

**ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE**

March 7, 2018

1:08 p.m.

MEMBERS PRESENT

Representative Matt Claman, Chair
Representative Jonathan Kreiss-Tomkins
Representative Gabrielle LeDoux
Representative David Eastman
Representative Chuck Kopp
Representative Lora Reinbold
Representative Louise Stutes (alternate)

MEMBERS ABSENT

Representative Zach Fansler, Vice Chair
Representative Charisse Millett (alternate)

COMMITTEE CALENDAR

HOUSE BILL NO. 219

"An Act relating to background investigation requirements for state employees whose job duties require access to certain federal tax information; relating to persons under contract with the state with access to certain federal tax information; establishing state personnel procedures required for employee access to certain federal tax information; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 219

SHORT TITLE: CRIM HIST CHECK: ST EMPLOYEES/CONTRACTORS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

04/07/17	(H)	READ THE FIRST TIME - REFERRALS
04/07/17	(H)	JUD, FIN
03/07/18	(H)	JUD AT 1:00 PM GRUENBERG 120

WITNESS REGISTER

BRANDON SPANOS, Deputy Director
Tax Division

Department of Revenue (DOR)

POSITION STATEMENT: Presented HB 219 on behalf of the House Rules Committee by request of the Governor.

CAROL BEECHER, Director
Division of Child Support Services
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: During the hearing of HB 219, answered questions.

ACTION NARRATIVE

[1:08:22 PM](#)

CHAIR MATT CLAMAN called the House Judiciary Standing Committee meeting to order at 1:08 p.m. Representatives Claman, Reinbold, Kopp, Kreiss-Tomkins, Eastman, and Stutes (alternate for Representative Fansler) were present at the call to order. Representative LeDoux arrived as the meeting was in progress.

HB 219-CRIM HIST CHECK: ST EMPLOYEES/CONTRACTORS

[1:08:39 PM](#)

CHAIR CLAMAN announced that the only order of business would be HOUSE BILL NO. 219, "An Act relating to background investigation requirements for state employees whose job duties require access to certain federal tax information; relating to persons under contract with the state with access to certain federal tax information; establishing state personnel procedures required for employee access to certain federal tax information; and providing for an effective date."

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BRANDON SPANOS, Deputy Director, Tax Division, described HB 219 as straight-forward, and he paraphrased the sectional analysis as follows [original punctuation provided]:

Section 1

Amends AS 12.62.400 by adding a new subsection.

This will require an agency to submit the fingerprints of current or prospective employees or contractors whose job duties require access to federal tax information (defined in AS 39.55.015(e)(3) and 36.30.960(d)(3)) to the Department of Public Safety

for submission to the Federal Bureau of Investigation to obtain a criminal history record. Defines "agency", "employee" and "contractor".

Section 2

Amends AS 36.30 by adding a new section.

This section establishes state personnel procedures for obtaining and submitting fingerprints for current or prospective contractors if a contract with the state requires access to federal tax information. Defines "agency", "contractor" and "federal tax information".

Section 3

Amends AS 39 by adding a new chapter.

This new chapter addresses state personnel procedures related to federal tax information.

Adds AS 39.55.010

This section explains the purpose of the chapter-- to establish procedures to safeguard federal tax information which will apply to a current or prospective state employee whose job duties require access to federal tax information.

Adds AS 39.55.015

This section requires current and prospective state employees whose job duties require access to federal tax information to provide information to an agency for a state and national criminal history record check. Defines "agency", "employee", "federal tax information", "return", and "return information".

Section 4

Provides the effective date of July 1, 2017

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CHAIR CLAMAN asked whether this requires repeat fingerprinting or whether it is a one-time deal.

MR. SPANOS answered that the fingerprint requirement is a result of IRS Publication 1075 with a ten-year requirement that fingerprinting be re-run, or at least a background check re-run.

[1:13:02 PM](#)

REPRESENTATIVE KREISS-TOMKINS asked Mr. Spanos whether he had said it was every ten years.

MR. SPANOS answered in the affirmative.

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REPRESENTATIVE EASTMAN referred to HB 219, [Sec. 2, AS 36.30.960] page 2, lines 26-27, which read as follows:

(c) A background investigation under this section, including a state and national criminal history check, is confidential.

REPRESENTATIVE EASTMAN asked the meaning of "confidential" in this context. Obviously, it is serving the purpose of getting information to someone and he asked who receives the information and who does not receive the information.

MR. SPANOS responded that confidential information means that the information cannot be given to someone outside of the individual who ran the background check, and to specific agencies requiring that information. For example, if it is a tax division employee, the tax division would need to know whether there was a crime involving a crime of dishonesty. The Tax Division would know that limited bit of information from the background check in order verify whether the employee should continue working in the division.

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REPRESENTATIVE EASTMAN asked what happens when a background check reveals that a state employee or applicant is a serial sexual harasser.

MR. SPANOS replied that a policy has been written addressing the crimes the Tax Division is concerned with as a division. The policy also relates to the Child Support Services Division (CSSD) and its concerns around sexual crimes against children, those crimes would preclude a person from employment in CSSD. In the event it is a general sexual crime, that should be disclosed on their job application, and he opined that there are some requirements as to the dates of the crimes. He explained that the Tax Division verifies the information the applicant disclosed with the information contained within the criminal history background check.

REPRESENTATIVE EASTMAN asked whether that verification is for new applicants and current employees.

MR. SPANOS answered that the background check is for new applicants. As to the current employees, if it is within the last 5-10 years and it is a crime of dishonesty, the division would go back and review their application. Although, if it is outside of that realm, the division has not requested a detailed criminal history check regarding current employees. The division would only see the crimes it has identified as concerning, and for the new employees, it would verify that the information provided on their application disclosed all of their crimes.

REPRESENTATIVE EASTMAN commented that if he had state employees working under his supervision, he would want to know whether they had issues that may not fall under crimes against children but might still be relevant to whether his staff was at risk of being sexually harassed, for example. The state is currently paying the fees for the criminal background check, at what point could that information be disclosed to Mr. Spanos as a hiring manager or a supervisor investigating a workplace issue or is that information just not available at all, he asked.

MR. SPANOS responded that if the information would be available to a hiring manager, it would not be available to a supervisor looking at other discipline. He related that they worked closely with the Alaska Labor Relations Agency within the Department of Labor & Workforce Development (DLWD) in developing its procedures. The Alaska Labor Relations Agency was quite explicit that there had to be a job nexus to the crimes the division was considering and the duties the person would perform on the job. While, he said, a sexual harassment history is concerning, that crime was not specific enough to the job duties the person would perform for the division to put it into a policy for these purposes.

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REPRESENTATIVE STUTES asked what departments would be affected by HB 219, and what employees of what departments or agencies would be required to submit to fingerprinting.

MR. SPANOS answered that within the Department of Revenue (DOR), it would include the Tax Division and the Child Support Services Division (CSSD); and within the Department of Labor & Workforce Development (DLWD), it would include the Division of Employment

& Training Services Unemployment Insurance because those three agencies receive federal tax information, he explained.

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REPRESENTATIVE LEDOUX surmised that this would only involve prospective employees.

MR. SPANOS clarified that all of the Tax Division's current and prospective employees would undergo a background check. The verification that the information on the background check agreed with the information listed on the original job application was only for new employees. He related that the division would not pull all of the original job applications for its current employees, of which have been employed there sometimes 20-30 years and it would be difficult to find those documents.

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REPRESENTATIVE LEDOUX commented that she does not understand why, if the information is available, he would not simply glance at what the people had said when they were first employed.

MR. SPANOS clarified that if [the background check revealed] a "crime of dishonesty," the division would absolutely go back and verify whether the person disclosed that information at the time of hire. In the event it was any other crime, the division would not even be notified that that showed up on the background check for current employees. For example, he advised, when the division first started talking about this, it had already run background checks on all of its employees and it simply had not performed the fingerprinting portion. The policy is in place, backgrounds checks have been run, some employees expressed concern regarding a DUI on their record and those employees were advised that the division would not receive that information because it was not a crime of dishonesty.

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REPRESENTATIVE LEDOUX surmised that the background checks on folks is only reported to the Tax Division if it reports crimes of dishonesty.

MR. SPANOS explained that the Criminal Investigation Unit within the Department of Revenue (DOR) performs background checks and receives the full criminal history background information. In an effort to remain impartial and look only at the facts, the

agency requesting the background criminal history check does not want to know the person's full criminal history and to simply look at the person's convictions of crimes of dishonesty. In that regard, the agency would determine whether the crime had a nexus to the job and whether that agency would retain or not employ the person based on that information.

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REPRESENTATIVE LEDOUX asked whether he would want to be advised if a criminal background check reported that one of his employees was convicted of domestic violence or murder because murder does not involve honesty or dishonesty, it could be a "very honest murder."

MR. SPANOS commented that that is a difficult area and it was certainly discussed often. He reiterated that in working with the Alaska Labor Relations Agency, it was clear the crimes had to have a direct nexus with the job duties performed for the division.

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CHAIR CLAMAN noted his understanding that this bill is driven by federal regulations which essentially say that the federal tax information could not be released unless the entity performed a certain amount of background checks. Therefore, the background checks being requested is driven by the federal regulations that say, "these are the people that we have problems getting access to, the background checks and those who don't." He acknowledged that he did not know how it was being applied, but to add more complexity to the topic, under federal law, unless it has changed, all felonies are considered crimes of dishonesty. Under the federal evidence code, murder would be a crime of dishonesty, and under the Alaska evidence code as ruled by the Alaska Supreme Court, a crime of dishonesty is in fact something that you think of as dishonest. Theft, for example, all theft offenses are crimes of dishonesty, murder would not necessarily be a crime of dishonesty. Mr. Spanos probably cannot answer how that is applied, but what rates as a crime of dishonesty sounds like what the federal government is most interested in to allow Alaska's people to have access to its federal records, of which is probably driven by the federal government and not by state policy.

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REPRESENTATIVE KREISS-TOMKINS asked for confirmation that on one note, the discussion is about employees who are already hired.

MR. SPANOS answered in the affirmative.

REPRESENTATIVE KREISS-TOMKINS surmised that this is simply a question of retention or non-retention.

MR. SPANOS said that Representative Kreiss-Tomkins was correct.

REPRESENTATIVE KREISS-TOMKINS commented that under the "honest murder" scenario, the honest murderer would have been hired previously by DOR and whatever criteria would have been vetted, the honest or dishonest murderer would not be affected by this bill.

MR. SPANOS answered that Representative Kreiss-Tomkins was correct, and he reiterated that for new hires, the division would verify that the person had fully disclosed on their job application any crimes that needed to be disclosed. As to the current employees, due to the union representation and the fact that they had been with the division for a long period of time without issue, the division did not want to open the "whole can of worms" and look at every crime. Specifically, he reiterated, the division was told that it could not, in fact, look at every crime for retention or non-retention.

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REPRESENTATIVE KREISS-TOMKINS referred to the fiscal note and noted the "sort of" legislative history of this policy, and I noted why this fiscal note differs blah, blah, blah, this is an updated version of the 2018 legislative session, I also see it was prepared by Greg Cashen, Acting Commissioner of the Department of Labor & Workforce Development, which was awhile ago and wondering if this has been through the wringer before, one or more times."

MR. SPANOS commented that this is actually the first hearing on HB 219, and on any bill involving fingerprinting for the purpose of background checks for federal tax information.

REPRESENTATIVE KREISS-TOMKINS asked whether the reason Greg Cashen was the Acting Commissioner was because Commissioner Heidi Drygas was on vacation.

MR. SPANOS replied that he could not speak to that question and opined that the fiscal note was drafted last session. Although, he said, the Tax Division did request hearings last session, none were heard, and this is the first hearing on the bill.

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REPRESENTATIVE REINBOLD referred to Governor Bill Walker's 4/6/17 letter directed to The Honorable Bryce Edgmon, and asked why the governor invoked Article III, Section 18, of the Constitution of the State of Alaska.

MR. SPANOS answered that he would have to get back to her.

REPRESENTATIVE REINBOLD referred to the second paragraph of that letter and noted that Governor Walker "talks about all these different reasons, the IRS, Support Services, the Bureau of Fiscal Services, and Medicare/Medicaid, you know, services." She asked why Governor Walker invoked all of that information into this letter.

MR. SPANOS explained that for the second paragraph he could speak to "Publication 1075 in 26 U.S.C. 6103(p)(4)(C)," those are basically the IRS's statute and a publication that dictates what the states need to do in order to be compliant with the IRS's requirement, part of which is a background check. Mr. Spanos pointed to language "further down," and advised the agencies affected are within the Department of Revenue, Treasury, Internal Revenue Service, the Bureau of Federal Services, and the federal tax information directly affects child support. He related that he could not speak to the Social Security Administration, and he was not certain whether the Centers for Medicare and Medicaid Services receive federal tax information.

REPRESENTATIVE KREISS-TOMKINS, in response to Representative Reinbold's previous question regarding why Governor Walker invoked Article III, Section 18, of the Constitution of the State of Alaska, explained that it allows the governor to submit bills to the legislature.

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REPRESENTATIVE REINBOLD referred to Governor Walker's letter that "goes on and on" about the federal government. She noted that on "line 2, it says 'requires access to federal tax

information,' it says 'to certain.'" She asked Mr. Spanos to explain the words "require" and "certain."

MR. SPANOS responded that within the Tax Division, certain jobs require access to the IRS data in order to fulfill the duties of their job. For example, if an employee is auditing a corporation, part of the job would be to verify that the income they reported to the state matches the income they reported to the IRS. The employee would pull the federal return and verify that information. He advised that Carol Beecher was online and she could better speak to CSSD and she had mentioned to Mr. Spanos that its employees are also required as part of their job duties to have access to that federal tax information.

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REPRESENTATIVE REINBOLD asked how many people have access to how many people's records.

MR. SPANOS replied that the division is very strict on who can access what information and it is all tracked in the system. While there is the potential for a great deal of access, it is safeguarded and limited in what information the employees can actually view as part of their job duties. Within the Tax Division there are approximately 100 employees, and within child support there are approximately 200 employees, so within the DOR approximately 300 employees have access to federal tax information. As far as the number of information, its very voluminous as it would be all of the federal tax information provided by Alaskans to the federal government, and potentially a great deal more from other states. In the event a corporate filer may or may not file in Alaska, the Tax Division would likely have that federal tax information access if needed.

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REPRESENTATIVE REINBOLD referred to the approximately 300 employees and asked roughly how much data those employees have access to on federal income tax.

MR. SPANOS asked whether she was asking about the numbers of returns.

REPRESENTATIVE REINBOLD said that "any access to federal income tax data, these 300 employees. How many people do they have access to tens of thousands of people, do they have access to

all of the corporations, native corporations, what kind of access do they have?"

MR. SPANOS answered that there are roughly 400,000 filers in the State of Alaska for federal tax returns, and the division's employees would have access to that information. Again, he said, the division tracks it very closely. Currently, he offered, only approximately six employees can access that information because the division is still in the process of setting up the safeguards. He explained that access will be expanded to other employees but the IRS has strict rules, and in May the IRS will audit the division and will request as follows: all of the division's records, a record of who accessed the information, for what purpose, what was done with the information, where the information is stored, whether it was given to anyone, and whether it was destroyed. He related that the audit is thorough and the information is tracked and safeguarded closely. As far as the database, he explained, there are roughly 400,000 individuals from the State of Alaska and approximately 17,000 corporations that file state returns of which the division has access.

CHAIR CLAMAN noted that the committee now has four current fiscal notes from March 2018, and that is all that is expected, the fifth fiscal note was issued in 2017.

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REPRESENTATIVE REINBOLD surmised that there are roughly 300 employees with access to 400,000 filers and 17,000 corporations and asked whether this bill expands anything in any manner.

MR. SPANOS answered, "No."

REPRESENTATIVE REINBOLD referred to HB 219, [Sec. 2, AS 36.30.960(d)(2)] page 3, lines 1-2, which read as follows:

(2) "contractor" means a person who has applied for or been awarded a contract with a state agency and includes a subcontractor;

REPRESENTATIVE REINBOLD asked why a contractor with the state would need access to federal income tax data.

MR. SPANOS answered that currently, there are six IT developer contractors who have designed and developed the tax revenue management system. As part of that, they design the reports to

run. For example, he explained that in the event a corporate auditor wants to run a report on a company and verify its federal tax information, these contractors are the people who design and develop that report, and they may even test that report. While, they have potential access, they would never go out and look for individual or corporate information, but they may have potential access by developing the reports and testing those reports, he offered.

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REPRESENTATIVE REINBOLD asked whether it would help if the state had an income tax, and how would this bill impact a state income tax.

MR. SPANOS responded that the information would become more useful. Currently, he said, individual income tax information is used for tobacco tax, mining tax, alcohol tax, and some of the state's other excise taxes. It is quite rare the division uses it, but it has needed it for a current address, or for the mining tax and its income because that is a tax based on income. In the event the state had an individual income tax, the division would likely design the database to automatically match income reported to Alaska to income reported to the IRS, and flag those that do not match for review by an examiner or an auditor.

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REPRESENTATIVE REINBOLD asked whether it would be helpful if the state implemented an income tax.

MR. SPANOS explained that the bill does not help with that issue, the bill allows the division to continue to receive that federal tax data. As to whether it would be helpful, the division can do that now as the division has had access to the federal tax information (FTI) for years. This legislation allows the division to continue to have access to the federal tax information because the IRS told all 50 states that in order to continue to use the federal tax information (FTI), the background checks are required, he explained.

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REPRESENTATIVE REINBOLD asked what is an FTI, and how long as the state had the FTI.

MR. SPANOS responded that the federal tax information (FTI) sharing agreements with the state and the federal government goes back years and years. There were a few years when the tax division did not receive data because it was transitioning to a new system. He explained that the division experienced some findings that there were some unsecure computer databases and rather than fix the old databases, the division did not receive data while the new database was being built. The division is now in compliance and receives that data, he said.

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REPRESENTATIVE REINBOLD offered concern about the many data breaches on the military and everyone, and she asked whether it was a liability for the state to have this kind of personal information. She said she was unsure how the state would know whether this information is safe because it is confidential, and that bothers her.

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REPRESENTATIVE EASTMAN asked whether, as an elected Alaskan, his information is available to the division through the sharing arrangement that is already in place.

MR. SPANOS responded that if Representative Eastman filed a federal tax return, his information would be available in the database. In the event an employee ran his information, that employee would be subject to discipline up to and including termination because there would be no reason for the employee to run his information, and the division would see that it was run.

[1:38:17 PM](#)

REPRESENTATIVE EASTMAN asked that if someone would be in trouble for using his information, why is his information available in the first place.

MR. SPANOS responded that the individual tax information cannot be narrowed to, for example, only taxpayer information. He related that an agency can either choose to receive individual information, or not receive that information. The Tax Division receives individual information because it has tax types for which the information is useful. He related that Ms. Beecher could speak to the CSSD because far more individuals are impacted by having that individual information. The CSSD has the ability to receive money that is due to the state, rather

than have the federal government issue a refund to that taxpayer and then garnish that money.

CHAIR CLAMAN commented that by way of example, if he was a member of a corporation and filed a corporate tax return with the state, the Tax Division would look at both what this corporation filed with the federal government and what it filed with the state government to determine whether those numbers matched.

MR. SPANOS said that Chair Claman was correct. In the event he was a shareholder in "X Corporation," he has a filing requirement with the state and the federal government, and the division could verify that information. He added that it is also quite useful when asked questions by the legislature. For example, if a new tax was proposed that involved any sort of income component from individuals, wage tax, income tax, and anything in that regard, the division would not necessarily look at individuals, it would access that database in order to determine what the revenue impact to the state would be on any sort of new legislation.

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REPRESENTATIVE EASTMAN referred to the period of time the state was not receiving information and asked whether any significant harm was caused to the state by not receiving this information.

MR. SPANOS replied that this was at a time the division was designing, developing, testing, and rolling out a new system and its auditors were heavily engaged in that process. Other than the oil and gas production group, which kept all of its audits current, all of the other audits suffered. Therefore, he said it was not a direct result of not having the IRS data, it was a result of being completely overworked in designing, developing, and rolling out a new system, so it was not a direct impact.

REPRESENTATIVE EASTMAN referred to the criminal background information being limited to crimes of dishonesty and asked what is driving that particular label and whether that is simply what the IRS is requiring as an absolute minimum.

MR. SPANOS answered that the IRS requires a policy in place and to abide by that policy, which includes a fingerprint component. The IRS left it up to each individual state to draft that policy, and the policy was drafted between the Tax Division, the Child Support Services Division (CSSD), and the Criminal

Investigation Unit within the Department of Revenue (DOR) and in working with the Alaska Labor Relations Agency.

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REPRESENTATIVE EASTMAN commented that this limitation to crimes of dishonesty does not appear to include common sense because dishonesty appears to be so narrow. He said, "What about me honestly, you know, releasing that confidential information when I'm not supposed to," and asked whether that would be caught up under the division's dishonesty provision.

MR. SPANOS advised that under current law, the person would be subject to criminal fines and imprisonment. He opined that the penalty was \$5,000 and up to three years in jail for releasing that information, so the person would not have a job with the division if they were in jail. Certainly, he pointed out, disclosing confidential information to someone outside of the agency would be dishonest and the division strictly follows that confidentiality. While, he said, he does not know whether it was specifically noted in that policy, the division has other policies regarding confidentiality and breaching that confidentiality. In the event an employee purposely breached that confidentiality, the division would certainly push for termination, he said.

1:43:47 PM

REPRESENTATIVE EASTMAN noted that those policies would not be caught up under the criminal background investigation unless they fell under the criteria the division set forth. He described that the division set the criteria so narrow that if he had been in jail for releasing confidential information, was released, applied for, and was hired for a job, but he said he was never in jail, and because he was not dinged for dishonesty, he fell through the cracks.

CHAIR CLAMAN pointed out that Representative Eastman's statement that a crime involving dishonesty is a narrow path is simply not true. He explained that crimes of dishonesty under both Alaska law and federal law are quite broad, and the crime he described in which he was in jail for disclosing confidential information is, in fact, a crime involving dishonesty. The mere suggestion that a crime involving dishonesty catches a narrow number of people is not true, crimes of dishonesty actually catches a wide swath of people who might not even know their crimes involved dishonesty, he remarked.

MR. SPANOS reiterated that DOR's Criminal Investigation Unit is the agency that runs those background checks and it works closely with both the Tax Division and CSSD. The investigators are aware of the concerns for each section and discussed what the definition of crimes of dishonesty is for both sections, and what crimes the division would want to know about. In the event those crimes showed up on the background checks, the Criminal Investigation Unit would notify the Tax Division and the division would certainly not hire that individual. In the event the crimes related to a current employee, a committee would discuss the "nature of that" and whether to retain the employee. In the event someone was in jail for disclosing confidential information, unless there was some information he did not know about, the division certainly would not retain that employee, he said.

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REPRESENTATIVE EASTMAN offered a scenario wherein he sold confidential information on the black market and asked whether that would be caught up under the current background check and whether it would trigger some type of alarm.

MR. SPANOS answered that if the person was convicted for the crime it absolutely would show up on the background check, and absolutely that would be something within which he would recommend termination.

REPRESENTATIVE EASTMAN referred to the mention that currently Mr. Spanos is "kind of reticent" to go to current employees because they may have worked in the division for a long period of time and "nothing has happened" so they are assumed to be doing okay. Except, he said, he does not see anything in the language or testimony that limits that provision to employees who have worked in the division for a long period of time. In the event someone had been hired for a month, and this bill became law, would that person be considered a preexisting employee and the division would not look at that person, such that the person had been convicted of sexual harassment and on the job for a month ...

CHAIR CLAMAN advised that he did not hear a question and moved to Representative LeDoux.

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REPRESENTATIVE LEDOUX commented that this [legislation] appears to be as a result of the federal government, and she asked who can advise whether the committee is going by the federal definition of honesty, or the state's definition. The federal definition of honesty is broader and would probably encompass "just about everything."

MR. SPANOS answered that the federal government has not dictated what a crime of dishonesty is and the federal government has not noted that the policy should contain the phrase "crimes of dishonesty." In fact, he offered, that phrase was determined within the department as crimes of interest. The Alaska Labor Relations Agency was concerned about the nexus to the job, and that the department would not be allowed to terminate an employee based on a DUI on their criminal history record. Therefore, the division had to look at certain types of crimes that had that nexus to the job duties and crimes of dishonesty is that nexus. The department did not want employees releasing confidential information or stealing cash from the Tax Division, and the Child Support Services Division (CSSD) was concerned about crimes against children.

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REPRESENTATIVE LEDOUX asked what the federal government required exactly.

MR. SPANOS responded that the federal government required that the states have a policy in place, which included performing a background check on their employees which included fingerprinting. Thereby, he explained, the federal government is leaving it up to the states to determine what crimes were of concern.

CHAIR CLAMAN speculated that because it is clearly a state policy and the federal government is not requiring it, it is fair to believe they are applying the Alaska definition of crimes involving dishonesty.

[1:50:25 PM](#)

REPRESENTATIVE LEDOUX commented that Chair Claman was probably correct. She surmised that in the event a person had been convicted of a DUI and they answered no to the conviction question, and the DUI showed up on the background, it would not make a difference.

MR. SPANOS replied that it would make a difference if the person had reported on their employment application that they did not have a criminal history and a DUI showed up, the division would interpret that as being dishonest in the job application process.

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REPRESENTATIVE KOPP commented that it appears the legislation is mirroring the Security and Exchange Commission requirements for financial advisors, investment planners, and the folks dealing with tax information.

MR. SPANOS replied that Representative Kopp was correct in that it is similar and, in fact, under the current statutes there are approximately 18 jobs identified that require fingerprinting as part of their job duties, as follows: the Alaska Bar Association, Board of Governors for the Alaska Bar Association, Board of Elections, teachers, a whole list of 18 different duties that require fingerprinting, and the Tax Division would be added to that list.

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REPRESENTATIVE KOPP surmised that the division is looking at this legislation for revenue personnel because they perform tax audits on individuals and corporations.

MR. SPANOS answered that Representative Kopp was correct.

REPRESENTATIVE KOPP referred to the Department of Labor & Workforce Development (DLWD) personnel and noted that they are included because they deal with unemployment matters on businesses and individuals.

MR. SPANOS answered that Representative Kopp was correct.

REPRESENTATIVE KOPP surmised that "everything has a nexus" to people who have federal tax information, which is the reason the dishonesty issue is so important.

MR. SPANOS responded that Representative Kopp was correct.

REPRESENTATIVE KOPP referred to a background check wherein someone had gotten into trouble for the release of confidential information, and he asked whether they would be precluded from an employment position under HB 219.

MR. SPANOS answered that the person would be precluded from employment.

[1:53:47 PM](#)

REPRESENTATIVE REINBOLD noted that if honesty is so important why not perform a lie detector test.

MR. SPANOS answered that it did not cross their minds.

REPRESENTATIVE KOPP asked whether the division would be amenable to an amendment.

MR. SPANOS responded that he personally would not be interested in an amendment but he could discuss this issue with this policy development committee. He explained that the Tax Division was most interested in a conviction because it is black and white and easy to determine that a person was found guilty in court or had pled guilty.

REPRESENTATIVE KOPP explained that the Polygraph Protection Act protects all state, municipal, and federal employees against polygraph interviews until they are the subject of a criminal investigation. In that regard, the polygraph test is confidential with many regulations around it and every workplace must have the Polygraph Protection Act. Every employee has the right to refuse unless they are the focus of an investigation, and at that time they can be asked by the investigating agency to submit to a polygraph test.

CHAIR CLAMAN added that the last time he hired a private polygraph examiner, he did not like the cost. The notion to begin polygraph testing every state employee in addition to the federal prohibition, the fiscal consequence would be quite high.

[1:55:46 PM](#)

REPRESENTATIVE REINBOLD commented that it is unbelievable the state has already given 300 employees access to tax data that they could share and cause tremendous harm to a corporation or an individual, and yet a polygraph test cannot be taken. She asked whether the committee can review the division's discipline policy, and how it intends to catch these people.

MR. SPANOS responded that the discipline policy may have already been shared with this committee.

CHAIR CLAMAN advised that his staff will make copies and distribute it to the committee.

[1:56:33 PM](#)

REPRESENTATIVE REINBOLD noted that page 2 of the bill often refers to agency. She referred to [Section 1, AS 12.62.400(c)(1), which read as follows:

(1) "agency" means a department, Office of the Governor, or entity in the executive branch, including the University of Alaska, public or quasi-public corporations, boards or commissions, and the Alaska Railroad Corporation.

REPRESENTATIVE REINBOLD asked whether any of the above-listed employees have access to personal tax data.

MR. SPANOS answered that those agencies are fingerprinted currently and the division wants to be added to that list.

[1:57:16 PM](#)

REPRESENTATIVE REINBOLD asked whether the above agency employees have access to personal [tax information], including Governor Walker or his staff.

MR. SPANOS responded that they do not. In fact, he explained, even within the DOR people do not have access, and the Alaska tax information is not shared outside of the division.

REPRESENTATIVE REINBOLD surmised that only the Division of Revenue ...

MR. SPANOS reiterated that not everyone in the Department of Revenue (DOR) has access to the tax information or would be allowed to see the information. Access to information would be allowed only within the Tax Division or CSSD, and there must be a job-related reason for those employees to look up that information. He advised that people have been terminated for looking up information they had no business looking up.

[1:58:08 PM](#)

REPRESENTATIVE REINBOLD asked for confirmation that this legislation is not expanding access to the governor's office,

executive branch, the university, or anyone, to any income tax data or corporate tax data, to any new people.

MR. SPANOS answered that Representative Reinbold was correct.

CHAIR CLAMAN noted that in the most absolute legal sense, the entire executive branch works for Governor Walker and what the Tax Division knows, as a legal matter, Governor Walker knows even if he is not looking at the information. He clarified that that does not mean Governor Walker is requesting the information and if he asked for the tax information, he would be asked the reason for the request.

[1:58:54 PM](#)

REPRESENTATIVE REINBOLD commented that this bill refers to other agencies "over and over again" and it is important to discuss the concerns others may have, she opined. She asked Mr. Spanos to explain, other than the IT people, who are the other contractors that would possibly gain access.

MR. SPANOS answered that currently, no other contractors would have access to that data. If, in the future, the division outsourced audits, as some states do, and an auditor were to come in and audit a corporation, they would have limited access to that information. The division does not foresee that happening as it believes the division is doing quite a good job with its current auditors, he remarked. Other than the staff designing and developing the IT system, there are no other contractors, he advised.

REPRESENTATIVE REINBOLD asked for confirmation that this is only limited to potential audit contractors and it does not expand to any other people having access to any other data.

MR. SPANOS responded that Representative Reinbold was correct, the state's confidentiality statutes lay out who can view tax information and that would include federal tax information.

[2:00:31 PM](#)

REPRESENTATIVE EASTMAN asked whether the crimes of dishonesty would be wide enough to include a theft conviction.

CHAIR CLAMAN reiterated that there is no question that theft is a crime of dishonesty, and Mr. Spanos need not answer that question.

REPRESENTATIVE EASTMAN asked that if this legislation becomes law and in ten years and "we're doing a whole new round of background checks" and he had a new conviction, would Mr. Spanos be alerted to that information, and if it did not fall under a crime of dishonesty would it be waived off and Mr. Spanos would not be alerted.

MR. SPANOS clarified that the policy is already in effect and the division had already performed background checks on all of its employees, it simply had not performed the fingerprinting piece which is the FBI background check. One employee was terminated based on that background check being returned and the policy in effect is being followed; however, the fingerprinting cannot take place without authorization or authority from the legislature. He asked whether the question was that in ten years from now when the background check is run again whether a new crime would be revealed.

REPRESENTATIVE EASTMAN noted that Mr. Spanos receives an alert when theft or dishonesty is revealed. He offered a scenario that he, as a state employee, had been working there for however long and after ten years his renewal was performed, would Mr. Spanos be alerted of his domestic violence conviction because it did not fall under his definition of crimes of dishonesty.

MR. SPANOS advised that under current state policies and rules, there is a requirement that an employee notify their employer within 24 hours of being "arrested or convicted." Therefore, the next time the background check was run, the Criminal Investigation Unit would check that against the previous background check to determine what was new. That unit would then ask Mr. Spanos whether the employee had notified him within that 24-hour timeframe requirement. He explained that that would be an issue of honesty as to whether the employee followed procedure and notified him.

[2:03:12 PM](#)

REPRESENTATIVE EASTMAN opined that a good attorney could decide that the state had some degree of liability if something criminal happened in workplace and the division had the opportunity to identify a pattern of behavior through the background information. Except, because the scope was narrowed and it "chose not act on it or to know about it - could have, but chose not to," whether that scenario had been considered.

He asked whether attorneys had ruled out any state liability in that type of situation.

MR. SPANOS replied that the Department of Labor & Workforce Development (DLWF), Alaska Labor Relations Agency advised the Tax Division that the scope needed to be narrow and he was uncertain whether they had checked with attorneys on that issue. Certainly, he pointed out, they were concerned with case law and jurisprudence which required that an employee not be terminated based on information from a background check that did not have a direct nexus to their job duties. Therefore, he related, knowing that information and not being able to do anything with it was useless to the division, and it did not want to know that information about its employees if they could not act on the information.

REPRESENTATIVE EASTMAN asked whether the committee had considered a look back window for the relatively new employees who had worked less than five years and did not have that established record, and whether the division should look more comprehensively at that criminal background.

MR. SPANOS reiterated that if the division could not act on that information, it did not want to know the information.

[2:05:26 PM](#)

REPRESENTATIVE LEDOUX commented that there has been a lot of talk around concerns of a data breach, which is important to consider because there have been so many data breaches. Except, she pointed out, she was unsure this bill actually adds anything to the possibility of a data breach. The problem may be that the federal government is handing over this information, and it sounds like the division has access to all of the United States citizens' tax returns. She said that the issue was not the division's fault, but if someone was not under a criminal investigation or not specifically applying for a job in the Tax Division, for example, that the federal government is simply "giving this over." For example, she pointed to CSSD and noted that if a private attorney sues someone for back child support, or there is a divorce action, and the attorney is trying to obtain a party's tax returns, it is not possible to press a button and have access to everyone's tax returns in the United States. She explained that the attorney would have to go through the discovery process and ask a judge to compel the party to sign a release in order to obtain the tax returns. While she sympathizes with Representatives Reinbold and Eastman

and anyone else with those concerns about a data breach, she pointed out that it is not really the fault of this bill. She said that she did not believe this bill would add to data breaches, and it might actually limit it somewhat.

[2:08:13 PM](#)

CHAIR CLAMAN noted that Representative LeDoux is quite accurate about the question of data breaches. Access to federal tax information has been held by state governments for decades. Whether or not that is a smart policy is really not the question of this bill, but rather, he explained, the policy is whether the legislature should allow the addition of fingerprinting to the employees' background checks. He said that he does not think the questions about data breaches and the overall policy is the issue addressed within this bill, and he limited the questions to relate specifically to the issue of fingerprinting and its potential policy here. The larger question about why the federal government has a policy essentially allowing all 50 states access to federal tax information, provided they meet the federal requirements, is not the topic in front of the committee. He remarked that there have been many questions about that issue and it has been explored adequately for purposes of deciding on this bill.

[2:09:22 PM](#)

REPRESENTATIVE KOPP noted that for 20 years he worked with the Division of Statewide Service and Criminal Records and Identification Bureau, and every time a criminal history was run on anyone, that employee was subject to an audit. Each year, if he could not remember why he ran a person's criminal history, he was "in deep trouble." The process, he explained is that the dispatcher ran the criminal history because he requested it, and if the audit failed, it was on Representative Kopp. He further explained that he could be charged up to a class A misdemeanor if he did not have a criminal case he was working, or there was a good reason for running the criminal history. He asked whether that is the standard used in the Tax Division.

MR. SPANOS answered "Yes, absolutely," there is an audit of the access to federal and state tax information, and the division is very interested in why someone would be looking at that information. He explained that the person would have had to have an audit assigned to them in order to access the information. For instance, he pointed out, there are large oil and gas companies' information contained within the Tax

Division's databases, and the division is very concerned when someone wants to look at that information but does not have a valid reason. The division has certain disciplines and it has terminated employees for those reasons, he explained.

[2:10:51 PM](#)

REPRESENTATIVE REINBOLD asked whether there is a trigger for everyone who accesses information.

MR. SPANOS answered that the entire system is logged, but specific to federal tax information it is logged in a specific location and reviewed quarterly.

REPRESENTATIVE REINBOLD surmised that for any person who accesses federal and state information or anything, it is all logged.

MR. SPANOS answered in the affirmative.

[2:11:36 PM](#)

REPRESENTATIVE REINBOLD asked whether Mr. Spanos would be amenable to amending the bill requiring that if a state employee, contractor, or whoever else, has access, the person they accessed is required to have knowledge of the abuse.

CHAIR CLAMAN pointed out to Representative Reinbold that this bill only relates to the fingerprinting requirement, her question is beyond the scope of the bill and to ask a different question.

[2:12:18 PM](#)

REPRESENTATIVE REINBOLD asked why Governor Walker is carrying this bill at this time, and whether any type of organization, or anyone, supports this legislation.

MR. SPANOS answered that the reason Governor Walker offered this legislation at this time is because the IRS finalized its Publication 1075 in 2017. The IRS Publication 1075 requires the states to be compliant, and the bill was introduced in 2017 so it was timely. He said he is not aware of any organizations that support or are against this legislation.

[2:13:07 PM](#)

REPRESENTATIVE REINBOLD asked whether this is basically a request from the federal government.

MR. SPANOS answered that through the IRS Publication 1075, fingerprinting is required in order to continue to receive the data. Although, he noted, the Tax Division does not have to be compliant; however, the division wants to be compliant in order to receive that tax information. That tax information has been used in audits bringing in about \$2 million per year simply by pushing a button, he offered.

[2:13:54 PM](#)

REPRESENTATIVE REINBOLD surmised that if the state becomes non-compliant by not passing this legislation, "basically they just don't get as much access so basically protect people's privacy."

MR. SPANOS pointed out that as far as the Tax Division is concerned, it would have less ability to do its job, and as far as Child Support Services Division (CSSD) is concerned, it would not be able to do its job. Private individuals would lose a significant amount of revenue from CSSD, and he opined that the CSSD budget is supported 66 percent by federal dollars, which would be a large hit to CSSD. The Tax Division already has confidential state tax information, but it does not have the confidential federal tax information, and the addition to having federal tax information does not make it more of a risk, he opined.

[2:14:52 PM](#)

REPRESENTATIVE REINBOLD referred to the document titled, "SSR Number 04:5.1.1-Background Investigations," and commented that she thought Mr. Spanos had said that only contractors performing the audits would have access to the information.

MR. SPANOS related his belief that Representative Reinbold's question was, what contractors have access to the federal tax information. Currently, only IT contractors have access to that information and, he explained, he had previously expanded his response that if the Tax Division ever hired other contractors to help with audits, that they would also have access to that information.

[2:15:45 PM](#)

REPRESENTATIVE REINBOLD referred to the above-mentioned document, under Information Security Management Policy and under 1. Statement of Need, which read as follows:

Certain Department of Revenue (DOR) employees, interagency transfers, contractors, and sub-contractors have potential access to or work closely with federal taxpayer information (FTI)...

REPRESENTATIVE REINBOLD commented that the language "goes on and on and it just seems like there's a whole lot more than just IT, and a whole lot more than potentially just an auditor maybe in the future," and she sees a conflict here.

MR. SPANOS responded that the policy was drafted in an attempt to cover all of the bases for anyone who might need to be on the division's floor as a contractor, but the division certainly limits access to the federal tax information. He described that this is an in-place background check policy regardless if they have access to the federal tax information. For example, the division does have contractors on its floor, without access to federal tax information, who assist the property tax auditors in their assessments. These are non-state employees performing assessments and because they are on the division's floor, a background check is performed, he explained.

[2:16:57 PM](#)

REPRESENTATIVE LEDOUX asked whether the terminated employee was turned over to the police department for looking up unauthorized information.

MR. SPANOS deferred to Carol Beecher, Child Support Services Division (CSSD) to answer that question because employees were terminated from that division.

[2:17:49 PM](#)

CAROL BEECHER, Director, Division of Child Support Services, Department of Revenue (DOR), answered that previously, the division did uncover that employees had been accessing information in the system, and the division's system includes federal tax information as well as other information. The division realized that a mixture of different information had been accessed, and because it operates within a case management system, on a child support case a lot of the information is contained on the pages in its electronic system. The division

went through a whole disciplinary process and the employees were dismissed, she offered.

CHAIR CLAMAN explained that the question was whether that was reported to the police department, troopers, or prosecutors.

MS. BEECHER answered that it was not reported.

REPRESENTATIVE LEDOUX asked why it was not reported because this appears to be a fairly serious issue.

MS. BEECHER related that when the division goes through such a process and it gets to that level, the process is through the department's human resources services division and the union. She related that she would have to get back to the committee as to reporting it to law enforcement.

[2:19:44 PM](#)

REPRESENTATIVE LEDOUX asked that Ms. Beecher get back to her with a response.

MS. BEECHER said she would get back to the committee.

REPRESENTATIVE LEDOUX referred to the comment that if the Child Support Services Division (CSSD) did not have access, it would not be able to obtain the money. Except, she commented, a private attorney would not have access and would have to work through the discovery process, and she understood the testimony to be that CSSD would not be able to prosecute its cases.

[2:20:46 PM](#)

MS. BEECHER answered that the Child Support Services Division (CSSD) does not have access to look into IRS records, it receives IRS data from its federal Office of Child Support Enforcement for the purposes of federal tax intercept for child support obligations and arrearages. In the event the division wanted a tax return, it would receive it from the client or as part of the Federal Intercept Program, the division is allowed to intercept a tax return. She advised that as part of "our state plan," and as part of the Social Security Act, Part 4D, CSSD is mandated to be part of the Federal Tax Intercept Program. In order to be compliant, clearly the CSSD must be able to obtain the IRS data, and those intercept funds are considered to be IRS data. She explained that the division is

not even allowed, on its statements, to indicate that they are IRS Intercept Program funds, they are called "other funds."

CHAIR CLAMAN referred to her testimony regarding receiving federal tax returns and explained that the division's interest is in the federal tax refunds from the person not complying with their child support obligations. The Federal Intercept Program allows the division to seize that tax refund for the benefit of the person who is supposed to receive child support and it does not go to the taxpayer who is not paying their child support obligations, he surmised.

MS. BEECHER answered that Chair Claman is correct.

[2:23:09 PM](#)

REPRESENTATIVE LEDOUX asked how a private litigant would go about intercepting tax refund money.

MS. BEECHER opined that she does not believe it would be possible, for the division's purposes, without having a child support case with arrearages due.

REPRESENTATIVE LEDOUX said that in other words, "you would go through the courts."

MS. BEECHER explained that CSSD is an administrative agency, and it is not required to go through the court to intercept a tax refund.

[2:23:56 PM](#)

CHAIR CLAMAN offered that generally, if there are child support arrearages, a court order is not necessarily needed. A person could hire a private lawyer and with the child support duty obligation would go to child support enforcement and advise that Mr. Smith owed his client \$20,000, and child support enforcement would investigate the claim and then proceed. In the event it was a civil judgement unrelated to child support, a person would not have that same access to the federal tax returns because there is a federal statute that allows access to those funds for child support, but not necessarily for other means, he offered.

MS. BEECHER answered that Chair Claman was correct. She explained that there must be a child support order for the Child Support Services Division (CSSD) to intercept those funds. She said she was unsure whether Representative LeDoux was talking

about a private attorney working with a client and explained that even if the attorney wanted that information, there must be a child support order, be it court created or administratively created.

[2:25:37 PM](#)

REPRESENTATIVE REINBOLD asked whether the \$2 million received by the state was all child support money.

MR. SPANOS responded that he was speaking solely for the Tax Division, and on average, it collects approximately \$2 million in audits. He explained that the audits are what "we call piggy back audits" wherein the federal government had performed an audit, it then notified the division that the audit had been completed and that the income rose by "X" dollars. The division then follows up with a piggy back audit because the person owes the state more money as well.

REPRESENTATIVE REINBOLD surmised that it had nothing to do with the Child Support Services Division (CSSD), and the \$2 million was from taxpayers.

MR. SPANOS answered that Representative Reinbold was correct.

CHAIR CLAMAN pointed out to Representative Reinbold that [within the committee packets] the 4/6/2017 letter from Governor Walker, page 2, paragraph 1, references as follows:

In FY16, CSSD collected over \$8.6 million in past due child support through the federal tax refund offset program.

[2:26:44 PM](#)

REPRESENTATIVE REINBOLD asked whether the state has a database or do the 300 employees simply have access to a federal database, and whether it is linked to the (indisc.) database. She explained that she was interested in data security.

MR. SPANOS replied that the database is made by a company called Fast Enterprises, it is a GenTax system that is "customized off the shelf" and the division refers to it as "the tax revenue management system or TRMS." It is within that system that all of the state and federal tax information for the Tax Division is stored, he explained.

CHAIR CLAMAN reminded Representative Reinbold that the committee will not keep going down the path of data breaches as there has been no indication of data breach issues from this department.

[2:28:02 PM](#)

REPRESENTATIVE REINBOLD said that the testimony sounds like one employee had been terminated "due to a child payment type situation" that was not reported to the police. She asked whether anyone had ever received a misdemeanor

CHAIR CLAMAN noted that the question is whether anyone, other than the dismissed employee, had ever been charged with crimes related to improper data access.

MR. SPANOS responded that he would have to get back to her, but during his time as deputy director, the division has terminated at least one employee for releasing confidential information.

REPRESENTATIVE REINBOLD commented that there are 300 employees with access, and the policy was put in place on February 2016. It appears that the temptation could be there to access the data and distribute it whether or not they are caught. She asked whether there was any history of more than one person being terminated, and whether there was a class A misdemeanor.

CHAIR CLAMAN pointed out that Representatives Reinbold and Eastman have multiple questions on this same topic and they have been adequately asked and answered.

[2:30:07 PM](#)

REPRESENTATIVE EASTMAN opined that at the point a person reaches that ten-year period, and in looking back the background check at the national database level will list any convictions, and the division will be alerted to those convictions.

CHAIR CLAMAN expressed that this question has been asked and answered so many times he could not even count them, and this question would not be asked again.

[2:30:49 PM](#)

REPRESENTATIVE EASTMAN referred to "that ten years look back going forwards," and asked whether it would be common sense to also do a look back backwards for some period of time. He opined that the committee has not recommended that option, but

he would be interested to know why the committee would not want to have, at least, a five year look back. Currently, he said, the federal government asked Alaska to perform this background check and if someone lied on their job application last week, "we really don't want to know about that" because they are already employed and "we can't do anything about it."

MR. SPANOS related that that issue is something the division can look at and consider. He reiterated that the department's Criminal Investigation Unit runs this background check and if a crime showed up for an employee hired last week, the Criminal Investigation Unit would notify the division and it would review the person's application to verify that the information was listed. The division does try to use common sense, but in drafting a policy on whether it will retain or not retain an employee, it really does have to get down to the specifics. He said, "This was shared" with the unions, they had an opportunity to comment, and it was finalized. The division has certainly prepared policies relating to protecting information, except it has never created a policy based on performing a background check. In that the policy is new, the division did not want to get cross-ways with the unions or tenured employees in going back 15-20 years ago as to whether they did not disclose an unrelated crime. Certainly, he commented, the division is trying to use common sense in this as well.

[2:33:07 PM](#)

REPRESENTATIVE EASTMAN asked when will the [DOR] committee look at that issue and get an answer back to this committee.

CHAIR CLAMAN expressed that this legislation is not about that policy, this is about fingerprinting. The House Judiciary Standing Committee is not revisiting the division's policy so he does not see how his questions have anything to do with this bill. Chair Claman asked Representative Eastman to explain how that has anything to do with the bill in front of this committee.

REPRESENTATIVE EASTMAN answered that the state pays to perform these background checks and he would like to know that common sense is being applied.

CHAIR CLAMAN stressed that "You've done the best you can," but the state is spending the money on the background checks already and this bill allows that fingerprinting is included in the background checks.

[2:34:00 PM](#)

CHAIR CLAMAN opened public testimony on HB 219. After ascertaining no one wished to testify, closed public testimony on HB 219.

[2:34:33 PM](#)

REPRESENTATIVE REINBOLD asked when amendments would be due because the committee had not had a chance to amend the bill.

[2:34:47 PM](#)

REPRESENTATIVE STUTES requested confirmation that the proposed legislation does not allow any additional people access to this information; it simply states that the state needs to fingerprint current and new employees.

MR. SPANOS answered that Representative Stutes was correct, the bill only asks for authority to perform fingerprinting.

REPRESENTATIVE STUTES requested verification that the bill has nothing to do with additional access, where the division stores its database, or anything else along those lines.

MR. SPANOS advised that Representative Stutes was correct.

[2:35:27 PM](#)

REPRESENTATIVE EASTMAN commented that it is the custom and practice of this committee to wait until the committee had heard public testimony before submitting amendments to Legislative Legal and Research Services.

CHAIR CLAMAN said that the committee did not hear any public testimony, and what are his comments on the bill.

REPRESENTATIVE EASTMAN commented that it has been the committee's practice to hear public testimony, whether it is long, short, or non-existent, before contacting Legislative Legal and Research Services to discuss amendments. He requested 24 hours concerning an amendment he would like to propose.

[2:36:09 PM](#)

CHAIR CLAMAN asked Representative Eastman to explain the amendment he would like to propose.

REPRESENTATIVE EASTMAN said he would like to discuss with Legislative Legal and Research Services whether the laws need an amendment, he thinks they might and he would like to have that conversation before bringing something to the committee.

CHAIR CLAMAN pointed out that this bill has been on the committee's agenda since last Friday, and he asked what prevented Representative Eastman from having that conversation in the last several days.

REPRESENTATIVE EASTMAN answered that no deadline had been assigned for amendments because the bill had not been discussed in committee.

[2:36:49 PM](#)

CHAIR CLAMAN asked whether there were any other comments on the bill other than the desire to take up amendments.

REPRESENTATIVE REINBOLD said the bill was filed in 2017, and Mr. Spanos testified that this was the first hearing on the bill.

MR. SPANOS said that Representative Reinbold was correct.

REPRESENTATIVE REINBOLD related that it is the first hearing and "we've got a whole lot of stuff going on. He couldn't answer a ton of questions that we had." She described that public testimony was about 15 seconds ...

CHAIR CLAMAN interjected that he understands she has a perspective about the public testimony, but in fact, this hearing had been noticed for some time and not one single member of the public chose to testify (audio difficulties) for not coming and testifying. It is his belief, he commented, that the public not testifying indicates that they are comfortable with this bill because it had been noticed.

REPRESENTATIVE REINBOLD related that she had said that 15 seconds was a ridiculous amount for public testimony. She opined that the public would want to weigh in on this bill and they want legislators to offer amendments ...

CHAIR CLAMAN asked Representative Reinbold to direct her comments to the bill and not comments trying to attack the chair.

REPRESENTATIVE REINBOLD said she has deep concerns with this bill, it is the committee's first hearing, and the bill has not been well vetted. She offered concern regarding the 400,000 taxpayers and approximately [17,000] corporations that pay income tax wherein the 300 employees could potentially have access to confidential information. She said that she does not understand why the committee is "cramming this through right now," and she will be a no-vote in moving this legislation out of committee.

[2:39:01 PM](#)

CHAIR CLAMAN, in response to Representatives Eastman and Reinbold's request, said that the deadline for amendments is 5:00 on Thursday. He related that an amendment will be prepared to change the effective date of HB 219 from July 1, 2017 to July 1, 2018.

[HB 219 was held over.]

[2:39:56 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 2:40 p.m.