

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

March 14, 2019

2:03 p.m.

MEMBERS PRESENT

Representative Gabrielle LeDoux, Chair
Representative Chuck Kopp
Representative Geran Tarr
Representative Steve Thompson
Representative Sharon Jackson
Representative George Rauscher

MEMBERS ABSENT

Representative Chris Tuck, Vice Chair

COMMITTEE CALENDAR

HOUSE BILL NO. 71

"An Act relating to hiring for positions in state service based on substitution of military work experience or training for required civilian work experience or training."

- MOVED HB 71 OUT OF COMMITTEE

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 3

"An Act relating to the purchase and sale of state land; relating to discounts for veterans on state land purchases; and relating to the assignment of permanent fund dividends to purchase state land."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 71

SHORT TITLE: STATE PERSONNEL ACT: VETERANS' EXPERIENCE

SPONSOR(S): REPRESENTATIVE(S) STORY

02/25/19	(H)	READ THE FIRST TIME - REFERRALS
02/25/19	(H)	MLV, STA
03/12/19	(H)	MLV AT 2:00 PM GRUENBERG 120
03/12/19	(H)	Heard & Held
03/12/19	(H)	MINUTE (MLV)
03/14/19	(H)	MLV AT 2:00 PM GRUENBERG 120

BILL: HB 3

SHORT TITLE: STATE LAND SALE; PFD VOUCHER AND ASSIGN.

SPONSOR(S): REPRESENTATIVE(S) RAUSCHER

02/20/19	(H)	PREFILE RELEASED 1/7/19
02/20/19	(H)	READ THE FIRST TIME - REFERRALS
02/20/19	(H)	MLV, RES, FIN
03/13/19	(H)	SPONSOR SUBSTITUTE INTRODUCED
03/13/19	(H)	READ THE FIRST TIME - REFERRALS
03/13/19	(H)	MLV, RES, FIN
03/14/19	(H)	MLV AT 2:00 PM GRUENBERG 120

WITNESS REGISTER

DARRELL BREESE, Staff
Representative George Rauscher
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sponsor substitute for HB 3 on behalf of the bill sponsor, Representative Rauscher.

VERDIE BOWEN, Director of Veterans Affairs
Office of Veterans Affairs
Department of Military & Veterans' Affairs
Anchorage, Alaska

POSITION STATEMENT: Answered questions during discussion of SSHB 3.

MARTY PARSONS, Director
Central Office
Division of Mining Land and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during discussion of SSHB 3.

DAN SADDLER, Legislative Liaison
Office of the Commissioner
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during discussion of SSHB 3.

ANNE WESKE, Director
Central Office
Permanent Fund Dividend Division

Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions during discussion of SSHB 3.

ED MARTIN, JR.
Cooper Landing, Alaska

POSITION STATEMENT: Testified in support of SSHB3.

ACTION NARRATIVE

[2:03:16 PM](#)

CHAIR GABRIELLE LEDOUX called the House Special Committee on Military and Veterans' Affairs meeting to order at 2:03 p.m. Representatives LeDoux, Kopp, Tarr, Jackson, Rauscher, and Thompson were present at the call to order.

HB 71-STATE PERSONNEL ACT: VETERANS' EXPERIENCE

[2:04:01 PM](#)

CHAIR LEDOUX announced that the first order of business would be HOUSE BILL NO. 71, "An Act relating to hiring for positions in state service based on substitution of military work experience or training for required civilian work experience or training."

[2:05:04 PM](#)

The committee took a brief at-ease.

[2:05:27 PM](#)

REPRESENTATIVE THOMPSON moved to report HB 71 out of committee with individual recommendations and attached fiscal notes. There being no objection, HB 71 was moved from the House Special Committee on Military and Veterans' Affairs. [On 3/19/19, the committee subsequently rescinded its action, because there had been no fiscal note attached on 3/14/19.]

[2:05:40 PM](#)

The committee took an at-ease from 2:05 p.m. to 2:08 p.m.

HB 3-STATE LAND SALE; PFD VOUCHER AND ASSIGN.

[2:08:17 PM](#)

CHAIR LEDOUX announced that the next order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 3, "An Act relating to the purchase and sale of state land; relating to discounts for veterans on state land purchases; and relating to the assignment of permanent fund dividends to purchase state land."

[2:10:24 PM](#)

DARRELL BREESE, Staff, Representative Rauscher, Alaska State Legislature, paraphrased the changes included in the sponsor substitute [Included in members' packets], which read:

Section 1: No Changes.

Section 2: Removes reference to (a) of this section for clarity

Section 3: Includes new Paragraph (f) - section 4 of bill - in list of discounts allowed to be used once in Veteran's lifetime.

Section 4: Changes references of "individual" to "veteran" for clarity and to better communicate intent.

Inserts language on line 20 (subsection (g) of language) limiting the use of the discount in combination with other discounts.

Section 5: Adds reference to include reference to land sales under 38.05.600 - Remote Recreational Cabin Sites at line 28 (AS 38.05.600).

Section 6: No Changes.

[2:12:18 PM](#)

REPRESENTATIVE RAUSCHER expressed his agreement with the changes to the proposed bill.

[2:13:39 PM](#)

REPRESENTATIVE RAUSCHER, as the sponsor of SSHB 3, paraphrased the sponsor statement [Included in members' packets], which read:

Alaska has an abundance of three things: land, PFDs, and veterans. House Bill 3 is a means to bring these three together.

House Bill 3 encourages the sale of state lands, thus creating growth, allowing for the use on an individual's Permanent Fund Dividend to purchase the land. It encourages veterans to use the statutory discount in combination with the PFD assignment to purchase land.

Alaskans who have resided in the state for at least one-year immediately prior to the opening of the land disposal and who are at least 18 years of age can participate. The state regularly offers surplus lands for sale either by auction or over-the-counter sales.

House Bill 3 aims to make these land sales more accessible to Alaskans by allowing the assignment of the PFD by individuals to pay for the purchase.

I urge your support of House Bill 3.

[2:15:41 PM](#)

CHAIR LEDOUX asked to clarify whether the proposed bill offered a further discount by using their PFD (permanent fund dividend).

[2:16:09 PM](#)

REPRESENTATIVE RAUSCHER explained that any person could use their PFD to purchase land. He added that veterans would get a 30 percent discount to the cost of the land.

CHAIR LEDOUX asked to clarify that, if the intent of the proposed bill was to offer the discount, what advantage was offered to assign the PFD as opposed to writing a check.

[2:17:47 PM](#)

MR. BREESE explained that existing statute already provided military veterans with a 25 percent discount, which can be used once in a lifetime, for the purchase of state land for non-commercial use. He stated that the proposed bill extended a special discount of 33 percent for the purchase of land if the veteran applied the PFD toward the purchase of land. He said

this would become an automatic transfer from the Department of Revenue to the Department of Natural Resources, as this was an attempt to make the process easier for veterans.

CHAIR LEDOUX asked for an explanation to the attached fiscal note, questioning how this made it any easier for the veteran.

[2:19:38 PM](#)

REPRESENTATIVE TARR shared that she had purchased five acres directly from the State of Alaska through the over the counter land sales. She asked that Mr. Breese explain the process for using the PFD toward a land purchase.

MR. BREESE explained that Section 5 of the proposed bill allowed the Department of Revenue to create a line on the on-line dividend application to allow direction of a portion or all the PFD toward payment on the property.

REPRESENTATIVE TARR asked for clarification that, prior to this proposed legislation, the veteran may have selected the 25 percent discount which would have already been applied to the purchase price. She asked if the proposed bill would create a mechanism for application of the PFD toward payments due on the purchase.

MR. BREESE directed attention to page 2, line 21, at the end of Section 4 of the proposed bill, which stated that a discount under this section could not be combined with any other discount. He stated that a previous 25 percent discount would not allow for qualification of the 33 percent purchase for that same parcel of land. In response to Representative Tarr, he directed attention to page 2, line 14, of the proposed bill, which stated that the 33 percent discount could only be applied to land purchased after August 1, 2019.

[2:23:06 PM](#)

REPRESENTATIVE THOMPSON reflected on land he had purchased in 1985 and asked whether that had been at a 50 percent veteran's discount. He asked about the current discount.

[2:23:58 PM](#)

MR. BREESE, in response to Representative Thompson, directed attention to Section 1 of the proposed bill, which explained that the existing discount on state land for an eligible veteran

was 25 percent; whereas, the proposed bill offered a 33 percent discount with use of the PFD on purchases after August 1, 2019.

[2:24:47 PM](#)

REPRESENTATIVE JACKSON asked if there was an additional discount for veterans with disability.

[2:25:28 PM](#)

VERDIE BOWEN, Director of Veterans Affairs, Office of Veterans Affairs, Department of Military & Veterans' Affairs, reported that the only discount for land purchases was 25 percent and it did not consider any disability.

REPRESENTATIVE JACKSON asked if several veterans could go together to purchase land and build a six-plex.

[2:26:19 PM](#)

REPRESENTATIVE RAUSCHER, in response to Representative Jackson, shared that the sponsor statement had clarified language from the original bill so that only one 33 percent discount would be applied to the purchase, even if there were multiple owners of the land. He pointed out that homeless veterans would not need a bank account, as they could direct their PFD to make the land payments.

[2:27:19 PM](#)

REPRESENTATIVE THOMPSON directed attention to page 1, line 8, of the proposed bill which stated that the discount could only be applied for use other than commercial or industrial use. He opined that a six-plex would be considered commercial use.

REPRESENTATIVE JACKSON explained that she intended that each veteran would own their condominium in the six-plex. She asked if the PFD would serve as a guarantor or security to the State of Alaska.

REPRESENTATIVE RAUSCHER acknowledged that this would be an assurance for payment through the PFD.

[2:28:54 PM](#)

CHAIR LEDOUX asked if the fiscal note [Included in members' packets] accounted for the impact of a 33 percent discount instead of a 25 percent discount.

[2:29:47 PM](#)

MARTY PARSONS, Director, Central Office, Division of Mining Land and Water, Department of Natural Resources, offered his understanding that the latest fiscal note for SSHB 3 did identify the reduction of revenue for the sales of land.

[2:30:58 PM](#)

CHAIR LEDOUX asked about an additional fiscal note, as it was not addressed on the fiscal note she had before her.

[2:31:18 PM](#)

DAN SADDLER, Legislative Liaison, Office of the Commissioner, Department of Natural Resources, in response to Chair LeDoux, acknowledged that there was an additional fiscal note which had been "written to the sponsor substitute." He stated that this fiscal note had a "more accurate reflection of the effects, financially in the state, of the sponsor substitute before you." He pointed out that the fiscal note from the Department of Revenue did not reflect the changes made by the sponsor substitute.

CHAIR LEDOUX reported that the committee would receive the fiscal note from the Department of Natural Resources.

[2:32:00 PM](#)

REPRESENTATIVE THOMPSON pointed out that the fiscal note from the Department of Revenue referenced the utilization of the PFD for payments. He asked whether there was a fiscal note which would address an instance should an individual make payment in full using the 25 percent discount.

[2:32:31 PM](#)

REPRESENTATIVE RAUSCHER pointed out that the fiscal note referenced the cost for the software changes to the PFD program and to monitor the program each year.

[2:33:45 PM](#)

ANNE WESKE, Director, Central Office, Permanent Fund Dividend Division, Department of Revenue, explained that the costs reported on the fiscal note prepared by the Department of Revenue were for the initial set-up to the program, as well as the ongoing cost of about 15 hours each year. She detailed that this included the annual update of the program, file exchanges, and any reporting required. She noted that, as there was public contact, it was necessary to ensure the technicians were knowledgeable in order to answer any questions.

2:35:20 PM

REPRESENTATIVE THOMPSON, referencing the Department of Natural Resources fiscal note, opined that there would not be any involvement with the PFD if the land was paid for in full. He acknowledged the cost, as the program needed to be set-up even if only one person utilized it.

2:35:57 PM

REPRESENTATIVE KOPP offered his understanding that the goal of the land sale program was to get state land into private hands, and the state was trying to facilitate this.

MR. SADDLER stated that a priority of the governor was to ensure the expansion of private land, and that public land would be transferred to private hands to be developed and utilized for the benefit of Alaskans.

REPRESENTATIVE KOPP offered his understanding that this had been hard to do and that "there has been rumblings from DNR (Department of Natural Resources) in the past that maybe we should just end the program because it is hard to get land into private hands, and it's a lot of administrative work for very little return." He asked if this was correct.

MR. SADDLER explained that the Division of Mining Land and Water had an annual recreational, remote parcel sale. He stated that this was available through auction with any unsold parcels then available over the counter. He added that this provided Alaskans the opportunity to own a piece of Alaska, and although some of the most accessible land had been purchased, the discount for veterans would include a discount on the value of the land, as well as the assay survey costs. He declared that the benefit was worth it.

REPRESENTATIVE KOPP stated his support of the proposed bill, as it addressed the problem for getting land into private hands. He offered his belief that the state was most interested in getting land into private hands.

CHAIR LEDOUX asked if it made more sense for the State of Alaska to give every resident, and not just veterans, a discount on the land if the land sale program was not used to the extent that it could be used.

MR. SADDLER replied that this would be a policy call for the Alaska State Legislature. In response to an earlier question, he said that, although it was possible to buy land directly without use of the PFD, the proposed bill made this process "one less step, that's one degree easier to purchase land."

CHAIR LEDOUX asked if there was any consequence if an individual checked the box to purchase land on the PFD application, but then decided not to purchase the land that year.

MR. BREESE replied that it was not necessary to check a box [on the PFD application] until the year after the land purchase.

CHAIR LEDOUX asked for clarification that it was not necessary to pay the full price of the land upon purchase.

[2:41:07 PM](#)

MR. PARSONS remarked that this was a robust land sale program, in place since 2000, and that about 85 percent of the contracts were to pay off the land over time.

REPRESENTATIVE JACKSON asked if use of the permanent fund dividend would be in lieu of a down payment.

MR. PARSONS, in response, said that a 5 percent down payment was necessary to begin the contractual obligation, and offered his belief that the proposed bill would allow for an electronic transfer of the PFD to be used toward the contractual obligation.

MR. BREESE added that it would be necessary for a separate down payment as the PFD would be used to make payments.

REPRESENTATIVE RAUSCHER shared that a very low percentage of veterans used the program. He pointed out that, as the property made available was not "as juicy" as previous options, it was

becoming more difficult to involve people with the program. He offered his belief that the proposed bill would aid both the veterans and the land sale program.

[2:45:06 PM](#)

CHAIR LEDOUX opened public testimony.

[2:45:35 PM](#)

ED MARTIN, JR. shared his story of growing up on a homestead. He declared that he was in full support of the proposed bill "or any bill that will put land in the hands of the people."

[2:49:45 PM](#)

CHAIR LEDOUX closed public testimony. SSHB 3 was held over.

[2:50:04 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 2:50 p.m.