

HOUSE FINANCE COMMITTEE

April 6, 2016

8:49 a.m.

8:49:27 AM

CALL TO ORDER

Co-Chair Thompson called the House Finance Committee meeting to order at 8:49 a.m.

MEMBERS PRESENT

Representative Mark Neuman, Co-Chair
Representative Steve Thompson, Co-Chair
Representative Dan Saddler, Vice-Chair
Representative Bryce Edgmon
Representative Les Gara
Representative Lynn Gattis
Representative David Guttenberg
Representative Scott Kawasaki
Representative Cathy Munoz
Representative Lance Pruitt
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Senator Bill Stoltze, Sponsor; Representative Neil Foster, Sponsor, House District; Paul LaBolle, Staff, Representative Neil Foster; Kevin Worley, CEO, Division of Retirements and Benefits, Department of Administration; Kathy Wasserman, Executive Director, Alaska Municipal League; Brodie Anderson, Staff, Representative Steve Thompson; Kathie Wasserman, Alaska Municipal League, Anchorage; Kathy Lea, Chief Pension Officer, Division of Retirement and Benefits, Department of Administration; Kim Skipper, Staff, Representative Dan Saddler; Jeff Jessee, Chief Executive Officer, Alaska Mental Health Trust Authority; Sara Kuecim, Self, Juneau; Pam Leary, Director, Division of Treasury, Department of Revenue; Representative Shelley Hughes, Sponsor; Stuart Krueger, Staff, Representative Shelley Hughes.

PRESENT VIA TELECONFERENCE

Shanda Huntington, City of Galena, Galena; Lori King, Self, Juneau; Stuart Spielman, Autism Speaks, Washington DC; Patrick Reinhart, Governor's Council on Disabilities and Special Ed, Anchorage; Mike Coons, Legislative Director, Citizens Initiatives.

SUMMARY

HB 47 PERS CONTRIBUTIONS BY MUNICIPALITIES

CSHB 47 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note by the Department of Administration.

HB 188 PERSON W/DISABILITY SAVINGS ACCOUNTS

HB 188 was HEARD and HELD in committee for further consideration.

HCR 4 US COUNTERMAND CONVENTION DELEGATES

CSHCR 4 (STA) was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note by the Legislature.

SB 124 EXTEND SUNSET ON AK COMMISSION ON AGING

SB 124 was REPORTED out of committee with a "do pass" recommendation and with a previous fiscal impact note: FN3 (SFC for DHS).

#sb124

SENATE BILL NO. 124

"An Act extending the termination date of the Alaska Commission on Aging; and providing for an effective date."

[8:50:48 AM](#)

SENATOR BILL STOLTZE, SPONSOR, remarked that the only outstanding conversation related to the bill was about the fiscal notes. He noted the reduction of one, with a recommendation of two position cuts. He stated that it was

a determination by the administration in the following fiscal year. He shared that the commission had recommended the sunset. He felt that there was broad public support of the bill, and a strong constituency.

Co-Chair Thompson appreciated the bill being brought forward.

8:52:07 AM

AT EASE

8:53:07 AM

RECONVENED

Representative Gara referred to the fiscal note. He asked about the positions being deleted. Senator Stoltze stated he was not at the epicenter of the finance. He thought there was a suggestion for deeper cuts. He thought the deletion of 2 positions presented a stark reality. He did not think having a place holder for discussion was necessary. He thought the legislature could use a reminder of the

Co-Chair Thompson reiterated that the bill limited one position, and shared that the following legislatures could make more reductions.

Co-Chair Neuman agreed with Senator Stoltze that cuts were necessary. He thought the fiscal note should remain as written.

8:57:00 AM

Representative Guttenberg emphasized that the reduction in the note reflected a 50 percent reduction of staff over 2 years. He spoke to the fact that the people on the commission were overachievers and was concerned with placing too much of a burden. He thought the cuts were too steep. He suggested coming back in a year's time to reevaluate.

Representative Kawasaki asked about moving to amend the fiscal note. Co-Chair Thompson replied that he did not want to amend the fiscal note.

Representative Kawasaki pointed out that the report (copy on file) from the Commission on Aging spoke specifically to

state implementation of the plan. He stressed that the work on the plan began in FY 14, which was two years ahead of the work. It was anticipated that the commission would work on the revised plan for submission to the federal government.

Representative Gara thought the bill was too important to hold up the commission. She thought it would be best to get the bill passed and ready to move forward to get it to the floor for a vote.

Vice-Chair Saddler relayed that the significant decline in revenue was not a surprise to the commission.

[9:03:23 AM](#)

Representative Gara referred to the second page of the fiscal note. He read a portion of the fiscal note memo. He indicated that the reduction would diminish the agency's ability to fulfill its statutory responsibilities. He felt that the committee should only cut one position, and evaluate whether or not to cut another position in the future.

Representative Gara MOVED to ADOPT conceptual Amendment 1 to the fiscal note:

The fiscal note would only delete one position in the current year, without the statement of intent that a second position be deleting the following year.

Representative Wilson OBJECTED for discussion. She remarked that the state plan was written, and updated with changes. She felt that the commission would continue to progress and make changes. She appreciated the reduction of one position, and stressed that there would be an evaluation of the impact of that reduction.

Representative Guttenberg reemphasized his position that it would be easier to keep the third position currently and cut next year. He was concerned of the

Representative Munoz remarked that it appeared that there were three positions reduced, because \$93,000 was cut from FY 17 and an additional \$200,000 in FY 18.

[9:07:32 AM](#)

Vice-Chair Saddler emphasized that the finance committee made spending and reduction decisions.

Senator Stoltze was not anticipating a discussion about the fiscal note. He relayed his conversations with the other body. He relayed that there had been an array of discussions.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Munoz, Edgmon, Gara
OPPOSED: Gattis, Pruitt, Saddler, Wilson, Neuman, Thompson

The MOTION FAILED (5/6). Conceptual Amendment 1 failed to be adopted.

Vice-Chair Saddler reviewed the fiscal note.

Co-Chair Neuman MOVED to REPORT SB 124 out of committee with individual recommendations and the accompanying fiscal note.

SB 124 was REPORTED out of committee with a "do pass" recommendation and with a previous fiscal impact note: FN3 (SFC for DHS).

[9:13:36 AM](#)

AT EASE

[9:16:36 AM](#)

RECONVENED

#hb47

HOUSE BILL NO. 47

"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 retirement 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 retirement 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."

[9:16:41 AM](#)

Co-Chair Neuman MOVED to ADOPT the proposed committee substitute for HB 47 (FIN), Work Draft (29-LS0285\I). There being NO OBJECTION, it was so ordered.

Co-Chair Thompson queried the changes in the committee substitute.

BRODIE ANDERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, relayed the changes to the bill. He stated that there was a title change to conform to the changes made within the bill. He shared that the bill added a new Section 1, and the sponsor will explain the new section. He relayed that the CS deleted the old Section 3, which had a retroactive clause. He stated that the CS added a new Section 4, and the sponsor was prepared to explain that new section.

REPRESENTATIVE NEIL FOSTER, SPONSOR, indicated his staff would be presenting the bill.

PAUL LABOLLE, STAFF, REPRESENTATIVE NEIL FOSTER, reviewed the bill. He looked at Section 1, page 1, line 12, which was the new subsection under 39.35.610 allowing the administrator to determine the rate of assessed interest. He stated that Section 2 was the old Section 1. He relayed that Section 3 added a reference to the new subsection that was created in Section 4. He shared that Section 4 allowed for the administrator of Public Employees' Retirement System (PERS) to assess an interest rate at a lower value than otherwise dictated in the section, if the employer was a municipality who had lost more than 25 percent of their population between the 2000 and 2010 census.

Representative Munoz queried the issue of a community regaining its population. Mr. Labolle responded that it would have to be done through additional legislation.

[9:20:36 AM](#)

Co-Chair Neuman asked about the migration from rural communities. Representative Foster responded that, overall, there were some small migration numbers from rural to urban areas. He remarked that Galena had a major migration out of the area, because of the relocation of the military base.

Mr. Labolle agreed that the military base was relocated from Galena. He stressed that the legislation was specified to those communities who lost population from the 2000 to 2010 census. Therefore, future population loss would not be affected by the confines of the legislation. He pointed out that the census affected Galena, Pelican, Atka, St. George, and Anderson. He explained that St. George and Anderson did not have any PERS employees, so they were not affected by the legislation. He deferred to the department to explain why Pelican and Atka were not affected by the legislation.

Representative Guttenberg noted that the bill's language was permissive, and not required. He wondered if that was the intent of the legislation. Mr. Labolle replied in the affirmative. He furthered that the intent of the bill was to allow for negotiation. The original version of the bill had a retroactive effective date, and changed the delinquency rate in statute for affected communities. It was determined that there should be negotiation between the administrator of the program and the affected employer.

Representative Guttenberg wondered how the 2020 census would affect Anderson and the legislation. Mr. Labolle replied that the legislation was a "floor not a ceiling." He explained that the current payments were 22 percent of the current salaries or 22 percent of the 2008 floor, whichever is greater. He explained that a growing community with growing employees, the community would pay the greater of the floor. Furthermore, Anderson would not need to pay the 22 percent of current employee salaries.

[9:25:28 AM](#)

Representative Gara looked at page 2 of the bill, and noted the two possible calculations for how much the municipality should pay for the PERS employees: the greater of 22 percent of the number of current employees; or the number of employees in 2008. He remarked that he did not understand why the 2008 year was specified. He surmised

that if the number of current employees was larger than what was in the new section, then the payment was 22 percent of the number of current employees. Mr. Labolle responded in the affirmative. He explained that there was a bill in 2008, which took the failing PERS systems, and pooled them into one state system. He remarked that there was a concern that employers could lay off employees, hire contract employees, and therefore only pay the 22 percent of the current employees. Thereby leaving the remaining outstanding liability on the state. The floor was created to prevent that possibility.

Representative Kawasaki asked for Mr. Labolle to explain the retroactivity. Mr. Labolle thought Representative Kawasaki was looking at a previous version of the bill.

Representative Kawasaki asked if there was not retroactivity. Mr. Labolle confirmed that there was no retroactivity in the bill.

Co-Chair Thompson OPENED public testimony.

[9:28:35 AM](#)

SHANDA HUNTINGTON, CITY OF GALENA, GALENA (via teleconference), spoke in favor of the policy of imposing a floor. She remarked that HB 47 did not change PERS policy. She provided some history. Galena declined its activity in recent years, and city services plummeted. She pointed out that there were 17 employees in 2012. The difference between the two floors was significant. Galena's contribution was significantly high. She provided some statistical information regarding PERS contributions paid by Galena. She added that HB 47 was not a loophole.

[9:36:42 AM](#)

KATHIE WASSERMAN, ALASKA MUNICIPAL LEAGUE, ANCHORAGE, indicated that the League was in favor of HB 47. She relayed the difficulty of conveying to the legislature the challenges. She spoke to her previous experience as the mayor of Pelican.

Co-Chair Thompson CLOSED public testimony.

Representative Gara asked about the penalties. Mr. Labolle replied that previous versions of the bill had penalties and retroactivity.

Representative Munoz asked if the past liabilities had been paid. Mr. Labolle believed the amount was the amount unpaid, but deferred to the administration for the actual amount.

Representative Munoz asked for an explanation of termination study. Mr. Labolle replied that the bill did not address termination studies.

Representative Munoz noted that a testifier had addressed a termination study.

Co-Chair Thompson agreed to provide that information, but remarked that that it did not relate to the bill.

Representative Munoz disagreed, because a community must initiate a termination study when an employee was terminated because the employer could not afford the employee. It would affect their finances, because they needed to pay toward the costs. She wanted a fuller understanding of the requirement of a termination study.

[9:42:04 AM](#)

KATHY LEA, CHIEF PENSION OFFICER, DIVISION OF RETIREMENT AND BENEFITS, DEPARTMENT OF ADMINISTRATION, shared that there were two types of termination costs in PERS. One was with PERS since the inception in 1961, which was a common feature in multi-employer plans. She stated that there were some plans that required the study. She remarked that, if an employer eliminates coverage for a group, classification, or department, the employer must pay the cost that arises from the action. The costs were based on a change in the behavior of people who were close to retirement. She stressed that the majority of people who reach normal retirement age, did not retire at that point. She pointed out that only 16 percent of people retire at normal retirement age. She stated that most retire approximately four years after the normal retirement date, which was how the plan was funded. She remarked that terminating a group changed that behavior. Therefore the person who was not currently covered by PERS would draw the retirement at the first eligible date. At that point, the

fund was not fully funded. The employer must then pay the difference in the funding from the point at normal retirement to the point the plan anticipated it would be funded at 100. Terminating employees who were not vested then become 100 percent vested in the PERS benefits. She explained that in 2005, with the creation of the defined contribution plans, termination costs were covered and again in 2008 in SB 125. She explained that as part of a change to a cost share system, there was a fear that employers would remove groups, classifications, or departments in order to lower their contribution amount and leave the accrued liability for the other PERS employers to pay. She stated that SB 125 created a second type of termination cost, which required that the employer pay a continuing contribution for the employees that were removed from coverage based on the unfunded liability percentage. The employee would continue to pay every payroll until the unfunded liability was exhausted. She stated that a termination study would not trigger, unless there was a removal of a department, classification, or group when an employee was looking to reduce the number of employees.

[9:46:50 AM](#)

Representative Munoz wondered if the smaller communities that were discussed paid the termination costs. Ms. Lea replied that Galena did not have a termination study.

Representative Wilson surmised that employees were still paying for employees that were no longer employed. Ms. Lea replied that, in Galena's case, they were paying the salary score from 2008.

Representative Wilson felt that additional boroughs may face a similar issue as Galena. Ms. Lea stated that any time an employer removed an entire group, classification, or department there would be a termination study.

Representative Wilson surmised that an employer would still pay into PERS even without a termination study. She stressed that the municipalities would still have a cost to the employee, even though the employee would not be employed. Ms. Lea agreed that the municipality would still be subject to the 2008 salary floor.

Vice-Chair Saddler reviewed the fiscal notes.

Co-Chair Neuman MOVED to REPORT CSHB 47 (FIN) out of committee with individual recommendations and the accompanying fiscal note.

Co-Chair Neuman rescinded his action.

Co-Chair Thompson commented that the correct fiscal note had not been read.

Vice-Chair Saddler reviewed the correct fiscal note.

Co-Chair Neuman MOVED to REPORT CSHB 47 (FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 47 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note by the Department of Administration.

[9:52:20 AM](#)

AT EASE

[9:56:04 AM](#)

RECONVENED

#hb188

HOUSE BILL NO. 188

"An Act relating to financial accounts for persons with disabilities; relating to financial institutions; relating to property exemptions; relating to securities; and providing for an effective date."

[9:56:04 AM](#)

Co-Chair Neuman MOVED to ADOPT the proposed committee substitute for HB 188(FIN), Work Draft (29-LS0787\I).There being NO OBJECTION, it was so ordered.

Co-Chair Thompson called Mr. Anderson to the table to review the bill changes.

BRODIE ANDERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, indicated there were three changes in the bill. He looked at page 1, line 2. The bill was amended by adding, "limited" before the word, "property." He pointed to page

9, lines 2 through 8, which amended the bill by adding an exemption (b) to Section 06.65.260, an exemption from creditor claims:

(b) If a designated beneficiary is default for 30 or more days on a payment due under a child support judgment or order, the money in the program account is not exempt from a claim for the payment of child support that is in default.

9:58:15 AM

AT EASE

10:06:02 AM

RECONVENED

Mr. Anderson pointed to reiterated that the changes were on page 1, line 2; and the second change was on page 9, lines 2 through 8. The third change was on page 11, line 20, which amended the bill by adding "except as provided in AS 06.65.260(b)."

Vice-Chair Saddler, bill sponsor, read the sponsor statement:

HB 188 seeks to help Alaskans cope with the challenges of living with a disability by allowing individuals and families to set up tax-free savings accounts, called "ABLE accounts," to pay for education, housing, transportation or other disability-related expenses.

The U.S. Congress passed the "Achieving a Better Life Experience (ABLE) Act" in 2014, authorizing states to create special savings accounts for disability-related expenses modeled after the successful "529 college savings programs," named after the relevant section of IRS code.

ABLE accounts, also known as "529A" accounts, allow individuals with disabilities to improve their financial security by using private investments to supplement their benefits from insurance, employment, Supplemental Security Income (SSI), Medicaid, and other sources. Assets held in an ABLE account would not be counted under means tests required for Medicaid or SSI, although SSI cash benefits would be suspended if the ABLE balance exceeded \$100,000.

ABLE accounts could be spent for education, transportation, job training and support, assistive technology, health and wellness, legal and other qualified services. Contributions would be limited to \$14,000 per year, and capped at \$400,000. A person could have only one account.

To be eligible for an ABLE account, a person must have become blind or disabled before the age of 26. The Governor's Council on Disabilities and Special Education estimates that about 13,770 Alaskans - 10 percent of those with a disability - might qualify for ABLE accounts.

By empowering Alaskans with disabilities and their families to build their financial independence, HB 188 will help them meet more of their life challenges by relying on private resources, without eroding the value of public benefits to which they are entitled. ABLE accounts will be important tools for helping them live full, productive lives in their communities.

Representative Wilson queried the number of people that could qualify, who currently could not qualify.

[10:11:01 AM](#)

KIM SKIPPER, STAFF, REPRESENTATIVE DAN SADDLER, deferred to Patrick Reinhart.

Representative Wilson wondered why there was not a consideration of those with low income in the legislation. Vice-Chair Saddler replied that the bill was targeted at Alaskans with disabilities. He stated that the bill was designed to equalize the "playing field."

Ms. Skipper furthered that the bill was modeled after federal legislation.

Representative Wilson felt that the bill was too limiting to people with disabilities. She stressed that there were people that had a difficult time sustaining a job, and added that she did not know the exact definition of "disabled." She expressed discomfort with the differentiation of groups. Ms. Skipper replied that there was a bill in Congress to expand "able" to the age of 46;

and allow anyone with a college savings plan the opportunity to "roll" the plan into an able account.

Representative Wilson agreed to hear more information from the department.

Representative Edgmon thanked the sponsor for the bill, and expressed support of the legislation. He queried a provision in the bill that would allow the state to adjust the age limit, should Congress increase the age limit. Vice-Chair Saddler replied in the negative. He explained that the federal able legislation set some parameters, because it dealt with the Internal Revenue Service (IRS) provisions. The age parameters were set at 26, and the stat could adapt to that level or not. He restated that the limit could not be changed at the state level.

Representative Kawasaki surmised that the underage person with the account would have a parent file the taxes. Vice-Chair Saddler agreed.

Representative Pruitt remarked that there was a recently added provision which allowed for a deceased person's remaining funds be used to offset the costs of Medicaid. He wondered where the program fell in the priority of paying out of a person's estate. Ms. Skipper agreed to provide that information. She remarked that Medicaid automatically had a "claw back" provision, but she did not know the priority.

Vice-Chair Saddler furthered that the "claw back" provision was not unique to the legislation. He deferred the Department of Law (DOL) for more information. He announced that there was a provision in current Medicaid law that said if a person received value or benefit from the Medicaid program during their life, the state could recover as much as possible to cover the cost after death.

[10:17:56 AM](#)

Representative Pruitt wondered if the state made effort to recover the cost after death. Vice-Chair Saddler replied in the affirmative.

Representative Edgmon asked if the sponsor would be open to a conceptual amendment that would enable the program to adapt to the possible congressional changes.

Vice-Chair Saddler thought the bill already incorporated that language.

Ms. Skipper announced that the proposed language was already built into the legislation.

Representative Edgmon surmised that his concerns were already addressed in the bill.

10:20:14 AM

PATRICK REINHART, GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL ED, ANCHORAGE (via teleconference), testified in strong support of the bill. He remarked that the effort began to include all people with disabilities of all ages, but Congress chose to limit it to those people who had acquired their disability before the age of 26. He shared that there was an effort in Congress to increase the age to 46, to rollover the 529 accounts, and to increase the deposit amounts based on poverty level guidelines. He stated that there was bipartisan support for those changes, but felt that those changes probably would not occur in the current Congress. He appreciated that the legislation included language to anticipate changes.

10:23:10 AM

LORI KING, SELF, JUNEAU (via teleconference), supported HB 188. She shared that she was the mother of a 25-year-old daughter with autism, developmental delays, and was losing her sight. Her daughter was a recipient of social security and public assistance. She explained that her daughter used budgeting skills, but her income was only \$1095. She announced that the bills with rent, food, and utilities totaled \$1015.

10:27:15 AM

JEFF JESSEE, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY, spoke in support of the bill. He announced that the trustees had approved funding the fiscal note. He felt that the bill provided a tremendous opportunity for its beneficiaries.

Co-Chair Thompson OPENED public Testimony.

[10:29:03 AM](#)

SARA KUECIM, SELF, JUNEAU, spoke in favor of the bill. She felt that the bill would help individuals with supported employment while also receiving Medicaid support. She stressed that the bill helped to provide dignity to individuals with disabilities.

[10:30:52 AM](#)

STUART SPIELMAN, AUTISM SPEAKS, WASHINGTON DC (via teleconference), spoke in favor of HB 188. He shared that he had been working on the issue at the federal level for over 10 years. He remarked that his interest in the issue was not only professional, because he has a severely autistic 21-year-old son. He pointed out that the legislation was embraced at the federal level as well as other states throughout the country. He shared that 36 states and the District of Columbia had authorized their own state able programs.

Co-Chair Thompson CLOSED public testimony.

Vice-Chair Saddler reviewed the fiscal notes.

[10:33:19 AM](#)

Representative Wilson felt that the indeterminate fiscal note should really be a zero fiscal note. She noted that the Department of Health and Social Services (DHSS) would be covering the count, rather than the Department of Revenue (DOR).

Ms. Skipper explained that DHSS would be a small component of the program. She deferred to Ms. Leary for more information.

PAM LEARY, DIRECTOR, DIVISION OF TREASURY, DEPARTMENT OF REVENUE, stated that it was an administrative issue for the pending fiscal note from DOR, because the CS was not available. She felt that there would be similar fiscal note as the one from the Labor and Commerce Committee. The fiscal note assigned \$60,000 in FY 17; and \$40,000 in FY 18 from Mental Health Trust receipts.

Representative Wilson looked at the fiscal note component number 2077, which stated that staff would be required to monitor and track accounts and file claims; and administration of accounts would involve account deposits and balances to confirm that they did not exceed allowable amounts; and monitoring account disbursements to confirm that they were qualifying expenses. She felt that the fiscal note was not related to eligibility. Ms. Leary replied that DOR would oversee the program, but was not sure of the form of oversight it would need. She remarked that there were a number of states that had their own programs, and also a number of states that were creating a consortium program. She explained that it was envisioned that most of the work, including the determination of benefits, would happen at the vender level. She believed that it was a requirement at the federal level for the vender to be responsible for identifying the records of the individuals.

Representative Wilson restated that the fiscal note should be zero. She felt that the work would be done by DOR, and paid out with the receipts from payments. She did not feel that DHSS should be giving an indeterminate amount of money to provide service that would not have a cost. She wondered whether an individual must receive social security disability benefits to be considered "disabled", or was it any type of diagnosis before age 26. Ms. Skipper responded that a person did not have to receive social security disability benefits, rather have a doctor certificate declaring a disability.

Representative Wilson felt that there would be many more people added to Medicaid.

Co-Chair Neuman requested a comment from the bill sponsor.

Mr. Reinhart shared that he could not fully answer Representative Wilson's question. He stated that the eligibility program was more related to the applicant's relationship with the IRS. He remarked that there was not much eligibility determination by the state.

[10:39:54 AM](#)

Representative Wilson shared that her son with Attention Deficit Hyperactivity Disorder (ADHD) would qualify for the program. She stressed that there could be a great fiscal

impact to the state with a broad definition of "disability."

Vice-Chair Saddler replied that the savings in the able account would be increase tax free, but would not reduce his taxable income below the point to which he would qualify for Medicaid.

Representative Wilson surmised that the money in the able account would not count against Medicaid eligibility.

Representative Munoz wondered if the means test was \$2000 for Medicaid. Ms. Leary stated that it was \$2000, and was the social security amount. She explained that it was the total number of assets that an individual could have, before their benefits were reduced.

[10:42:33 AM](#)

Representative Pruitt felt that the fund was modeled after a 529 account. He shared that a 529 accounts offered that a parent could start the account, but at the age of 18 the child could receive the account or the parent could maintain ownership of the account. Therefore, the parent was given the ability to ensure that the money was appropriately spent. He remarked that, at a certain point, unspent money could be rolled into a new 529 account or the money became taxable. He noted that the difference with the proposed legislation is that the owner of the account was the actual designee. He queried an advantage of the importance to place the money in the hands of a parent.

Vice-Chair Saddler asked Representative Pruitt to restate the question.

Representative Pruitt felt that there was a major difference in the proposal and a 529 account. Ms. Skipper thought that Representative Pruitt was correct. She explained that the account holder could have a representative to make the decisions.

Representative Pruitt felt that the parent should have the ability to maintain some control. He surmised that the only claim that could go against the program was child support. He queried the development of the provision. Ms. Skipper replied that in any situation of child support, the judgment would overrule. She explained that similar

legislation included exemptions from creditor claims without the need for child support. She furthered that an individual had asked that the specification be included in the bill.

[10:47:18 AM](#)

Representative Pruitt remarked that the provision was not a federal policy. Ms. Skipper replied in the affirmative.

Representative Pruitt stressed that the \$100,000 could not be used to make restitution. Ms. Skipper responded that the account could technically have a maximum of \$400,000, because of the college savings plan contribution limit. She furthered that the money was more fluid, because it would be used for expenses that were not covered by Medicaid.

Representative Pruitt stressed that the focus should not be on what would likely happen, rather there needed to be an examination of all the potential occurrences. He remarked that the bill did not specifically mention that the individual was the only person that could deposit into the account. Ms. Skipper replied that anyone could contribute up to \$14,000 per year.

Vice-Chair Saddler felt that it would take \$14,000 to achieve the \$40,000 cap on the account.

Co-Chair Thompson would be gaveling out in about 5 minutes.

Representative Wilson wanted to amend the fiscal note. She thought it should be zero.

Vice-Chair Saddler indicated that the fees associated by the program were the fees could be covered by the fees set by the investment company that managed the accounts. He remarked that the indeterminate note was because the number of applicants was unknown.

[10:52:40 AM](#)

AT EASE

[10:53:15 AM](#)

RECONVENED

Co-Chair Thompson indicated that the committee would be recessing to accommodate floor session.

[10:53:27 AM](#)

RECESSED

[1:25:19 PM](#)

RECONVENED

Co-Chair Thompson indicated HB 188 would be set aside for a moment.

HB 188 was HEARD and HELD in committee for further consideration.

#hcr4

HOUSE CONCURRENT RESOLUTION NO. 4

Relating to the duties of delegates selected by the legislature to attend a convention of the states called under art. V, Constitution of the United States, to consider a countermand amendment to the Constitution of the United States; establishing as a joint committee of the legislature the Delegate Credential Committee and relating to the duties of the committee; providing for an oath for delegates and alternates to a countermand amendment convention; providing for a chair and assistant chair of the state's countermand amendment delegation; providing for the duties of the chair and assistant chair; providing instructions for the selection of a convention president; and providing specific language for the countermand amendment on which the state's convention delegates are authorized by the legislature to vote to approve.

[1:26:02 PM](#)

REPRESENTATIVE SHELLEY HUGHES, SPONSOR, explained that HCR 4. She stated that the resolution was the second of two resolutions that were working in tandem. She remarked that HCR 14 was in the Rules Committee awaiting this resolution. She explained that the word "countermand" means "veto." She explained that the resolutions were intended to restore the appropriate balance between the states and the federal government. She shared that a poll conducted in Alaska in March 2015 showed that 82 percent of Alaskans believed that it was important to address the federal government overstepping its bounds. She understood that the federal

government was not the enemy, because it did many important actions for Alaska. She stressed that the resolution was not an "anti-federal government" bill. She felt that the resolution was a non-partisan issue. She felt that it was about the working relationship between the states and the federal government. She remarked that, over time, the federal government had not always focused its attention on national concerns, so there was currently a problem. She felt that the federal government often conducted itself with disregard and a lack of accountability to the state, and specifically to Alaska's detriment. She felt that the issue of Alaska National Wildlife Refuge (ANWR) was an example of the federal government overstepping its bounds. She shared that the legislature had historically protested and resolved against the federal government. She shared that there was often litigation with rare success. She remarked that, typically, the actions of the state were met with silence or weak affirmation from the federal government. She stressed that the encroachment on the sovereignty was frustrated for Alaskans. She remarked that there were many times that the federal government did not always know what is best for the state. She stressed that the legislature had the right and duty to work to restore the balance between the state and federal governments.

Representative Hughes stated that the first resolution called for the convention for the countermand amendment. The current legislation gave instructions to the delegates. She remarked that the outline of instructions was intended to keep order, and ensure that the constitution is not dismantled. The resolution outlined the delegate selection process; outlines the delegate duties; and includes the specific language of the countermand amendment.

Representative Hughes explained that it took 34 states, to call the convention. She furthered that once Congress summoned the convention, it would take a simple majority to approve the amendment language. She explained that 38 states needed to ratify the amendment. Following that ratification, the amendment was added to the U.S. Constitution. She stated that a particular state would decide that either a federal statute, regulation, administrative order, or judicial decision was not in the best interest of the state. Therefore, that state would pass a resolution in its state legislature to announce that it was not in the best interest of the state. At that point, another 29 states would need to pass a resolution

stating that the item was not in the best interest of the state. At that point, the item was rescinded. She remarked that she understood that the resolution would only be used with great consensus.

[1:34:30 PM](#)

AT EASE

[1:34:41 PM](#)

RECONVENED

[1:35:04 PM](#)

MIKE COONS, LEGISLATIVE DIRECTOR, CITIZENS INITIATIVES (via teleconference), remarked that the fiscal note for the resolution was zero. He explained that until 34 states made the application for the convention, there was no cost for the upcoming fiscal year. Once the 34 state applications occurred, the legislatures would determine the cost of the convention. He stated that the resolution maintained state sovereignty in the Article 5 process; and ensured a safe, efficient, and timely convention. Therefore, reducing any costs the state may pay to the delegates. He shared that there would be cost savings on unfunded federal mandates by repeal of many of the regulations.

Representative Munoz queried the subject number limit, once the threshold was met. Mr. Coons replied that the amendment application was for a countermand amendment convention.

Representative Munoz wondered how to get items on the convention agenda. Mr. Coons responded that there was no subject, rather it was a named amendment with the state legislative approved language to the amendment.

Representative Hughes furthered that the subject or topic for a convention, was through a call application.

Co-Chair Thompson wondered whether the legislature could direct the delegate's actions. Representative Hughes responded that the delegates could only address the countermand amendment at the convention.

Representative Guttenberg commented that the legislature would be assigning outside of the state's jurisdiction, and dictating their actions. He felt that the legislature did not have the authority to control peoples' actions. He

remarked that a representative outside of the state was outside of the state's jurisdiction. He felt that calling someone back, because they could not compromise or disagreed, was not a realistic nor legal situation. He felt that it was not enforceable. He remarked that the convention could occur with the delegates disagreeing on the subject. He wondered if a convention could be called, based on varying subjects and purposes. Representative Hughes replied that the 34 applications would have to be for the same subject.

[1:42:42 PM](#)

Representative Guttenberg queried the level of discussion. He wondered if the questions should be directed to the sponsor or Mr. Coons.

Co-Chair Thompson stated that the question could be for either individual.

Representative Guttenberg announced that he was deeply disturbed by the resolution. He stressed that the constitution was silenced regarding the delegates. He felt that it was a legislative "power grab" for deciding the delegates. He shared that other states had general elections for people who want to be delegates to the state constitution. He felt that the people, not specifically legislators, should be sent to the convention. He felt it egregious to assume that legislators were the only people qualified to serve as delegates. Representative Hughes replied that the resolution did not determine that legislators would be delegates. She pictured the delegates as residents of Alaska. She remarked that the resolution set up a credential committee of legislators, who would choose the delegates.

Representative Guttenberg found many references in the resolution about the power of the legislature. He felt that there should be an electoral process that allowed Alaskans to vote for the best delegate. He felt that the legislature did not have any special skills separate from regular residents of Alaska.

Representative Gattis stated that she had a similar question to Representative Munoz.

Representative Gara wondered if the constitution would allow voters to select the delegates. Representative Hughes did not specify the requirements for delegate selection. She stated that the delegate appointment process was intended to include Alaskans from around the state. She did not know if the language prohibited the selection through an election process.

Representative Gara stressed that he would like the general public to select the delegates.

Representative Gara queried the last time the constitution was successfully changed by a state convention.

STUART KRUEGER, STAFF, REPRESENTATIVE SHELLEY HUGHES, replied that there was never a successful amendment through the convention process. The closest any effort came, resulted in the 17th Amendment, which was about the direct election of senators. He shared that there was a point of nearly 30 states, and at that point, Congress acted on its own. He felt that the resolution could be a tool to enable the states to apply similar pressure to the federal government.

Co-Chair Thompson CLOSED public testimony.

Vice-Chair Saddler reviewed the fiscal note.

[1:51:14 PM](#)

AT EASE

[1:52:28 PM](#)

RECONVENED

Co-Chair Neuman MOVED to REPORT CSHCR 4 (STA) out of committee with individual recommendations and the accompanying fiscal note.

Representative Guttenberg OBJECTED. He indicated he was concerned with the legislature taking so much power. He did not believe the state was the controlling body. A remand convention should be the people.

A roll call vote was taken on the motion.

IN FAVOR: Munoz, Pruitt, Saddler, Wilson, Edgmon, Gattis, Thompson, Neuman

OPPOSED: Guttenberg, Kawasaki, Gara

The MOTION PASSED (8/3).

CSHCR 4 (STA) was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note by the Legislature.

1:56:26 PM

AT EASE

2:19:17 PM

RECONVENED

Co-Chair Thompson stated that the meeting would be in recess until 7:30 AM.

2:19:35 PM

AT EASE

2:20:28 PM

RECONVENED

Co-Chair Thompson canceled the 7:30 a.m. meeting for the following day. He discussed the schedule for the following meeting.

#

ADJOURNMENT

2:20:56 PM

The meeting was adjourned at 2:20 p.m.