

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

April 3, 2018

3:48 p.m.

MEMBERS PRESENT

Senator Kevin Meyer, Chair
Senator David Wilson
Senator Cathy Giessel
Senator John Coghill
Senator Dennis Egan

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 118

"An Act relating to the disclosure of personal information."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 96(FIN)

"An Act amending the calculation of adjusted gross income for purposes of the tax on gambling activities aboard large passenger vessels; repealing a provision allowing an investigation expense under the Alaska Small Loans Act to be in place of a fee required under the Alaska Business License Act; repealing the amount that may be deducted from the tobacco excise tax to cover the expense of accounting and filing for the monthly tax return; repealing the discount on cigarette tax stamps provided as compensation for affixing the stamps to packages; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 168

"An Act relating to regulation notice and review by the legislature; and relating to the Administrative Regulation Review Committee."

- MOVED HB 168 OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 10
Proposing an amendment to the Uniform Rules of the Alaska State
Legislature relating to the jurisdiction of standing committees.

- MOVED HCR 10 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 20(JUD)
"An Act relating to marriage solemnization; and authorizing
elected public officials in the state to solemnize marriages."

- MOVED CSHB 20(JUD) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 152(STA)
"An Act relating to the organized militia; and relating to the
authority of the adjutant general."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 118

SHORT TITLE: DISCLOSURE OF CUSTOMER INFORMATION

SPONSOR(S): SENATOR(S) WIELECHOWSKI

04/24/17	(S)	READ THE FIRST TIME - REFERRALS
04/24/17	(S)	STA, L&C
04/03/18	(S)	STA AT 3:30 PM BUTROVICH 205

BILL: HB 96

SHORT TITLE: TAXES; DEDUCTIONS; FEES; TAX STAMP DISCOUNT

SPONSOR(S): REPRESENTATIVE(S) THOMPSON

02/01/17	(H)	READ THE FIRST TIME - REFERRALS
02/01/17	(H)	FIN
02/21/18	(H)	FIN AT 1:30 PM ADAMS ROOM 519
02/21/18	(H)	Heard & Held
02/21/18	(H)	MINUTE(FIN)
02/27/18	(H)	FIN AT 9:00 AM ADAMS ROOM 519
02/27/18	(H)	Moved CSHB 96(FIN) Out of Committee
02/27/18	(H)	MINUTE(FIN)
02/28/18	(H)	FIN RPT CS(FIN) 11DP
02/28/18	(H)	DP: GARA, WILSON, KAWASAKI, THOMPSON, PRUITT, ORTIZ, GUTTENBERG, GRENN, TILTON,
02/28/18	(H)	SEATON, FOSTER
03/05/18	(H)	TRANSMITTED TO (S)
03/05/18	(H)	VERSION: CSHB 96(FIN)

03/07/18 (S) READ THE FIRST TIME - REFERRALS
03/07/18 (S) STA, FIN
04/03/18 (S) STA AT 3:30 PM BUTROVICH 205

BILL: HB 168

SHORT TITLE: REPEAL ADMIN. REG. REVIEW COMMITTEE

SPONSOR(s): REPRESENTATIVE(s) CHENAULT

03/10/17 (H) READ THE FIRST TIME - REFERRALS
03/10/17 (H) STA, FIN
02/06/18 (H) STA AT 3:00 PM GRUENBERG 120
02/06/18 (H) Heard & Held
02/06/18 (H) MINUTE(STA)
02/08/18 (H) STA AT 3:00 PM GRUENBERG 120
02/08/18 (H) Moved HB 168 Out of Committee
02/08/18 (H) MINUTE(STA)
02/09/18 (H) STA RPT 6DP 1NR
02/09/18 (H) DP: BIRCH, KNOPP, LEDOUX, WOOL,
JOHNSON, KREISS-TOMKINS
02/09/18 (H) NR: TUCK
03/01/18 (H) FIN AT 9:00 AM ADAMS ROOM 519
03/01/18 (H) Moved HB 168 Out of Committee
03/01/18 (H) MINUTE(FIN)
03/02/18 (H) FIN RPT 7DP 1DNP 2NR
03/02/18 (H) DP: GARA, WILSON, THOMPSON, PRUITT,
TILTON, SEATON, FOSTER
03/02/18 (H) DNP: KAWASAKI
03/02/18 (H) NR: ORTIZ, GRENN
03/14/18 (H) TRANSMITTED TO (S)
03/14/18 (H) VERSION: HB 168
03/16/18 (S) READ THE FIRST TIME - REFERRALS
03/16/18 (S) STA
04/03/18 (S) STA AT 3:30 PM BUTROVICH 205

BILL: HCR 10

SHORT TITLE: UNIFORM RULES: REGULATION REVIEW

SPONSOR(s): REPRESENTATIVE(s) CHENAULT

03/10/17 (H) READ THE FIRST TIME - REFERRALS
03/10/17 (H) STA, FIN
02/06/18 (H) STA AT 3:00 PM GRUENBERG 120
02/06/18 (H) Heard & Held
02/06/18 (H) MINUTE(STA)
02/08/18 (H) STA AT 3:00 PM GRUENBERG 120
02/08/18 (H) Moved HCR 10 Out of Committee
02/08/18 (H) MINUTE(STA)
02/09/18 (H) STA RPT 6DP 1NR

02/09/18 (H) DP: BIRCH, KNOPP, LEDOUX, WOOL,
JOHNSON, KREISS-TOMKINS
02/09/18 (H) NR: TUCK
03/01/18 (H) FIN AT 9:00 AM ADAMS ROOM 519
03/01/18 (H) Moved HCR 10 Out of Committee
03/01/18 (H) MINUTE(FIN)
03/02/18 (H) FIN RPT 7DP 1DNP 2NR
03/02/18 (H) DP: GARA, WILSON, THOMPSON, PRUITT,
TILTON, SEATON, FOSTER
03/02/18 (H) DNP: KAWASAKI
03/02/18 (H) NR: ORTIZ, GRENN
03/19/18 (H) BEFORE HOUSE IN SECOND READING
03/19/18 (H) TRANSMITTED TO (S)
03/19/18 (H) VERSION: HCR 10
03/21/18 (S) READ THE FIRST TIME - REFERRALS
03/21/18 (S) STA
04/03/18 (S) STA AT 3:30 PM BUTROVICH 205

BILL: HB 20

SHORT TITLE: SOLEMNIZE MARRIAGE: ELECTED OFFICIALS

SPONSOR(s): REPRESENTATIVE(s) CLAMAN

01/18/17 (H) PREFILE RELEASED 1/9/17
01/18/17 (H) READ THE FIRST TIME - REFERRALS
01/18/17 (H) STA, JUD
02/16/17 (H) STA AT 3:00 PM GRUENBERG 120
02/16/17 (H) Heard & Held
02/16/17 (H) MINUTE(STA)
02/18/17 (H) STA AT 11:00 AM GRUENBERG 120
02/18/17 (H) Moved CSHB 20(STA) Out of Committee
02/18/17 (H) MINUTE(STA)
02/22/17 (H) STA RPT CS(STA) 4DP 2DNP
02/22/17 (H) DP: TUCK, KNOPP, JOSEPHSON, KREISS-
TOMKINS
02/22/17 (H) DNP: JOHNSON, BIRCH
03/03/17 (H) JUD AT 1:00 PM GRUENBERG 120
03/03/17 (H) Heard & Held
03/03/17 (H) MINUTE(JUD)
03/06/17 (H) JUD AT 1:00 PM GRUENBERG 120
03/06/17 (H) Heard & Held
03/06/17 (H) MINUTE(JUD)
03/08/17 (H) JUD AT 1:00 PM GRUENBERG 120
03/08/17 (H) Moved CSHB 20(JUD) Out of Committee
03/08/17 (H) MINUTE(JUD)
03/15/17 (H) JUD RPT CS(JUD) 4DP 1NR 2AM
03/15/17 (H) DP: KOPP, KREISS-TOMKINS, LEDOUX,
CLAMAN

03/15/17 (H) NR: FANSLER
03/15/17 (H) AM: EASTMAN, REINBOLD
02/19/18 (H) TRANSMITTED TO (S)
02/19/18 (H) VERSION: CSHB 20(JUD)
02/21/18 (S) READ THE FIRST TIME - REFERRALS
02/21/18 (S) STA, JUD
04/03/18 (S) STA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR BILL WIELECHOWSKI
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 118, provided an overview.

ELISE SORUM-BIRK, Staff
Senator Wielechowski
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Provided a sectional analysis on SB 118.

REPRESENTATIVE STEVE THOMPSON
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of HB 96, provided an overview.

FORREST WOLFE, Staff
Representative Thompson
Alaska State Legislature
POSITION STATEMENT: Provided an overview of HB 96.

KEN ALPER, Director
Tax Division
Alaska Department of Revenue
Juneau, Alaska
POSITION STATEMENT: Addressed questions regarding HB 96.

REPRESENTATIVE MIKE CHENAULT
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of HB 168, provided an overview.

TOM WRIGHT, Staff
Representative Chenault
Alaska State Legislature
POSITION STATEMENT: Provided an overview of HB 168.

REPRESENTATIVE MATT CLAMAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 20, provided an overview.

SARA PERMAN, Staff
Representative Claman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview of HB 20.

ACTION NARRATIVE

[3:48:11 PM](#)

CHAIR KEVIN MEYER called the Senate State Affairs Standing Committee meeting to order at 3:48 p.m. Present at the call to order were Senators Wilson, Egan, Coghill, and Chair Meyer.

SB 118-DISCLOSURE OF CUSTOMER INFORMATION

[3:48:45 PM](#)

CHAIR MEYER announced the consideration of Senate Bill 118 (SB 118).

[3:48:50 PM](#)

SENATOR BILL WIELECHOWSKI, Alaska State Legislature, Juneau, Alaska, sponsor of SB 118, provided an overview as follows:

This bill stems from our constitutional obligation in Article I, Section 22, the constitution says, "The right of the people to privacy is recognized and shall not be infringed, the Legislature shall implement this by statute." This statute is seeking to protect personal information that internet websites collect about us on a daily basis. The internet has fundamentally changed our world but virtually every website you click on, every product that you buy, every medical illness you research, every political article you research, every religious site you visit is being recorded, collected and sold. There is little to stop data-brokers from using the information they gather from us in whatever way they please.

There is a gentleman named Jeff Chester, he's a privacy advocate and director for the Center for

Digital Democracy (CDD), and I think he summed it up very well, he said, "Because there are no online privacy laws in the United States, there's no stop sign, there's no slow sign, there's no crossing guard, the message is anything goes." We've seen that in recent months with the Facebook-Cambridge Analytical issue and the other things we are hearing about massive collections of information on the American citizens. Websites use up to a hundred tracking tools to collect personal information. Americans have lost jobs and have been denied mortgages when data-brokers have shared incorrect information and scammers use a data-brokerage list to target vulnerable populations like seniors. Many mobile apps show location information and phone numbers. Women and children have been hurt or killed when location data was shared with abusers.

This bill seeks to make the internet more transparent, it simply requires that website owners and online services tell people what personal information they are collecting and who it is being provided to. I would point out that similar legislation has passed the Illinois state senate and my staff checked was in third reading in their state house, today. Canada and the United Kingdom both have laws that allow consumers to find out what data is being shared about them. The European Union passed regulations in 2016 which goes into effect next month which are similar to this bill and actually goes further than this bill because they have what they call "Right to Be Forgotten," which is the right for the consumer to ask websites and the data-brokerage firms to actually delete the data that they have collected on them; we are not going quite that far but this would put us among the leaders in the nation in protecting Alaskans' internet privacy.

[3:52:34 PM](#)

ELISE SORUM-BIRK, Staff, Senator Wielechowski, Alaska State Legislature, Juneau, Alaska, provided a sectional analysis on SB 118 as follows:

Section 1:

Titles the legislation, the "Right to Know Act."

Section 2:

Enumerates legislative findings relating to Alaska's constitutional right of privacy and detailing the importance of transparency and security for consumers, and business practices related to personal digital data.

Section 3:

AS 45.48.800, requires the owner of a commercial internet website or commercial online service to notify customers of their information sharing practices, it outlines what information the owner must include in the notification.

[AS 45.48.810] requires the owner of a commercial internet website or commercial online service, if requested by the customer, to provide the customer any information shared about them in the previous 12 months and outlines which information the owner must provide to the customer.

[AS 45.48.820] identifies the categories of personal information that the owner needs to disclose.

[AS 45.48.830] outlines different exceptions to the disclosure requirement.

[AS 45.48.840] allows the customer to recover damages if an owner violates the right to know.

[AS 45.48.850] outlines how the right to know interacts with existing privacy regulations on the state and federal level.

The last section in section 3 provides definitions.

Section 4:

Establishes that this is only applicable to data collected after the effective date.

[3:55:14 PM](#)

SENATOR COGHILL asked if SB 118 was modeled after some "model legislation" or from states that were considering internet privacy. He explained that he was thinking about the difference between Alaska and other states on constitutional privacy.

SENATOR WIELECHOWSKI replied that he did not know if there was model legislation regarding internet privacy but noted that SB 118 is like what is being done in Illinois.

[3:55:35 PM](#)

SENATOR GIESSEL joined the committee meeting.

SENATOR COGHILL addressed the bill's application and asked if he has heard of any struggles on applying; for example, the need for a regulatory agency, how it would be housed in Alaska and how an individual would contact the agency.

SENATOR WIELECHOWSKI answered as follows:

We are not contemplating at this point a regulatory agency that would oversee this. We are contemplating that individuals would have a cause of action, a legal right to sue, it's in page 5, lines 26-30. So, if there was a violation there would be a monetary penalty of \$5,000 or whatever the actual damage where, whatever is greater plus attorney's fees. It's not something that we would anticipate would have a fiscal note. It's not something that we would anticipate the government would be overseeing and enforcing, but it would have that private right to action which we think would lead to enforcement.

SENATOR COGHILL surmised that the civil issue would have to be taken to court.

SENATOR WIELECHOWSKI answered yes.

SENATOR COGHILL remarked that the scenario Senator Wielechowski described would be a "David versus Goliath" situation.

[3:57:41 PM](#)

SENATOR WIELECHOWSKI concurred and noted that his office printed out terms of service for companies like Google. He pointed out that Google does not tell customers exactly what they do and speculated what they would say as follows:

Well, we may sell your data, we may take it, we are not going to tell you exactly what we are going to take, we are not going to tell you who we are going to provide this to, but we may go ahead and do it. So, it would require more specificity.

SENATOR COGHILL commented that he would ponder Senator Wielechowski's reply.

SENATOR WILSON noted Senator Coghill's enforcement comments and asked if the bill is strictly for Alaska-based internet transactions versus a federal issue with all internet transactions.

MS. SORUM-BIRK replied as follows:

This is specific to commercial internet websites or commercial online services, that would be any commercial internet website or commercial online service. So, a commercial online service would be something that you would subscribe to like Netflix or Amazon Prime.

She summarized that the legislation was going where things were heading anyway because the internet was an international medium. She explained that websites operating in Europe will have to provide a lot of the information required under the new European Union regulations. She said the bill's sponsor wants to make sure that Alaskans have privacy protection and the ability to know what data is being stored and collected.

[4:00:02 PM](#)

SENATOR WILSON remarked that he questioned enforcement for companies in other countries.

SENATOR WIELECHOWSKI responded as follows:

There may be companies that you can't get ahold of, there may be websites where that is true, that would be up to the person who wants to enforce that, the lawyers. I think if you come in to the State of Alaska with your website you are subjecting yourself to the jurisdiction of the State of Alaska, but I do think it is important to remember that this is something that is going to be done in the European Union, something that is going to be done in Canada, very similar, something is already being done in the United Kingdom. I think the vast majority of the websites that are out there are probably the ones that people go to on a regular basis are large, are things like CNN, MSNBC, Fox News, Yahoo, they are United States based. If there is a website that is collecting your information in some country that we don't have any sort of

treaties with, yes, you probably aren't going to be able to sue them, that is probably accurate.

CHAIR MEYER asked if the legislation should be done on the federal level rather than on the state level.

SENATOR WIELECHOWSKI answered yes. He conceded that the legislation is evolving at the state level because it is not happening at the federal level. He opined that Alaska has a very strong and explicit right to privacy with an obligation for enforcement by statute.

SENATOR COGHILL agreed with Senator Wielechowski's intent and opined that if enough states were to pass similar legislation a combined effort for a class action was possible if big industry was not to respond. He said he saw the value of putting the proposed legislation into statute to show the industry that they must respect the consumers. He conceded that he had not looked at the language in the bill and would have to review and ponder. He asked Senator Wielechowski if he concurred with his remarks.

[4:03:48 PM](#)

SENATOR WIELECHOWSKI answered absolutely. He asserted that the bill would be groundbreaking legislation that has not passed in any other state; however, he noted that Illinois would probably pass similar legislation within the next few days. He continued as follows:

It's one of those things where if you pass it in one state, I think from my understanding how this works it will not be hard for these companies to comply with. The ones that collect this data, the data-brokers, I think are pretty easily going to provide this information; but absolutely, if one state passes this I think you will see a ripple effect, a domino effect all across the other states because if you've got to do it for one state, you are setting up that infrastructure, you are really going to be able to provide it for every other state in the country.

SENATOR COGHILL noted that Senator Wielechowski quoted a privacy advocate and asked if the individual has been used in other places and if he can be approached as a resource. He inquired if the issue was an international discussion.

[4:05:12 PM](#)

SENATOR WIELECHOWSKI replied that the privacy advocate was quoted from a National Public Radio (NPR) article. He reiterated that the individual was an advocate for the Center for Digital Democracy. He noted that a number of people and organizations were concerned about privacy and added that a lot of libertarian organizations were concerned as well. He continued as follows:

This is something that people all across the country when you start talking about getting into their private information and selling it and accessing all sorts of things, that concerns people and there are definitely organizations; but, we can reach out to this person if you'd like and try to put him in touch with you or the committee.

SENATOR COGHILL asked that contact with the individual would be appreciated at least for himself or maybe the committee as well. He noted that he has not reviewed the research that Senator Wielechowski submitted with his legislation but added that the topic may be new but the subject is not.

CHAIR MEYER asked that Senator Wielechowski provide the information to his office for distribution to committee members. He asked if the state runs the risk of companies bypassing Alaska if the state is the only one that has the privacy law.

SENATOR WIELECHOWSKI answered that he did not think so and questioned whether a company could block a specific state. He opined that the information required in the legislation would not be difficult for companies to provide. He said like Senator Coghill said, the intent is to start a domino effect with a good law that other states can look at. He conceded that a law at the federal level would be ideal, but legislation just has not happened yet.

CHAIR MEYER noted that Senator Wielechowski had someone scheduled to testify on SB 118.

MS. SORUM-BIRK replied that the testifier was not available, but a written testimony was submitted.

CHAIR MEYER announced that public testimony would be left open.

[4:08:25 PM](#)

CHAIR MEYER held HB 118 in committee.

HB 96-TAXES; DEDUCTIONS; FEES; TAX STAMP DISCOUNT

[4:08:42 PM](#)

CHAIR MEYER announced the consideration of House Bill 96 (HB 96).

[4:09:14 PM](#)

REPRESENTATIVE STEVE THOMPSON, Alaska State Legislature, Juneau, Alaska, Sponsor of HB 96, provided an overview as follows:

House Bill 96 came about because 4 years ago we passed HB 306 which addressed indirect expenditures and it was passed and it's in the statutes now. Indirect expenditures are discounts that corporations can take against their state tax, it's a reduction in fees and things like that that we don't ever see, those fees never show up in the budget, we don't see them. So, HB 306 required that the Treasury Department every two years must make a report showing all of the foregone revenue that the state didn't receive due to indirect expenditures and discounts and reductions in fees; they make that report, they turn it over to Legislative Finance and they then produce a report that is passed out to all of the legislators so we can see the lost fees that we don't receive. HB 96 addresses 4 of those indirect expenditures and it will save the state or bring back to the state over \$350,000.

He added that his staff member would address the four indirect expenditures that HB 96 addresses.

[4:10:44 PM](#)

FORREST WOLFE, Staff, Representative Thompson, Alaska State Legislature, provided an overview of HB 96 as follows:

HB 96 repeals or removes 4 minor-indirect expenditures from state law which would provide a modest [inaudible] increased revenue to the State of Alaska. The first removes the deduction of federal taxes from the adjusted gross income when calculating the state tax collected on gambling onboard large cruise ships.

The second is a provision that allows an investigation of expense under the Alaska Small Loans Act to replace a few required under the Alaska Businesses License Act.

Third, it removes a four-tenths of one percent deduction from the tobacco tax for the expense of accounting and filing of that tax return each month.

Finally, the fourth one is it repeals a discount on cigarette tax stamps which was originally intended to be compensation for physically affixing these stamps to the packages themselves.

According to the fiscal note provided by the Department of Revenue, it is estimated that HB 96 will increase revenue by at least \$339,500 if FY2019, of which about \$220,000 will go to the unrestricted general fund.

In this time of financial instability and economic hardship, the state needs to find increased revenue where ever it can, and HB 96 is a step in the right direction.

CHAIR MEYER asked why the bill will generate revenue to the state. I noted that the state would no longer be paying for tax stamps to be placed on cigarettes packs.

[4:12:53 PM](#)

REPRESENTATIVE THOMPSON explained that the state pays quite amount of money to cigarette companies to affix the tax stamp on the bottom of the pack of cigarettes. He specified that the expenditure was originally put into place so that the cigarette companies could pay for the equipment used to affix the tax stamps. He conceded that the tax-stamp equipment has been paid for many times over and the savings would be the largest amount of money from the legislation. He added that the discounts for filling out forms amounts to some money while the cruise ship tax is indeterminate and will be explained by Mr. Alper, [Tax Division Director].

CHAIR MEYER asked if each tobacco company affix tax stamps to their cigarette packs or does a single distributor affix tax stamps for all tobacco brands.

REPRESENTATIVE THOMPSON replied that everyone must go through one machine. He specified that the state must pay for the tax stamp to be affixed to the cigarette packs.

CHAIR MEYER asked to confirm that the state does not know if the equipment has been paid for and the equipment payoff is speculation.

REPRESENTATIVE THOMPSON answered that if there is a cost that is going to happen for affixing the tax stamp, the cost will have to be added to a pack of cigarettes. He reiterated that the state continues to allow the fund to take a very large discount off corporate taxes.

[4:15:07 PM](#)

SENATOR GIESSEL thanked Representative Thompson for bringing HB 96 forward and identifying four-indirect expenditures. She said she looked at the indirect expenses report and could hardly believe the expenditures that were in place.

SENATOR EGAN asked to confirm that the tax stamps prove that "it's Alaska." He noted that he has friends that buy cigarettes from tribes in Washington state and the cigarette packs do not have tax stamps.

REPRESENTATIVE THOMPSON explained that cigarettes sold commercially in the State of Alaska must have the state's tax stamp affixed.

SENATOR EGAN replied that he understood the tax stamp requirement.

REPRESENTATIVE THOMPSON specified that commercial sellers of cigarettes without the state's tax stamp are liable for a very large fine. He noted that people could possibly buy cigarettes online to avoid paying the tax.

SENATOR EGAN asked if the cigarettes sold onboard cruise ships have the state's tax stamp.

REPRESENTATIVE THOMPSON suggested Senator Egan's question be posed to Mr. Alper.

CHAIR MEYER asked how other states deal with their cigarette tax stamps.

REPRESENTATIVE THOMPSON replied that he does not know. He noted that there is a big movement across the nation to address indirect expenditures at the state level. He pointed out that indirect expenditures do not show up in a budget and nobody really sees how much money that are forgone.

CHAIR MEYER asked how long the state has been dealing with indirect expenditures.

REPRESENTATIVE THOMPSON suggested that Chair Meyer's question be posed to Mr. Alper.

4:18:14 PM

KEN ALPER, Director, Tax Division, Alaska Department of Revenue, Juneau, Alaska, said three of four items in the bill relate to the Tax Division. He explained that the first item relates to the cruise-ship-gambling tax, which was a component of the initiative that put the \$50 head tax on cruise ships in the 2006 election. He said large cruise companies file the gambling tax which is 33 percent of net profits tax on the activities while ships are in state waters. He detailed that the tax brings in about \$6 million per year in general funds. He noted that the cruise ship gambling tax is one of ten excise taxes that includes: alcohol, tobacco, motor fuels, mining, tires, vehicle rental, marijuana, and remnants of the film-tax program.

He explained that the two other items in the bill relate to the tobacco tax, the second item in the bill eliminates the four-tenths of one-percent discount for timely filing, an activity that is not unusual in the taxing world. He said the third item is eliminating the cigarette-tax-sticker discount. He explained that the tax is unusual because the stickers are presold to the tobacco distributors in Alaska. He detailed that the stickers are discounted by 1 to 3 percent, amounting to approximately \$250,000. He noted that Alaska's cigarette tax annually brings in \$20 million to \$25 million to the state.

4:22:55 PM

CHAIR MEYER noted that Senator Egan addressed cigarettes purchased from tribes without tax stamps and inquired if military bases have similar privileges.

MR. ALPER replied that he did not know the military rules but noted that there are maritime tax-off stamps. He disclosed that the tax division has a criminal investigations unit. He concurred that there are online sources for cigarettes and noted that purchasing online is not inherently illegal, but the person that does purchase online is obligated to pay the state's excise tax, \$20 per carton.

CHAIR MEYER asked if Mr. Alper would like to see any changes or modifications to HB 96.

MR. ALPER commented that elements within the bill are fine and noted that he would not have an issue if the committee addressed other indirect expenditures like an early filling discount for motor fuel. He pointed out that HB 399 is a bill that would eliminate some corporate income tax loopholes, savings that would amount to \$6 million to \$7 million. He summarized that bit-by-bit it is important to scoop up revenue that is "being left on the table," especially before adding any new taxes.

[4:26:23 PM](#)

CHAIR MEYER said he questioned the gambling activities onboard the cruise ships and noted that the calculation of the tax was "kind of a mystery."

MR. ALPER pointed out that the gambling tax only applies to large vessels with more than 500 passengers that are in state waters. He remarked that the gambling tax is not one that the division has massive resources to invest in auditing the timeclocks on the cruise ships' casinos, so a little bit of trust is involved with the tax collections. He said regarding what happens with the deduction of federal taxes and not being able to forecast their federal taxes, predicting what the number is hard but estimated that the amount is in the low six figures, a relatively small increment on top of the existing tax.

[4:27:44 PM](#)

CHAIR MEYER opened and closed public testimony.

[4:28:12 PM](#)

CHAIR MEYER held HB 96 in committee.

HB 168-REPEAL ADMIN. REG. REVIEW COMMITTEE

[4:28:45 PM](#)

CHAIR MEYER announced the consideration of HB 168.

[4:29:22 PM](#)

REPRESENTATIVE MIKE CHENAULT, Alaska State Legislature, Juneau, Alaska, sponsor of HB 168, provided an overview as follows:

House Bill 168 repeals that statutes pertaining to the Administrative Regulation Review Committee (ARRC). According to an analysis that was provided by Legislative Research, the ARRC has not overturned any regulations as a result of these committee hearings. Although AS 24.20.445 provides that the committee can

suspend regulations for certain amount of time, the Alaska Supreme Court found in a 1980 case that the Legislature has no implied power to veto agency regulations by informal legislative action and such action would violate Article 2 of the state constitution. The actions that are available for the ARRC are to introduce legislation to supersede or to nullify regulations; however, Legislative Research was not able to find any effort to do so from 2000 to the present.

REPRESENTATIVE CHENAULT summarized as follows:

What we are doing is trying to get rid of a committee that we see no real value in. As I stated, it hasn't introduced any legislation committee-wise on a number of years, even though they have had a number of meetings, no legislation has been introduced. Also, you have before you House Concurrent Resolution 10 which would allow the jurisdiction of standing committees to oversee the purposed or adopted regulations to replace regulation oversight that is currently under ARRC.

CHAIR MEYER asked that Mr. Wright highlight the bill's sectional analysis.

[4:32:23 PM](#)

TOM WRIGHT, Staff, Representative Chenault, Alaska State Legislature, explained that there were four pages that repealed 23 sections and the main section, section 3, deletes the regulations for the ARRC as follows:

Review of administrative regulations by standing committees of the Legislature and it allows a standing committee of jurisdiction consistent with the Legislature's Uniform Rules and that's why HCR 10 is in front of you, to review or purposed or adopted regulation an amendment of a regulation or a repeal of a regulation, and it repeals language stating before the date the regulation scheduled by a department or agency to be adopted, amended or repealed.

He summarized that the rest of the sections were conforming, any reference to the ARRC were deleted.

CHAIR MEYER said he believed that the Legislature has not budgeted for ARRC for some time.

REPRESENTATIVE CHENAULT replied that ARRC was not funded last year and confirmed that there was no money in the budget for the present year.

CHAIR MEYER commented that when ARRC was first started that the intent was good. He opined that as regulations get written that sometimes the result was not the bill's intention. He asserted that having oversight over regulations was important but noted that HB 168 purposes that standing committees would have jurisdiction.

[4:34:33 PM](#)

SENATOR GIESSEL disclosed that she served on ARRC for four years. She confirmed that the committee never repealed any regulation. She noted one incident where ARRC received a lot of public comment that resulted in the committee convincing a department not to put out a certain regulation package; however, she conceded that the same process could have been done by a legislator at any time. She pointed out that ARRC had a substantial budget appropriation with a designated staff member who had to follow all the regulation packages that came out. She concurred that eliminating ARRC would save money and the action was positive.

MR. WRIGHT recounted receiving notice from Legislative Legal on problematic regulations when he served in the speaker's office. He noted that he passed the notices on to ARRC and disclosed that he did not remember any hearings based on the notices that he forwarded. He pointed out that when a somewhat ominous regulation is enacted that the public will let legislators know that they do not like it and referenced a recent airplane tax that the administration decided not to go forward with. He concurred with Senator Giessel that individual legislators have the right to introduce legislation to repeal a regulation.

[4:36:36 PM](#)

SENATOR GIESSEL disclosed that she has introduced two bills during the current session that will repeal regulations. She agreed with Mr. Wright that legislators can certainly carry legislation to repeal regulations.

REPRESENTATIVE CHENAULT disclosed that his office has also introduced legislation over the years to repeal statutes that no longer worked.

CHAIR MEYER asked to confirm that one of Representative Chenault's bills repealed branding.

REPRESENTATIVE CHENAULT answered yes.

CHAIR MEYER asked how long ARRC has been in existence.

MR. WRIGHT stated that ARRC was created in 2003-2004.

REPRESENTATIVE CHENAULT informed that ARRC has been in effect since the early 1980s. He noted that his office had Legislative Research go back to 2003, the Twenty-third Legislature. He disclosed that ARRC had 30 meetings since 2003 and noted that 15 meetings occurred in 2013-2014 during the Twenty-eighth Legislature, but the average year since 2003 had between 2 to 5 meetings.

[4:38:23 PM](#)

CHAIR MEYER closed public testimony.

[4:38:52 PM](#)

SENATOR GIESSEL moved to report HB 168, version 30-LS0682\A from committee with individual recommendations and attached zero fiscal note.

[4:39:09 PM](#)

CHAIR MEYER announced that there being no objection, the motion carried.

[4:39:13 PM](#)

At ease.

HCR 10-UNIFORM RULES: REGULATION REVIEW

[4:39:42 PM](#)

CHAIR MEYER announced the consideration of House Concurrent Resolution 10 (HCR 10).

[4:40:04 PM](#)

SENATOR GIESSEL moved to report HCR 10, version 30-LS0683\A from committee with individual recommendations and attached zero fiscal note.

[4:40:22 PM](#)

CHAIR MEYER announced that there being no objection, the motion carried.

[4:40:33 PM](#)

At ease.

HB 20-SOLEMNIZE MARRIAGE: ELECTED OFFICIALS

[4:42:54 PM](#)

CHAIR MEYER announced the consideration of House Bill 20 (HB 20).

[4:43:23 PM](#)

REPRESENTATIVE MATT CLAMAN, Alaska State Legislature, Juneau, Alaska, sponsor of HB 20, provided an overview as follows:

In financially challenging times like we face, I'm reminded that part of our role as elected officials is to reduce red-tape and make government accessible to the public. In introducing this bill, I would like to make marriage more easily accessible. The bill will allow couples to have their marriage solemnized directly by elected officials.

He noted that "elected officials" includes mayors, school board members, anyone that has been elected to public office. He specified the bill will allow elected officials to perform the marriages without making couples go down to the courthouse to get a marriage commissioner's license. He said the bill will allow public officials to be the "friendly face of government" while providing a service to the public. He added that being allowed to perform a marriage would be a privilege and elected officials would be fortunate to have the opportunity to solemnize a marriage from time to time. He said the bill puts into statute the constitutional principle that religious figures and others cannot be compelled to perform a marriage ceremony.

[4:44:44 PM](#)

SARA PERMAN, Staff, Representative Claman, Alaska State Legislature, Juneau, Alaska, provided an overview and sectional analysis of HB 20.

HB 20 amends Alaska's marriage code to add language that allows for marriages to be solemnized by elected officials of the State of Alaska. Section 1 amends AS 25.05.261(a) relating to who may solemnize a marriage, currently the statute only allows for marriage solemnization by a religious official which includes ministers, priests, rabbis or commissioned officers of

the Salvation Army, a marriage commissioner or judicial officer, or before or in any religious organization or congregation. HB 20 adds language to add to the list an individual holding an elected public office in the state.

Section 2 adds a new subsection to the same statute that says, "No religious official, organization or elected official that is authorized for marriages is obligated to do so." AS 25.05.281 which allows marriages solemnized by an unauthorized person professing to be authorized is to be considered valid as amended in section 3 to include language that reads that marriages solemnized by an elected official is considered valid whereas someone professing to be an elected official.

The purpose of this bill is to make marriage accessible to all Alaskans. We recognize that marriage opens doors for many people. There are over 1100 places in federal laws and programs for being married expands an individual's opportunities, examples include access to healthcare for one's spouse or having eligibility for family medical leave. Frankly, we believe that this bill is a family-first bill that allows people to receive greater benefits that are good for all Alaskans.

Additionally, HB 20 allows elected officials to be good stewards of government, it allows elected officials to interact on a one-on-one basis with constituents providing a service that has a lasting impact on constituents' lives. Whereas couples can currently have anyone solemnize marriage through a marriage commissioner appointment, there's a \$25 fee and the process can be time consuming. Having an elected official available provides simplified cost-free outlet.

This amendment may also apply to couples who may not be affiliated with a particular religious organization, they would be able to have an elected official perform their wedding without having to go through the process of arranging for a marriage commissioner appointment. In smaller towns or rural area with limited resources, this change provides one more outlet for marriage solemnization; for example,

if a couple in a remote Alaska village is set to be married and the minister becomes ill, the mayor could step-in in short notice.

With that, I'll stress that nothing in this bill mandates that elected officials must solemnize marriage and I'll also note that the Department of Health and Social Services has assigned a zero-fiscal note to this bill. This bill actually removes an expense to citizens who would otherwise pay a \$25 fee for a marriage commissioner appointment.

[4:47:45 PM](#)

SENATOR COGHILL disclosed that he has been a marriage commissioner and noted that paperwork involved. He asked if paperwork would be required for elected officials as well.

REPRESENTATIVE CLAMAN answered no. He explained that an elected official's marriage solemnization procedure would be like others that are identified that can perform marriages such as a Salvation Army officer. He explained that part of the point is that somebody could call up an elected official on short notice to perform the ceremony.

SENATOR COGHILL asked what documentation would be required for the marriage ceremony.

[4:48:56 PM](#)

REPRESENTATIVE CLAMAN replied as follows:

The marriage license itself that when somebody gets married now would be somebody that has a marriage commissioners license or judge, or minister would actually sign the form that the marriage license saying this is the day they got married.

SENATOR COGHILL asked to confirm that the process Representative Claman explained would be up to the couple.

REPRESENTATIVE CLAMAN answered right, but the signature would come from the elected official that indicated who they are.

SENATOR COGHILL explained that his intent was to learn how the practically played out as far as signing the solemnization. He asked to confirm that the signature would be on the license document. He noted that the license document is what the couple applies for.

REPRESENTATIVE CLAMAN answered correct. He explained that the bill would not remove the need for a couple to get a marriage license.

CHAIR MEYER asked to confirm that elected officials can currently perform marriages without passing the bill.

REPRESENTATIVE CLAMAN answered correct but noted that either the elected official or couple would have to stand in line to get the marriage license.

[4:50:43 PM](#)

CHAIR MEYER asked if the process can be done online.

REPRESENTATIVE CLAMAN replied that he did not know.

MS. PERMAN referenced an email from Nancy Meade, [general counsel for the Alaska Court System], that addressed a similar question from a previous committee hearing as follows:

You asked whether the marriage commissioner applicant must be physically at the court counter to get an appointment order. No, this may vary by court location, but in Anchorage and Juneau for example, I learn that they even process applications that they receive in the mail if signed, and the couple can bring the signed form without the commissioner applicant present, I believe that is true for nearly all Alaska courts.

CHAIR MEYER asked if former elected officials can perform or does the bill apply to current elected officials.

REPRESENTATIVE CLAMAN answered that the bill only applies to elected officials that are currently serving.

CHAIR MEYER asked to confirm that the bill would only pertain to the State of Alaska and that a person could not go to Oregon for their marriage.

REPRESENTATIVE CLAMAN answered no, the bill applies to Alaska.

SENATOR WILSON asked Representative Claman to address the bill's current version where version J was amended to delete the language about an individual holding elected public office may refuse to solemnize a marriage for any reason.

4:54:04 PM

REPRESENTATIVE CLAMAN explained that section 2 in the "O" version clarifies as follows:

When three of the four categories of individuals can be compelled to perform a marriage, the only individual that could be compelled to perform a marriage would be members of the judiciary and they recognize that that's part of their job.

SENATOR WILSON asked why the change in the language from the previous version.

REPRESENTATIVE CLAMAN explained that the final version of the bill expands the group of people who can decline to perform a marriage for whatever reason.

SENATOR WILSON asked what would occur if the mayor of a city performed marriages for a fee at city hall but declined to perform marriages to certain individuals.

REPRESENTATIVE CLAMAN replied as follows:

It's a two-part answer, if the mayor went into a business as you described of performing marriages in city hall, then I think you would have issues about public access to city hall and so in that specific instance you might run into a more complicated question. On the other hand, if the mayor was performing marriages in his backyard and he had a nice garden and was doing it in his garden and it wasn't a public facility in anyway, then this statute would allow the mayor to say, "I'm not going to marry a gay couple, I'm not going to marry an interracial couple, I'm not going to marry whoever," you could make that choice but I think if it's going on in city hall then I think you'll have a little different question.

4:56:37 PM

CHAIR MEYER commented as follows:

My overall first opinion of this was that it's definitely an honor and a privilege to be an elected official and have people trust us to vote on their behalf. I almost think this is putting us now in a different class than other folks because now we don't

have to stand in line, we don't have to go to the web and pay the fee and all that. Are we kind of elevating ourselves in status by doing something like this?

REPRESENTATIVE CLAMAN replied that he did not think the bill would elevate public officials. He noted that he has heard from several people that they would appreciate having elected officials solemnize marriages as part of their public service.

CHAIR MEYER noted that no one has asked him to solemnize a marriage.

SENATOR WILSON asked if the legislation has gone through an ethics review to verify whether an elected official can be paid for solemnizing marriages.

REPRESENTATIVE CLAMAN conceded that the topic of one getting paid had never crossed his mind. He pointed out that the bill does not authorize a person to get paid and noted that payment would raise a question related to ethics issues. He remarked that if someone were to ask him to solemnize a marriage that he would not ask to be paid. He said he suspected to the extent that if somebody did want to get paid that the request would need to go to ethic analysis.

CHAIR MEYER remarked that he was under the same impression that public officials would do the service for free if someone had enough trust and respect to ask.

SENATOR EGAN disclosed that he had solemnized three marriages and his payment was "champagne and wedding cake."

[5:00:43 PM](#)

CHAIR MEYER opened public testimony and noted that no one had requested to testify. He asked to confirm that the amended bill had a change in opinion from the Alaska Family Council.

MS. PERMAN answered correct.

[5:01:49 PM](#)

CHAIR MEYER closed public testimony. He noted that he has reviewed submitted testimony and the comments on the bill have been favorable. He added that the bill has a zero fiscal note.

[5:02:07 PM](#)

SENATOR GIESSEL moved to report CSHB 20(JUD), version 30-LS0242\0 from committee with individual recommendations and attached zero fiscal note.

5:02:18 PM

CHAIR MEYER announced there being no objection, the motion carried.

5:03:26 PM

There being no further business to come before the committee, Chair Meyer adjourned the Senate State Affairs Standing Committee at 5:03 p.m.