

SENATE FINANCE COMMITTEE

April 18, 2018

9:08 a.m.

9:08:14 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:08 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Peter Micciche
Senator Donny Olson
Senator Gary Stevens
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Representative Steve Thompson, Sponsor; Lynette Bergh, Staff, Representative Steve Thompson; Sara Chambers, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community and Economic Development; Representative Chuck Kopp, Sponsor; Erick Cordero Giorgana, Staff, Representative Chuck Kopp; Sara Race, Director, Permanent Fund Dividend Division, Department of Revenue; Doug Wooliver, Deputy Director, Alaska Court System.

PRESENT VIA TELECONFERENCE

Karen Tarver, State Board of Public Accountancy, Juneau; Chuck Johnson, State Board of Accountancy, Fairbanks; Don Rulien, Former Chair, State Board of Public Accountancy, Anchorage; Taylor Winston, Office of Victims' Rights, Anchorage.

SUMMARY

SSHB 147 PUBLIC ACCOUNTING

SSHB 147 was HEARD and HELD in committee for further consideration.

CSSSHB 216(FIN) am
CRIMES; RESTITUTION; DIVIDEND FUND

CSSSHB 216(FIN) am was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon informed that committee members would be moving in and out of the committee meeting as they dealt with legislation advancing for consideration in the other body.

#hb147

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 147

"An Act relating to the Board of Public Accountancy; relating to the licensure of public accountants; and relating to the practice of public accounting."

9:09:33 AM

REPRESENTATIVE STEVE THOMPSON, SPONSOR, stated that HB 147 had come about when members of the Board of Public Accountancy had contacted his office. He read from the Sponsor Statement (copy on file):

The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) provided the Alaska Board of Public Accountancy under the Department of Commerce, Community, and Economic Development with a summary of areas where the Alaska statutes and regulations for public accountancy differ from the Uniform Accountancy Act or AICPA's Code of Professional Conduct.

The proposed statute changes will align the Alaska statutes and regulations for public accountancy with these national organizations.

9:12:25 AM

LYNETTE BERGH, STAFF, REPRESENTATIVE STEVE THOMPSON, discussed the Sectional Analysis (copy on file):

Section 1. Amends AS 08.04.080 - Removes requirement for the board to mail full paper copies to every licensee/interested party to notice proposed rules or amendments.

Section 2. Amends AS 08.04.110 - Removes minimum age requirement.

Section 3. Amends AS 08.04.195(a) - Removes the number of years of prior public accounting experience and examination for out-of-state applicants as the applicants must meet accounting experience requirements as established by the Board by regulation.

Section 4. Amends AS 08.04.565 - Adds a new section that delineates prohibited acts. An individual under AS 08.04.105 may not perform attest functions through a partnership, limited liability company, corporation or other business entity unless those groups mentioned above hold a valid permit under AS 08.04.240.

Section 5. Amends AS 08.04.622-Amends the exceptions to confidential communication by adding information that is disclosed under applicable state or federal laws or as required by the Public Company Accounting Oversight Board.

Section 6. Amends AS 08.04.680(1) by expanding the definition of "attest function" to include procedures in accordance with the standards developed by national accountancy organizations and adopted by the board in regulation.

Section 7. AS 08.04.680(19) is amended by clarifying the definition of "report". The definition was also amended to conform with the drafting rules.

Section 8. Amends AS 08.04.680(20) definitions for "state" by adding the Northern Mariana Islands and clarifying language for the United States Virgin Islands.

Section 9. Repeals AS 08.04.120(b), 08.04.180, 08.04.580, 08.04.590, 08.40.595 and 08.04.598.

Co-Chair MacKinnon asked about Section 9 of the bill and what was being repealed.

[9:15:43 AM](#)

AT EASE

[9:16:27 AM](#)

RECONVENED

Ms. Bergh confirmed that AS 08.04.120(b) pertained to education and experience requirements; AS 08.04.180 referenced applicant license requirements; AS 08.04.580 pertained to partnership posing as accountants; 08.04.590 dealt with a corporation using a name without a current permit; 08.40.595 pertained to use of a title with limited liability; and 08.04.598 had to do with a title, name or other legal entity.

Co-Chair MacKinnon asked about the rationale for repealing the sections listed. She understood that the change related to educational experience.

Ms. Bergh asked to defer the question to a board member.

KAREN TARVER, STATE BOARD OF PUBLIC ACCOUNTANCY, JUNEAU (via teleconference), informed that she was in her fifth year as a member of the board. She detailed that the section pertaining to prior applicants was a carry-over that was outdated and no longer required due to new regulations.

Co-Chair MacKinnon asked if there were working accountants that the statute applied to.

Ms. Tarver stated that the section would be relevant to applicants that had applied for licensure before 1960 and pertained to taking the exam. The exception was related to the number of credits required to take the exam and was no longer needed to apply to current standards.

Co-Chair MacKinnon asked if Ms. Tarver could speak to the other sections proposed to be repealed.

Ms. Tarver stated that the remaining sections proposed for repeal were all related to the use of names. With the new proposed section, the entities were lumped together rather than having separate sections.

[9:20:42 AM](#)

Senator Stevens asked for clarification on the repeal of sections relating to educational requirements.

Ms. Tarver elucidated that the bill did not repeal educational requirements. Rather, the bill proposed to remove the particular exception for applicants prior to 1960. The current educational requirement was for applicants to have 150 semester hours. The board had felt that the group of people the exception had applied to had decreased over time.

Co-Chair MacKinnon surmised that 08.04.120(b) was a two-part section on educational requirements, and the 150 hours were still required. Section (b) was proposed to be removed, was related to the exception for those that had applied prior to 1960.

Ms. Tarver answered in the affirmative.

Co-Chair MacKinnon asked if AS 08.04.120 remained in statute and read from existing statute:

The education and experience requirements for an applicant are a baccalaureate degree or its equivalent conferred by a college or university acceptable to the board and additional semester hours or post-baccalaureate study so that the total educational program includes at least 150 hours, with an accounting concentration or equivalent as determined by the board by regulation to be appropriate, and two years of accounting experience satisfactory to the board.

[9:24:03 AM](#)

Senator Stevens wondered if the sponsor could elaborate on the proposed changes to the educational requirements. He asked about the definition of an acceptable institution and assumed it would be accredited.

Representative Thompson stated that there were some older regulations that allowed for Certified Public Accountant (CPA) applicants prior to 1960 to apply without meeting the established educational requirements. He discussed the current educational requirements.

Mr. Tarver stated that Representative Thompson was correct. She offered to provide a list of acceptable institutions, which were based on the guidelines by NASBA and AICPA.

Vice-Chair Bishop observed that there could be an accounting recruiting problem in the state. He referenced Section 2 and Section 3 of the bill. He wondered if the board was trying to use best practices to shore up the shortfall in the profession.

Representative Thompson thought the bill was repealing older exceptions and had also incorporated new standards.

[9:27:34 AM](#)

CHUCK JOHNSON, STATE BOARD OF ACCOUNTANCY, FAIRBANKS (via teleconference), addressed the comments by Vice-Chair Bishop. He informed that there were about 54 jurisdictions that administered the CPA test. He furthered that Section 3 of the bill would allow for more mobility between states. He thought the bill was a cleanup of reciprocity. He opined that older regulations had been more restrictive, and the bill would increase mobility of out-of-state accountants in Alaska. At statehood it was possible to pass the CPA exam without going to college. He thought that removing the exception would not affect potential license applicants.

[9:30:09 AM](#)

Vice-Chair Bishop understood reciprocity and thanked Mr. Johnson for his comments.

Mr. Johnson spoke to Section 4 and noted that the statutes had evolved as corporations and partnerships were formed. He discussed the changes and updates to statutes over time. He referenced the fiscal note and stated that the board was trying to be consistent with other boards in the state. He discussed the expenses of mailing regulation updates and the utility of the internet.

Co-Chair MacKinnon asked if Mr. Johnson was in favor of the bill.

Mr. Johnson answered in the affirmative. He stated that the board was unanimous in support of the bill.

Co-Chair MacKinnon stated that her staff had experience with a previous bill in 2008, which had adopted new standards and put in a grandfather clause provision for those that were completing degrees.

[9:33:00 AM](#)

Co-Chair MacKinnon OPENED public testimony.

KAREN TARVER, STATE BOARD OF PUBLIC ACCOUNTANCY, JUNEAU (via teleconference), testified in support of the bill. She stated that the board worked closely with the Alaska Society of CPAs.

[9:34:13 AM](#)

DON RULIEN, FORMER CHAIR, STATE BOARD OF PUBLIC ACCOUNTANCY, ANCHORAGE (via teleconference), spoke in support of the bill. He relayed that the board had been working on the changes for almost two years. The board had worked closely with the Alaska Society of CPAs to ensure that all parties were in accord with the proposed changes.

[9:35:14 AM](#)

Co-Chair MacKinnon CLOSED public testimony.

Vice-Chair Bishop discussed FN 1 from the Department of Commerce, Community and Economic Development (DCCED). The cost in FY 19 would be \$4,000. He read from the Analysis on page 2 of the fiscal note:

If the bill passes, the following expenses will be incurred:

Services: \$4.0 (printing, postage and legal costs for regulation project)

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation

are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.

Co-Chair MacKinnon noted that there was an error in the fiscal note.

Representative Thompson disclosed that his wife was a CPA and a past member of the board.

Co-Chair MacKinnon asked for clarification on the fiscal note. She wondered if there was an inaccurate title.

SARA CHAMBERS, DIVISION OF CORPORATIONS, BUSINESS, AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, was not aware of an error in the fiscal note.

[9:38:17 AM](#)

AT EASE

[9:38:22 AM](#)

RECONVENED

Co-Chair MacKinnon clarified that there was not an error on the fiscal note.

Co-Chair MacKinnon asked if there had been feedback on the repeal of a section that required a copy of proposed regulations be mailed to all licensees, or if there was general understanding and acceptance from people in the field.

Ms. Chambers answered in the affirmative. She stated that the bill would bring the board's regulations in line with others in the division. She stated that the division would continue to mail a one-page alert to relevant licensees and interested parties. The proposed change would provide modernization, had been vetted by the Department of Law (DOL), and had received no negative feedback.

Co-Chair MacKinnon stated that her office had received regulation review notifications frequently, and it was hard to follow what transpired. She was not sure that condensing information to one page would be advantageous.

Ms. Chambers stated that the division's goal was to make the public processes engaged in by the board to be as transparent as possible. With the action described, the division would provide more information online that had explanations in plain language. One of her goals was to continue to make the process adhere to best practices and avoid the sentiments that Co-Chair MacKinnon had described. She relayed that the division had recently added a second regulations specialist after having only one on staff. She expressed a desire to work with Co-Chair MacKinnon and her staff to glean more feedback.

Co-Chair MacKinnon appreciated Ms. Chambers' responsiveness. She elaborated that confusion could be caused by providing incomplete information regarding regulation changes.

[9:41:35 AM](#)

Senator Stevens asked for a brief explanation of the board members' experience and length of term.

Ms. Chambers believed the board had 7 members. All boards were made up of a mix of licensees and public members. All boards had a limitation of two terms served without a break in service. Board members could then be appointed at a later time if there was a break in service.

Co-Chair MacKinnon asked if Mr. Johnson could confirm the terms.

Ms. Johnson had been on the board for 7 years and would end his second term on the Board of Accountancy the following February. He believed that two other members were serving second terms as well.

Senator Stevens asked about term limits. He surmised that a board member could serve for two four-year terms before having to take a term off.

Mr. Johnson agreed. There was a public member from Kotzebue. He stated that the board endeavored to have diverse geographical representation within the state.

SSHB 147 was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon set aside SSHB 147. She asked members to submit proposed amendments or concerns by noon.

[9:45:08 AM](#)

AT EASE

[9:48:23 AM](#)

RECONVENED

#hb216

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 216(FIN) am

"An Act relating to restitution; relating to the office of victims' rights; relating to transfers from the dividend fund; creating the restorative justice account; relating to appropriations from the restorative justice account for services for and payments to crime victims, operating costs of the Violent Crimes Compensation Board, operation of domestic violence and sexual assault programs, mental health services and substance abuse treatment for offenders, and incarceration costs; relating to contributions from dividends; relating to delinquent minors; and providing for an effective date."

[9:48:23 AM](#)

Co-Chair MacKinnon read the full title of the bill.

Co-Chair MacKinnon stated that the committee would like to hear about what the bill was trying to solve.

REPRESENTATIVE CHUCK KOPP, SPONSOR, stated that the Senate had unanimously passed a similar bill in 2014. He stated that the bill attempted to solve the problem of getting restitution back to victims of crimes. He referenced the many outstanding restitution orders for which there was no mechanism in place to complete. The Alaska Criminal Justice Commission's (ACJC) December 2016 report on victim restitution highlighted the need for restoration to victims of property crime. He stated that the bill was a summary of an effort to analyze the problems in the restitution system. He detailed that the Court System reported that there was over \$120 million in outstanding court-ordered restitution. With the exclusion of a large restitution for the Alyeska pipeline, the amount equaled approximately \$80 million.

Representative Kopp continued that the bill would get the Crime Victim Compensation Fund back to its original state. In 1988, the legislature had implemented a vehicle to help deliver restitution. Those persons convicted of a felony (or persons with a second or third misdemeanor) during the qualifying year for the Permanent Fund Dividend (PFD), would be ineligible to receive a dividend, and the monies would instead be directed toward the Crime Victim Compensation Fund for victim restitution. Over the past 30 years, other eligible entities had been added, and one inclusion was the cost of incarceration and probation. The fund was no longer primarily for victim's compensation, but rather was known for paying for inmate health. He emphasized that only two percent of the fund went towards victims of crime.

[9:52:29 AM](#)

Representative Kopp continued discussing the rationale for the bill. He specified that HB 216 would establish a priority order for funding similar to that of the Technical Vocational Educational Fund, which had established percentages to go towards the eligible entities. A total percentage of the fund would go to various victim's services agencies, and a priority order would be set. He discussed the Crime Victim Compensation Board, which helped individuals affected by violent crime with funding up to \$40,000 per incident. The second priority for funding was the Office of Victim's Rights (OVR), which would help people with restitution orders. The bill proposed to put a vehicle in the law for the legislature to make an appropriation of money that could be applied toward restitution orders, which averaged between \$500 and \$1000. He reported that some individuals had been waiting for restitution for up to 20 years.

Representative Kopp stated that the bill did not alleviate an offender from paying the state back. Additional priorities went to domestic violence and sexual assault service agencies, behavioral and mental health treatment for substance abuse, and the Department of Corrections (DOC). The bill set percentage ranges based on historical use that would keep DOC "relatively whole." With the range in the bill, DOC could still receive the majority of the fund needed to pay for inmate healthcare. The priority list would provide guidance for the Office of Management and

Budget during the time appropriations were made. He stated that the bill was unanimously endorsed by the Anchorage Municipal Assembly and the Anchorage Peace Officers Association.

[9:56:11 AM](#)

ERICK CORDERO GIORGANA, STAFF, REPRESENTATIVE CHUCK KOPP, discussed the presentation "House Bill 216 - Establishing the Restorative Justice Account and Prioritizing Help for Victims of Crimes" (copy on file).

Mr. Cordero looked at slide 2, "Legislative Intent":

Restoring crime victims to a pre-offense condition through the Criminal Fund established in 1988.

Mr. Cordero showed slide 3:

- 59% of adult women in Alaska have experienced domestic violence or sexual violence throughout their lifetime. (CDVSA Report)
- Compensation claims continue to increase yearly. (VCCB Report) and in 2017, the majority of victims were women and children.
- The outstanding balance of restitution orders is over \$129 million.

Mr. Cordero discussed the state's leading rates of domestic violence and child abuse. He thought the bill was another way the legislature could address the matter.

Mr. Cordero reviewed slide 4, "Compensation vs Restitution":

Compensation
Emergency funds that innocent victims can obtain without waiting for a conviction

Restitution
Court - ordered payments to victims post conviction

Mr. Cordero informed that compensation was money that was available before the court ordered a restitution payment to a victim. Compensation was available right away, while restitution could be delayed for quite some time.

Mr. Cordero showed slide 5, "Criminal Fund Use Over the Years," which showed the historical use of the fund From FY 08 through FY 16. He pointed out that at one time the fund's use was largely even between DOC and the agencies that provided services to victims; while currently the services to victims received only a very small percentage. He noted that the amount of the funds available changed from year to year depending upon the size of the PFD.

Mr. Cordero spoke to slide 6, "Sample Appropriations from the Criminal Fund," which showed a bar graph that highlighted an example of how the funds were used. The blue line depicted the services to victims and had at one point included the Council on Domestic Violence and Sexual Assault and the operating costs of OVR and others. The yellow showed the funding going to DOC.

Mr. Cordero reviewed slide 7, "Violent Crimes Compensation Board," which showed a bar graph. The Violent Crimes Compensation Board reported that even with a rise and fall in violent crimes, there was a steady increase of individuals applying for compensation payments. He pointed out a steady rise in news claims received over the previous 17 years.

Mr. Cordero discussed slide 8, "Violent Crimes Compensation Board," which showed a pie chart entitled 'New Claims By Crime Type.' He pointed out that the majority of claims for compensation were from the crimes of domestic violence, homicide, and child abuse. He noted that most cases of child abuse involved sexual abuse of children.

[9:59:17 AM](#)

Mr. Cordero showed slide 9, "Annual Outstanding Restitution Balances," which showed a line graph. He discussed the spike on the graph in 2003 pertaining to the Alyeska pipeline incident. The majority of persons were owed less than \$1,000. He informed that there was a \$10,000 restitution cap in the bill based on information from the Alaska Court System.

Vice-Chair Bishop asked about eligibility for restitution and assumed that it would require a court settlement delivered by a judge.

Representative Kopp stated that an individual would be automatically in a queue for compensation given there was a police report, victimhood was established, and the individual met the minimum eligibility requirements established Violent Crimes Compensation Board. The board considered factors such as whether a person was a participant in the crime situation, or rather a victim in the classic sense. A restitution order came after cases were adjudicated, which could take up to years.

10:01:10 AM

AT EASE

10:02:46 AM

RECONVENED

Co-Chair MacKinnon mentioned eligibility requirements and the process for restitution.

Representative Kopp stated that there was a \$10,000 award for each individual and event. The award would be made as a result of a court process by due process of law, at the end of which an adjudication of guilt was given and the court determined if there was a monetary restitution award owed the victim. There was protection in the law before the amount of the award was arrived at, and the victim's loss must be proved to the court.

Co-Chair MacKinnon asked if the perpetrator of the crime was held responsible to pay the restitution to the state.

Representative Kopp answered in the affirmative. He stated that previous legislation required probation and parole to set-up payment and restitution as a requirement for successful completion. He reiterated that no liability of the perpetrator was alleviated by the bill.

Co-Chair MacKinnon asked if a person had to be identified in order for restitution to take place.

Representative Kopp stated that a restitution order had to identify a responsible party. He thought it would be possible for the legislature to appropriate restitution funds for cases in which a responsible party was not identified, but it would be complex. A restitution order would not be written by a court unless there was an individual that was successfully prosecuted.

10:05:51 AM

Senator Stevens asked if restitution funds paid back by the perpetrator went back into the compensation fund or back to the General Fund.

Mr. Cordero informed that the repaid funds currently went to the General Fund, but the bill would authorize the legislature to appropriate the recovered funds into a fund that was created in Section 6 of the bill.

Co-Chair MacKinnon informed that the presentation was available online.

Mr. Cordero informed that he would review the Sectional Analysis, which would address the last two slides of the presentation.

Mr. Cordero reviewed the Sectional Analysis (copy on file):

Section 1 - AS 12.55.045(m)

Section 1 establishes that the Alaska Court System can accept restitution payments or prepayments at any time. Language that is explicitly stated in Section 2 regarding the Alaska Department of Law is removed.

Section 2 - AS 12.55.051(f)

Section 2 includes the process that the Alaska Court System will use to share information about restitution orders with other state agencies. It amends the current statute to allow the Office of Victims' Rights to receive and share information with the Alaska Court System consistent with all the rules of privacy as required by law. This section also amends the notification requirement for victims by the Alaska Department of Law to include information on receiving assistance from the Office of Victims' Rights and information on how to apply for that assistance.

Section 3 - AS 12.55.051(g)

Section 3 requires a notification from the Department of Law to victims about their right to assistance with collecting restitution payments and it amends the period from 30 to 90 days, from the time of notification, for a victim to opt-out from receiving

automatic assistance. This section allows victims to stop receiving assistance at any time in the future.

Representative Kopp informed that Section 3 incorporated a recommendation from the ACJC's restitution report. The opt-out would give victim's more time to assess their needs post-incident.

[10:08:54 AM](#)

Vice-Chair Bishop asked if the bill section allowed a victim to opt out of the process.

Representative Kopp stated that extending the opt-out period would allow for a victim to have more time to determine an actual loss and whether assistance from the state was needed.

Mr. Cordero continued to address the Sectional Analysis:

Section 4 - AS 24.65

Section 4 enables the Office of Victims' Rights to assist victims with restitution payments, subject to appropriation, from the Restorative Justice Account based on priority: a natural person, private businesses, and state and local governments.

It authorizes the Office of Victims' Rights to establish a process to assist victims through the Restorative Justice Account and caps the amount of funds that a victim can receive.

Section 5 - AS 43.23.028

Section 5 delineates the duties of the Department of Revenue to administrate the permanent fund dividend payments, regulations, timelines, and deadlines and allows cooperation with other state agencies and law enforcement. It requires the department to pay annual dividends from the dividend fund to eligible recipients. The Department of Corrections and the Department of Public Safety will provide the Department of Revenue with a list of individuals ineligible for a dividend in order to transfer these funds into the Restorative Justice Account. It also clarifies language about public disclosures.

Section 6 - AS 43.23.048

Section 6 establishes the Restorative Justice Account as a separate account in the dividend fund. It tasks the Commissioner of Revenue every year to transfer from the dividend fund to the Restorative Justice Account an amount equal that would have been paid to ineligible individuals if they had been eligible.

This section allows the legislature to prioritize use of the funds through appropriations with services to victims as the highest priority by using percentages and ranges.

The section further clarifies that a defendant ordered to pay restitution is still liable for payments regardless of whether a victim receives help from the Restorative Justice Account. The Legislature may appropriate restitution payments back into the Restorative Justice Account.

The section clarifies the bill does not create a dedicated fund.

Mr. Cordero informed that there was a legal opinion contained in the members' bill packet that informed that the legislature always had the discretion whether or not to appropriate funds.

[10:13:10 AM](#)

Mr. Cordero continued to address the analysis:

Section 7 - AS 43.23.055

Section 7 defines the process and duties of the Department of Revenue regarding the calculation, eligibility, and distribution of permanent fund dividends. The bill adds language for the department to establish regulations pertaining to the Restorative Justice Account created in Section 6.

Section 8 - AS 43.23.062(a)

Section 8 authorizes the Department of Revenue to add the crime victims' compensation fund, managed by the Violent Crimes Compensation Board, to the list of entities that qualify for the Pick.Click.Give program.

Section 9

Section 9 defines the duties of the Department of Revenue regarding the list of entities that qualify to receive donations through Pick.Click.Give's public database. The section adds the crime victims' compensation fund to the list.

Section 10

Section 10 authorizes the Department of Revenue to charge a processing fee to the entities that receive donations through permanent fund dividends. This section also exempts this fee from donations made to the crime victims' compensation fund.

Section 11 - AS 47.12.160(f)

Section 11 authorizes the Court System to receive payments and pre-payments from a minor or a minor's parent at any time. This section removes redundant language.

Section 12 - AS 47.12.170(c)

Section 12 authorizes the Alaska Court System to forward copies of restitution orders to the Office of Victims' Rights and the Department of Health and Social Services. It instructs the DHSS to inform crime victims that they may qualify for services through the Office of Victims' Rights.

Section 12 also requires that information considered confidential by law, remains confidential.

Section 13 47.12.170(d)

Section 13 clarifies that the opt-out period for a victim is extended from 30 to 90 days from the day of notification and instructs the Department of Health and Social Services to notify victims of their rights to assistance.

Section 14

Section 14 establishes an effective date.

[10:14:47 AM](#)

Co-Chair MacKinnon stated she was contemplating the idea of Pick.Click.Give contributions to state government. She mentioned a bill that passed the Senate that addressed the same subject.

Senator von Imhof asked if slide 12 had been addressed.

Mr. Cordero stated that the highlights of law mentioned on the slide were the items covered in the Sectional Analysis.

Senator von Imhof asked about the reasoning for creating a secondary fund when there was a fund already.

Representative Kopp stated that the fund was a line item rather than a true fund. The bill would create the fund and use it as a tool so that monies would go into the fund for the purpose of the appropriations based on the priority order proposed in the bill.

Mr. Cordero added that the bill would allow the legislature to make appropriations to the fund from repayments by offenders, which would then be available for future use.

[10:17:24 AM](#)

Co-Chair MacKinnon OPENED public testimony.

Co-Chair MacKinnon CLOSED public testimony.

Co-Chair MacKinnon noted that the Director of the Alaska Permanent Fund Dividend Division and a representative from the Court System were present.

SARA RACE, DIRECTOR, PERMANENT FUND DIVIDEND DIVISION, DEPARTMENT OF REVENUE, stated that she had a fiscal note that outlined how the proposed bill would administratively change the Crime Victims Compensation Fund. She referenced the way dividends were calculated for felons and misdemeanants. She mentioned the proposed Restorative Justice Account, from which garnished funds would be appropriated for victim's compensation.

Co-Chair MacKinnon asked if the bill would provide any additional burden for the division.

Ms. Race stated that the division and DOR would take on additional transactions if the bill were to pass. Money coming out of the dividend was itemized, but the division was not involved in ensuring the transfers occurred. If the bill were to pass, funds would flow into the new account and DOR and the division would be responsible for making sure money appropriated through legislative process went to

the correct accounts. Likewise, transactions of funds into the account would be under the purview of the department with the help of the Court System.

Co-Chair MacKinnon stated that usually regulations cost between \$2,500 and \$4,000; while the division was requesting \$5,000. She asked Ms. Race to address FN 7, OMB component 981.

Ms. Race stated that the first year after the bill's passage the division would be setting up the account and creating a reporting process. In the outgoing years, there was \$15,000 listed on the fiscal note as there would be transactions coming in and out (depending upon the number of accounts).

[10:21:58 AM](#)

Senator Micciche surmised that Ms. Race was asserting that the division would be the payer of the program going forward.

Ms. Race stated that the division had not completely worked out the logistics, but thought the division would be working with the Court System and other entities that worked with individuals directly. She suggested the division would be working agency-to-agency.

Vice-Chair Bishop referenced Section 8 on the Sectional Analysis. He asked about the addition of the board to the entities qualified for the Pick.Click.Give program.

Ms. Race stated that the Crime Victim's Compensation Fund would operate similarly to the Survivor's Fund within the program. The fund would not be subject to the \$250 fee or 7 percent charge as part of the registration process.

[10:23:44 AM](#)

Co-Chair MacKinnon asked for the Court's perspective on the bill and the protentional impact on the department.

DOUG WOOLIVER, DEPUTY DIRECTOR, ALASKA COURT SYSTEM, stated that the bill would affect the Court System, as it collected restitution from defendants to pass on to crime victims. He informed that the collections division within the DOL had been closed, after which the Court System took

over the task. Over the previous year, the department had disbursed over \$2 million in restitution payments. Payments were made frequently by incarcerated individuals, and the Court System worked with DOC to facilitate restitution payments from prisoner funds. The Court System tracked amounts payed and owed.

Mr. Wooliver continued, and relayed that after passage of the Court System would need to communicate with both OVR and DOR in order to share information and be in accord about the balance owed to victims. The Court System would continue to collect restitution and would send the money to the appropriate account. The bill would affect the extent to which the court system communicated with the entities, and a system would need to be set up. He thought that OVR might not have a system in place, and thought it had an associated fiscal note.

Mr. Wooliver continued to discuss the bill's impacts on the courts. He asserted that the bill would have a significant impact if the payments were up to millions of dollars per year due to the amount of records that would need to be updated. The inverse was also true.

[10:27:20 AM](#)

Co-Chair MacKinnon asked if Mr. Wooliver had issues with any of the language in the bill.

Mr. Wooliver answered in the negative.

Co-Chair MacKinnon asked if even though the courts demanded restitution as part of the process, if the act of collection should be the purview of the court.

Mr. Wooliver stated that the Court System only collected restitution to pass on to victims because DOL had stopped doing it. He discussed the importance of restitution. By collecting restitution, the Court System reduced additional workload by diminishing its potential caseload of victims using the execution process to claim restitution.

Co-Chair MacKinnon reminded that the bill proposed that Courts work with OVR, which would perhaps pursue restitution with more vigor than was previously attempted. She asked how he viewed working with the office.

Mr. Wooliver stated that the only work that the system would share with OVR was the weekly sharing of reports on restitution balances.

10:29:28 AM

Senator Micciche read the fiscal note and thought that there was a question of whether the Court System was covered with appropriate resources. Hi liked the bill. He asked Mr. Wooliver to speak to the degree of probability that the department could absorb the costs associated with passage of the bill.

Mr. Wooliver stated that in the early stages of the bill the Court System had tried to estimate how much additional funding OVR would have to make restitution payments. The bill put a mechanism in place by which OVR could facilitate the payment of restitution. He stated that if the department was required to update 200 records per week, it would require a full position. If the amount of funds available to OVR was minimal, the impact would be small. Creation of a fiscal impact note from the department would depend upon how much money the legislature appropriated to the project.

Co-Chair MacKinnon referenced the interchange in communication proposed in the bill.

TAYLOR WINSTON, OFFICE OF VICTIMS' RIGHTS, ANCHORAGE (via teleconference), stated that OVR fully supported the bill. The office had observed extended restitution orders over the years made by the court for victims, many of which were never fulfilled (particularly for property victims). She noted an increase in property crime and noted the only secondary recourse in pursuing restitution was onerous. She thought that the plan for the proposed Restorative Justice Fund would be incredibly helpful. She stated that there were victims that had been waiting almost 20 years from amounts of restitution in the range of \$1500 to \$2000.

Ms. Winston thought Mr. Wooliver had accurately described the nature of future communication for verifying restitution orders and other details. She noted that the verification would be a new function for OVR, and the fiscal note incorporated the addition of a case management system for restitution files as well as a position to enter

the cases into the system. Once payment had been made, the Court system would need to update files.

10:34:26 AM

Co-Chair MacKinnon asked if OVR's role had expanded to help property victims through the bill, or if it already was able to do so.

Ms. Winston stated that under current statute, OVR was able to help all property victims of felony-level crime. The statute did not allow for assistance to misdemeanor property victims. If the legislature wanted to contemplate OVR addressing restitution for misdemeanor property crimes, she thought it would require a change in statute.

Co-Chair MacKinnon asked for a dollar value that made a property crime a felony.

Ms. Winston thought the amount had been changed through the passage of SB 91 and was approximately \$2500. She continued that OVR could help with victims of vehicle theft or burglary, regardless of the amount of property that was taken. Arson and embezzlement were other conditions under which OVR could assist with restitution.

Co-Chair MacKinnon stated that the committee would check the dollar value that made a property crime a felony. She thought a secondary bill had lowered the amount after passage of SB 91 due to public outcry that property crimes had not been taken seriously.

CSSSHB 216(FIN)am was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon asked members to provide proposed amendments by then end of the following day. She discussed the agenda for the afternoon meeting.

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ADJOURNMENT

10:38:24 AM

The meeting was adjourned at 10:38 a.m.