concluded that the Council is serving the public interest and its termination date should be extended. The report provides a summary of the Council's organization and function and a description of their funding sources. The audit concluded that the Council is serving the public's interest by funding and monitoring Alaska domestic violence and sexual assault response programs and prevention activities. It found the Council effectively served as the central coordinator for related services throughout the state. It recommended the Council's termination date be extended the maximum eight years provided for in statute to June 30, 2022.

MS. CURTIS reported that the audit found three areas of operational improvement; the Council agreed with those recommendations and provided corrective action. She added that there is information about Council expenses from FY 09 through FY 12 and funding sources in the report.

CHAIR DYSON thanked Ms. Curtis for her work. He said he expected the bill would pass out of committee.

VICKI D'AMICO, Executive Director, Sitkans Against Family Violence, Sitka, Alaska, testified in support of SB 124. She spoke highly of the Council's technical assistant, support, and help with adhering to regulations, grant reporting, and disbursement of funds. She stressed the importance of being supported by an agency that is dedicated to victim safety, abuser accountability, and prevention.

She shared that Sitka is one of the sites of the world pilot program for prevention. She said she has seen trends of involvement by younger people in the services and less serious injuries because victims are leaving their situations earlier.

[9:24:05 AM](#)

CHAIR DYSON thanked Ms. D'Amico for her work. He closed public testimony.

SENATOR GIESSEL SENATOR moved to report SB 124, labeled 28-LS1235\A, from committee with individual recommendations and attached fiscal note. There being no objection, the motion carried.

[9:24:54 AM](#)

CHAIR DYSON announced the committee would stand at ease

**SB 104-APPROPRIATIONS FROM THE DIVIDEND FUND**

[Due to technical difficulties, the audio is not available until 9:26:24.]

[9:25:43 AM](#)

CHAIR DYSON announced that the next order of business would be SB 104.

SENATOR GIESSEL moved to adopt the proposed CS for SB 104, labeled 26-LS0847\R, as the working document before the committee.

CHAIR DYSON said he would wait until his staff presented the changes in the bill to hear if there were any objections to adopting version R.

[9:26:42 AM](#)

JOSHUA BANKS, Staff for Senator Dyson, Alaska State Legislature, Juneau, Alaska, addressed the changes in SB 104, version R. He said there were a few minor changes after discussion with the Child Support Division. He said on page 2, line 20, "and operating costs of the Violent Crimes Compensation Board" is added after "victims". This provision is currently taking place.

CHAIR DYSON clarified that this change is putting into statute, that which has been the standard practice.

MR. BANKS explained that on page 4, line 1, the words "to the crime victim compensation fund established under AS 18.67.162 for payments to crime victims and for operating costs of the Violent Crimes Compensation Board" is added.

CHAIR DYSON added that the change brings consistency to the wording.

MR. BANKS said on page 4, line 9 deletes "to a state-approved rehabilitation program" and adds "to the Department of Corrections".

MR. BANKS said on page 4, line 20 deletes "the Court System" and adds "the Department of Corrections".

CHAIR DYSON asked what line.

MR. BANKS said line 20. He highlighted a new change found on page 4, line 4; after "arrearages" the words "owed to a child's custodian or guardian when the child to who a support order applies is under 19 years of age; payments to a child's custodian or guardian for child support arrearages under this paragraph are limited to the amount of the dividend paid to an eligible individual in the previous year;" were added.

[9:29:59 AM](#)

CHAIR DYSON noted Mr. Banks has worked closely with each of the agencies and the CS reflects agency suggestions. He stressed the importance of the aforementioned change. He mentioned the large number of arrearages on child support. He commented on the difficulty of deciding how to allocate child support funds. He explained that the bill provides that current and recent victims with profound needs are the priority for where the money should go. This change was the recommendation from Child Support Services Division.

MR. BANKS indicated that the language was suggested from Child Support Services, the Department of Law, and the Violent Crimes Compensation Board (VCCB). The language puts limits on the \$100 million child support arrearage. Only children under 19 and younger will receive money from the Criminal Fund for the equivalent of one PFD.

CHAIR DYSON added that it would be paid annually.

[9:32:30 AM](#)

MR. BANKS said that another change is found on page 4, in multiple references in (b) through (f). The previous version of the bill talked about providing reports to "the department", meaning the Department of Revenue (DOR), and DOR providing reports to the legislature as to how much money should go from the Criminal Fund to the various agencies. Because that is not a job that DOR typically does, it was changed to the Office of Budget and Management (OMB). In paragraphs (b), (c), and (d) it states that VVCB, Child Support Service, and DOC will report to OMB, who will use the reports to determine how much goes to each agency and report to the legislature.

He said two changes were missed during the drafting of the CS. He proposed conceptual amendments that would add, on page 3, line 15, after "victims;" the words "and operating costs of the Violent Crimes Compensation Board." The same language would be added on page 4, line 16, after "compensable claims."

[9:34:19 AM](#)

CHAIR DYSON indicated that his intention was to adopt the committee substitute and then the conceptual amendments, depending on the will of the committee.

He asked if there is an objection to the acceptance of the committee substitute. Seeing none, the R version of the bill was before the committee.

SENATOR GIESSEL moved to adopt the two conceptual amendments to SB 104, labeled LS-0847\R, on page 3, line 15, and on page 4, line 16, to add "and operating costs of the Violent Crimes Compensation Board. There being no objection, the conceptual amendments were adopted.

[9:35:48 AM](#)

SENATOR COGHILL asked if there was a fiscal impact from the changes in version R.

MR. BANKS asked if Senator Coghill was asking whether the change from DOR to OMB would result in new expenses. He pointed out that there was a \$15,000 fiscal note in version Y, but it would change to a zero note under version R.

CHAIR DYSON questioned if the fiscal note would remain at \$15,000.

MR. BANKS indicated that it would now be a zero fiscal note.

CHAIR DYSON noted that the bill has a Senate Finance Committee referral next.

SENATOR COGHILL reiterated his concern about the financial impact.

SENATOR DYSON suggested the change could have an impact on the Department of Corrections (DOC) because they have been receiving roughly \$13 million annually and a large amount of that will now go to the victims. Monies that are left over will go to DOC. He reported that DOC said the increase in the amount of the PFD will offset the loss. He asked if, under the Affordable Care Act, Medicaid and Medicare are available for the care of inmates.

MR. BANKS did not know.

SENATOR DYSON repeated the question for DOC.

[9:38:53 AM](#)

LESLIE HOUSTON, Deputy Commissioner, Department of Corrections (DOC), Juneau, Alaska, answered questions related to SB 104. She said DOC is working with the Department of Health and Social Services (DHSS) to pursue clauses under the Affordable Health Care Act that may include a small number of the prison population to be eligible for reimbursement for both Medicaid and Medicare.

CHAIR DYSON voiced appreciation for DOC's cooperation on the bill.

[9:40:33 AM](#)

STACY STEINBERG, Chief Assistant Attorney, Collections and Support Section, Civil Division, Department of Law (DOL), Anchorage, Alaska; offered to answer questions related to SB 104.

CHAIR DYSON thanked Ms. Steinberg for her team's efforts on the bill.

[9:41:23 AM](#)

SENATOR GIESSEL moved to report CSSB 104(STA), version 28-LS0847\R with conceptual amendments, from committee with individual recommendations and attached fiscal notes. There being no objection, CSSB 104(STA) was reported from the Senate State Affairs Standing Committee.

CHAIR DYSON, sponsor of SB 104, thanked everyone for working on the bill. He stated that this legislation is one of the more significant pieces of legislation he has contributed. The bill will help many victims of crime.

### SB 127-VEHICLE TRANSACTION AGENTS

[9:42:54 AM](#)

SENATOR DYSON announced that the next item of business would be SB 127.

[9:43:19 AM](#)

FORREST WOLFE, Staff for Senator Cathy Giessel, Alaska State Legislature, Juneau, Alaska, explained SB 127 on behalf of the sponsor. He said SB 127 aims to reduce the Division of Motor Vehicle's (DMV) work, thereby increasing its efficiency and making customer lines shorter through the use of Advanced Business Partnerships (ABPs) contracted to perform certain transactions statutorily mandated to the DMV. It would outsource certain services to the private sector. Currently, businesses that offer these services are paying the fees for these transactions.

He said SB 127 allows businesses to retain administrative costs for transactions they are already conducting. This is necessary in the interest of fairness because private businesses should not be footing the bill for assisting the state by providing the services. By allowing businesses to retain these costs, there is an increased incentive for businesses to provide the services more frequently or to begin offering the services.

He pointed out that this is not a new concept in Alaska. It is already being used by the Department of Fish and Game in allowing private businesses to sell and issue hunting and fishing licenses. He continued to say, in the face of budget shortfalls, strategies like SB 127 are an effective way to reduce government through innovative use of the private sector. He concluded it is good for the government, for businesses, and for the public. He urged support of SB 127.

[9:45:32 AM](#)

SENATOR WIELECHOWSKI understood that businesses have been providing this service for many years.

MR. WOLFE said that was correct.

SENATOR WIELECHOWSKI inquired how much the service fee is now.

MR. WOLFE said that is left up to the businesses.

SENATOR WIELECHOWSKI inquired if SB 127 would result in a loss to the state of \$1.2 million per year.

MR. WOLFE said yes.

SENATOR WIELECHOWSKI noted that the bill does not have a Senate Finance Committee referral.

MR. WOLFE agreed that it did not.

SENATOR WIELECHOWSKI summarized that the state is giving \$1.2 million to businesses for doing work that they have already been doing for years.

MR. WOLFE agreed. He added that it is more of a fairness issue to the private sector.

[9:46:58 AM](#)

SENATOR WIELECHOWSKI pointed out that the businesses were already charging a service fee. He maintained that the state is transferring \$1.2 million of the people's money to companies for doing work they have been doing for years and were getting nothing in return.

MR. WOLFE indicated that the bill would help save the state labor costs at DMV and would assist the public's not having to wait in line at DMV.

SENATOR WIELECHOWSKI asked for evidence of personnel savings to the state in the fiscal note.

MR. WOLFE said that is not reflected in the fiscal note.

[9:48:28 AM](#)

SENATOR GIESSEL explained that approximately 25 percent of DMV's work load is performed by businesses that have been facilitating licenses and footing the administrative cost. She noted letters of support for SB 127.

CHAIR DYSON noted that in a diverse state such as Alaska, there are a lot of small communities that might open a boutique registration shop within another business as a service to clients.

CHAIR DYSON opened public testimony.

9:49:46 AM

MELISSA CUCULLU, General Manager, Alaska Tags and Titles, Palmer, Alaska, testified in support of SB 127. She related that her business has four convenient locations in high traffic areas for ease of service in Anchorage, Wasilla, and Fairbanks. She said she was approached in the summer of 2004 to open a privatized DMV office in Wasilla to meet a need the state could not. Between September of 2004 and December of 2013, agents processed 341,000 transactions generating over \$30 million in state revenue, saving Alaskans a minimum of 20 years waiting in line.

She explained that on a daily basis, branches receive 100 to 400 phone calls, the majority of which pertain to drivers' licenses, required documents, and DMV hours and locations. The calls do not correlate to income for the firm. With the increase in phone calls, the firm needed an upgraded phone system and a dedicated employee whose function is to answer customer questions and navigate the state website.

She concluded that the bill will assist the company with credit card processing fees, the required technology and equipment, and overhead costs, allowing for expansion to better meet customer needs. She thanked the committee for its time and consideration of SB 127.

9:51:52 AM

SENATOR WIELECHOWSKI asked Ms. Cucullu if she charges a service fee.

MS. CUCULLU replied that they charge a service fee based on the transaction; \$20 for a registration renewal, \$25 for a transfer of title, and \$30 for commercial fees.

SENATOR WIELECHOWSKI assumed that the company received at least a \$20-to-\$30 service fee for the 300,000 transactions.

MS. CUCULLU said that was correct.

SENATOR WIELECHOWSKI asked if those are standard rates and if the business is limited by what it can charge.

MS. CUCULLU replied that the state does not dictate fees to be charged. The fees are standard amongst businesses.

SENATOR WIELECHOWSKI inquired if SB 127 would allow the business to collect 15 percent. He asked how much the fees total.

MS. CUCULLU remarked that the fees are based on the transaction. For a duplicate registration, the fee is \$2, a duplicate tag or plate is \$5, a registration for transfer of title would be \$115, and a commercial transaction is based on the weight of the vehicle.

CHAIR DYSON said this is eye-opening.

9:54:29 AM

AVES THOMPSON, Executive Director, Alaska Trucking Association (ATA), Anchorage, Alaska, testified in support of SB 127. He related his company's involvement as DMV partners that facilitate the handling of DMV transactions. He maintained that in order to continue to provide that service, ATA must generate more revenue to maintain and grow the business. Each day since 2006 ATA has processed transactions with no compensation other than nominal service fees. He said DMV provides some supplies, such as title, registration forms, tag and plates. In order to meet the demands of DMV services, ATA provides personnel and time. Compensation became an issue when the business started to grow and more income was needed. He said ATA has had to borrow money to make DMV payment schedules, and has not missed a deadline since 2006.

He related that in 2013 ATA processed more than 11,000 transactions and generated more than \$1.6 million in fees and local taxes, of which, \$1.1 million in fee revenue went to DMV. He said he would like to see the commission rate in line 13, on page 1, be the same for all partners and be memorialized in statute. He concluded that it is a matter of fairness to share the revenues with DMV's partners.

9:58:20 AM

AMY ERICKSON, Director, Division of Motor Vehicles, Anchorage, Alaska, answered questions related to SB 127. She expressed appreciation for the sponsor's desire to codify the business relationships DMV has been participating in since 1995 with the first emissions testing service. That service acted as a DMV agent and provided registration renewal services. She spoke of DMV's relationship with Alaska Tags and Titles and other services. In early 2000 DMV opened its document processing program to dealerships, financial institutions, and stores. The partnerships no longer include emissions testing services, but allow businesses to administer other DMV services. She concluded

that this legislation would make official DMV's practices of partnering with private business to conduct its title and registration services and should positively impact existing and future business partnerships.

CHAIR DYSON asked Ms. Erickson to respond to Senator Wielechowski's concern about loss of revenue to DMV.

MS. ERICKSON responded that DMV does not have a position on the 15 percent charge. It would mean a loss of \$1.2 million to the general fund - to all of Alaskans. She noted that DMV is receipt supported.

10:00:58 AM

SENATOR WIELECHOWSKI asked if there are parameters related to business partner service fees and what the general range of fees is.

MS. ERICKSON replied that DMV puts no guidelines on the fees businesses can charge. She said she did request a list of fees each of the for-profit partners' charges. She said transactions for registration fees range from \$12 to \$20, plus \$20 to the state for registration.

SENATOR WIELECHOWSKI asked about a chart that shows DMV revenue sources from 1997 to 2007. He pointed out that 57.8 percent of the revenue was generated from DMV offices in 1997. That number peaked at 61 percent and then dropped to 45.8 percent in 2007. In that same period of time, the business partners' source of revenue increased from 10.8 percent to 28.3 percent. He suggested that more people are going to the business partners. He concluded that those companies do not need a monetary incentive to provide DMV services because they are making money from service fees.

MS. ERICKSON commented that the document was not provided by DMV and she could not speak to it.

10:03:36 AM

SENATOR GIESSEL indicated it is noteworthy that the public is choosing the more convenient location being provided by the public sector.

CHAIR DYSON asked if the public is aware of the comparative prices when weighing convenience against a higher cost at a business provider.

SENATOR GIESSEL speculated that the cost is on the renewal form, yet the public is choosing to go to the small businesses.

[10:04:45 AM](#)

DUANE BANNOCK, Former Director, Department of Motor Vehicles (DMV), Department of Administration, Kenai, Alaska; testified in support of SB 127. He stated that the goal of DMV, at the time he was director, was to decrease the amount of time the public spent in line at DMV. He said a solution was to expand the DMV business partnership program. He referred to the chart, saying Senator Wielechowski is correct that in 2007, there was a decrease of revenue in DMV offices and an increase in business partner revenue. He opined that the program was doing exactly what it was designed to do. He shared a personal story about his use of a business partner. He testified in support of SB 127 and said the concept is not new.

[10:07:15 AM](#)

CHAIR DYSON set aside SB 127 temporarily.

#### **SB 145-VETS' RETIREMENT/LOANS/HOUSING/EMPLOYMENT**

[10:08:00 AM](#)

CHAIR DYSON announced the consideration of SB 145.

CURTIS THAYER, Commissioner, Department of Administration, Juneau, Alaska, presented information about SB 145. He explained that there are over 75,000 veterans and 25,000 active military with their families in Alaska. The bill was introduced by the Governor to rectify three main provisions in statute. First, there is a hiring preference for veterans, which the state has not revised since the Vietnam War. SB 145 would bring this provision up to date and in line with federal definitions.

He said the second revision concerns Alaska Housing Finance. It allows the federal definition of a veteran to also be used by the state for the Alaska Housing Program and for future federally funded veteran programs.

Thirdly, the state is not in compliance with the Heroes Earnings Assistance and Relief Tax (HEART) Act, passed by Congress in 2008. The bill would provide benefits to the family of a state employee in the reserves, who is called up to active duty and is killed. The family would receive state benefits the employee would have received if they had remained employed. He pointed out that the state is out of compliance on these issues and there is an audit coming in 2015.

COMMISSIONER THAYER noted a zero fiscal note because the aforementioned situation has never occurred. He called SB 145 a "clean up bill."

CHAIR DYSON asked Commissioner Thayer if he knows of any opposition to the bill.

COMMISSIONER THAYER answered no.

[10:11:52 AM](#)

CHAIR DYSON announced the committee would stand at ease.

CHAIR DYSON [held SB 145 in committee.]

### **SB 127-VEHICLE TRANSACTION AGENTS**

[Due to technical difficulties, the recording began again at 10:14.]

CHAIR DYSON returned to SB 127 and public testimony. He described his positive experiences with DMV.

[10:14:32 AM](#)

CHAIR DYSON suspected DMV business partners gain business from DMV-related traffic.

SENATOR COGHILL asked if DMV has a good working relationship with the vendors.

MS. ERICKSON said it was a cordial relationship.

[10:16:18 AM](#)

CHAIR DYSON closed public testimony.

[10:16:30 AM](#)

SENATOR COGHILL brought up the delta to the cash flow of the state. He inquired about the value of this service to Alaskans, aside from convenience.

SENATOR GIESSEL noted that letters of support for SB 127 provide evidence of a qualitative benefit, rather than a quantitative benefit. A variety of users, such as cab companies, trucking organizations, and others, appreciate the convenience and use private vendors a lot.

SENATOR COGHILL agreed that DMV has improved the convenience of their services, but there are still many in-person requirements. In Fairbanks, the DMV office is 18 miles away, whereas, a vendor is only 6 miles away. He agreed with Chair Dyson that it is about serving Alaskans better. He spoke in support of the bill.

CHAIR DYSON said snowmobile dealers allow registration. Dealers largely provide for a service that is related to their business.

10:19:10 AM

SENATOR COGHILL moved to report SB 127 from committee with individual recommendations and attached fiscal notes.

SENATOR WIELECHOWSKI agreed that vendors are convenient for consumers. He voiced concern that the businesses are already getting money for transactions and should not be paid more. He did not think it was fiscally prudent for the state to pay \$1.2 million to businesses for DMV services. He suggested that the bill have a Senate Finance Committee referral. He said he will vote "do not pass" on SB 127, as it is currently written.

SENATOR GIESSEL countered that the bill provides an opportunity to reduce the size of government and encourages the private sector to take on more pieces of government; it provides revenue to and convenience for, the community.

CHAIR DYSON shared some of Senator Wielechowski's concern. He opined that businesses will not raise fees due to competition, so they are asking for a cut from DMV to subsidize business, instead. He noted that several businesses reported on a need to upgrade their equipment and technology in order to continue to provide services.

10:22:19 AM

SENATOR GIESSEL remarked that it is a quality issue of convenience. The public is willing to pay a few more dollars for the convenience. She opined that the loss of \$1.2 million to DMV has actually been a gain to DMV all this time because companies have been providing the service all along.

CHAIR DYSON asked Ms. Erickson if DMV endorses SB 127.

MS. ERICKSON replied that DMV is neutral on the bill. She appreciated that it would codify what DMV is already doing in practice.

CHAIR DYSON asked if the administration is comfortable with the net loss to the general fund.

MS. ERICKSON said she has not had any conversations with the Department of Revenue or the commissioner about that.

SENATOR WIELECHOWSKI asked Ms. Erickson if she stated SB 127 would codify what DMV does in practice.

MS. ERICKSON said agreements are in place with business partners and the bill would make them official.

SENATOR WIELECHOWSKI asked if DMV is compensating businesses for 15 percent of the proceeds now.

MS. ERICKSON said DMV does not currently compensate businesses.

[10:25:20 AM](#)

CHAIR DYSON asked if the fees businesses charge for service are currently codified.

MS. ERICKSON said fees are not codified. She apologized for making the previous blanket statement.

SENATOR WIELECHOWSKI summarized that, currently, companies are allowed to charge a service fee. The bill allows that to continue, plus companies will be allowed 15 percent of the proceeds.

MS. ERICKSON agreed.

[10:26:22 AM](#)

CHAIR DYSON announced that the committee would stand at ease.

[10:27:30 AM](#)

SENATOR COGHILL withdrew the motion to report SB 127 out of committee.

CHAIR DYSON announced that SB 127 would be held in committee.

[10:27:55 AM](#)

There being no further business to come before the committee, Chair Dyson adjourned the Senate State Affairs Standing Committee at 10:27 a.m.