

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 2, 2020

3:29 p.m.

MEMBERS PRESENT

Senator Peter Micciche, Chair
Senator John Coghill, Vice Chair
Senator Click Bishop
Senator Cathy Giessel
Senator Joshua Revak
Senator Jesse Kiehl

MEMBERS ABSENT

Senator Scott Kawasaki

COMMITTEE CALENDAR

SENATE BILL NO. 217

"An Act establishing state land vouchers; relating to restricted land sales for veterans; relating to the veterans' land purchase discount; relating to the permanent fund dividend; relating to the duties of the Department of Revenue; authorizing the Department of Natural Resources to accept state land vouchers; relating to eligibility for public assistance; and providing for an effective date."

- HEARD & HELD

HOUSE JOINT RESOLUTION NO. 25

Encouraging the President of the United States, the United States Congress, and the Governor of the state to assist the National Park Service in its efforts to ensure long-term access into Denali National Park and Preserve by way of the existing roadway.

- MOVED HJR 25 OUT OF COMMITTEE

SENATE BILL NO. 159

"An Act relating to salt water sport fishing operators and salt water sport fishing guides; and providing for an effective date."

- MOVED SB 159 OUT OF COMMITTEE

SENATE BILL NO. 161

"An Act relating to geothermal resources; relating to the definition of 'geothermal resources'; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: SB 217

SHORT TITLE: STATE LAND VOUCHER; PFDS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/21/20 (S) READ THE FIRST TIME - REFERRALS
02/21/20 (S) RES, FIN
03/02/20 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HJR 25

SHORT TITLE: ENSURE ACCESS INTO DENALI PARK

SPONSOR(s): TALERICO

02/03/20 (H) READ THE FIRST TIME - REFERRALS
02/03/20 (H) RES
02/12/20 (H) RES AT 1:00 PM BARNES 124
02/12/20 (H) Moved HJR 25 Out of Committee
02/12/20 (H) MINUTE(RES)
02/14/20 (H) RES RPT 9DP
02/14/20 (H) DP: TUCK, HANNAN, TALERICO, SPOHNHOLZ,
RAUSCHER, RASMUSSEN, HOPKINS, TARR,
02/14/20 (H) LINCOLN
02/19/20 (H) TRANSMITTED TO (S)
02/19/20 (H) VERSION: HJR 25
02/21/20 (S) READ THE FIRST TIME - REFERRALS
02/21/20 (S) RES
03/02/20 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 159

SHORT TITLE: SALT WATER FISHING: OPERATORS/GUIDES

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/22/20 (S) READ THE FIRST TIME - REFERRALS
01/22/20 (S) RES, FIN
01/22/20 (S) RES RPT RECD W/CS AWAIT TRANSMITTAL NXT
02/28/20 (S) RES AT 3:30 PM BUTROVICH 205

02/28/20 (S) Heard & Held
02/28/20 (S) MINUTE (RES)
03/02/20 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

MIKE BARNHILL, Deputy Commissioner
Alaska Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Presented SB 217 on behalf of the administration.

ANNE WESKE, Director
Permanent Fund Dividend Division
Alaska Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Presented an overview of 217.

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

POSITION STATEMENT: Presented an overview of SB 217.

REPRESENTATIVE DAVE TALERICO
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HJR 25.

VIKKI JO KENNEDY, representing self
Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 217.

CHRIS EICHENLAUB, representing self
Eagle River, Alaska

POSITION STATEMENT: Testified in support of SB 217.

TOM TAUBE, Deputy Director
Division of Sport Fishing
Alaska Department of Fish and Game
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding SB 159.

FORREST BRADEN, member
Southeast Alaska Guides Organization
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 159.

ACTION NARRATIVE

[3:29:42 PM](#)

CHAIR PETER MICCICHE called the Senate Resources Standing Committee meeting to order at 3:29 p.m. Present at the call to order were Senators Coghill, Giessel, Kiehl, Revak, Bishop, and Chair Micciche.

SB 217-STATE LAND VOUCHER; PFDS

[3:30:43 PM](#)

CHAIR MICCICHE announced that the first order of business would be SENATE BILL NO. 217, "An Act establishing state land vouchers; relating to restricted land sales for veterans; relating to the veterans' land purchase discount; relating to the permanent fund dividend; relating to the duties of the Department of Revenue; authorizing the Department of Natural Resources to accept state land vouchers; relating to eligibility for public assistance; and providing for an effective date."

[3:31:20 PM](#)

MIKE BARNHILL, Deputy Commissioner, Alaska Department of Revenue, Juneau, Alaska, explained that SB 217 provides the ability for a permanent fund dividend (PFD) applicant to forgo the cash dividend and elect a land voucher.

He detailed that the land voucher is calculated as two times the statutory amount of the PFD. An applicant can take the land voucher and present it at a land sale of the Alaska Department of Natural Resources (DNR) and purchase state land. The overarching purpose of the bill is to get more land into the hands of Alaskans.

He explained that land vouchers are deeply seated in the history of this country. The federal government first used land vouchers to compensate American Revolutionary War veterans. Many states and the federal government have issued land vouchers, but vouchers have not been issued for over 100 years.

He summarized that the intent of the bill is to provide a subsidy so that people can get better access to land.

CHAIR MICCICHE pointed out that in the late 1950s, Alaska had a homestead program for returning veterans, similar to the American Revolutionary War.

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ANNE WESKE, Director, Permanent Fund Dividend Division, Alaska Department of Revenue, Juneau, Alaska, delivered a presentation, SB 217 State Land Voucher. She paraphrased the text on slide 2, Duties of the Department in accordance with SB 217:

- Provide a method for Alaskans to utilize their electronic Permanent Fund Dividend application to purchase State land through a voucher program option.
- Calculate the Statutory Net Income calculation per AS 43.23.025 to determine the value of each voucher.
- Determine PFD eligibility on all Alaskans per AS 43.23.005.

MS. WESKE discussed the following from slide 3, Considerations of the Department in accordance with SB 217:

- The ongoing Statutory Net Income calculation per AS 43.23.025 will be maintained by the Department to be used for purposes of calculating the value of each land voucher. Twice the value of the SNI calculation will be the value of each land voucher.
- The Land Voucher option will be available only to Adults filing an electronic application on behalf of themselves.
- In order to maintain consistency with all other voluntary PFD options, if an applicant who chooses the land voucher option has not been deemed Eligible by the end of the calendar year in which they applied, the state land voucher is voided, and the applicant will receive a monetary dividend.

She clarified that the land voucher does not expire, but eligibility to participate in the voucher must be determined.

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CHAIR MICCICHE asked what happens if the statutory net income (SNI) calculation is changed.

MR. BARNHILL answered that if a new formula is enacted and the citation remains the same, the new valuation will flow through.

SENATOR BISHOP asked which amount will be applied to the calculation if the legislature only appropriates half of the statutory PFD calculation.

MR. BARNHILL answered that the statutory formula would be used. The legislation is intentionally phrased to have the statutory formula control the face value of the voucher.

SENATOR BISHOP remarked that it could be a good deal for somebody.

MR. BARNHILL replied the hope is that the land voucher will be a good deal for many people.

MS WESKE continued to discuss the Considerations of the Department in accordance with SB 217 on slide 4:

- The Department will develop and print a State Land Voucher in accordance with industry standards.
- Garnishments will take priority over State Land Vouchers. The remaining value of the individual's PFD will determine the individual's State Land Voucher value.

She explained that DOR would need to develop a calculation for individuals who opt for a land voucher and their dividend is garnished. She suspected that if 50 percent of someone's PFD was garnished, they would receive 50 percent of the land value.

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CHAIR MICCICHI calculated that 50 percent of the remaining half would be 100 percent of the statutory dividend.

MS WESKE said correct.

CHAIR MICCICHE referred to the third point on slide 3 and asked how someone who is ineligible for a land voucher can be eligible for a monetary dividend.

MS WESKE explained that the scenario would occur if an individual was determined not eligible in a calendar year for a land voucher, but eventually became eligible for a monetary dividend.

SENATOR GIESSEL referred to the first point on slide 4 and asked why the division is printing a paper voucher. She said an individual can easily lose paper documents, but electronic documents are easier to keep track of.

MR. BARNHILL replied the decision to use paper vouchers was a cost-effective judgment call. Paper vouchers are like a bearer bond where an individual in possession of a paper voucher owns it and can sell it. The department decided not to set up an electronic voucher tracking system.

He said the committee can reconsider the printed voucher, but the department believes that adding anticounterfeiting to the paper voucher will maintain program integrity.

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SENATOR KIEHL pointed out that the bill says a creditor cannot garnish the voucher, only the cash value of the dividend of individuals who choose that option. He asked if there was a reason for that.

MR. BARNHILL replied it was a judgement call to maintain the current PFD procedures for garnishments. For example, if there was a \$1,000 cash PFD and a \$2,000 voucher, everyone is subject to garnishment up to \$1,000. There are no changes to the PFD system, it is cost effective, and everyone is treated the same. He added that under Alaska law, someone could garnish the voucher itself.

SENATOR KIEHL said the fiscal note analysis envisions the notion of a secondary market. He remarked that in the case of garnishments, whether it's an individual of money or the state getting child support for kids who need it, it seems it would be best to get the maximum value available.

MR. BARNHILL replied it was a judgement call to use the existing PFD system so the program would be cost effective. He reiterated that Child Support could garnish the physical voucher, but to turn that into cash would require a secondary market.

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SENATOR COGHILL asked what the hierarchy is for garnishments.

MS WESKE answered that the Internal Revenue Service (IRS) comes first and Child Support comes second. The department lists the order of the garnishments on its website. She pointed out that if an individual has a garnishment on their record, the land voucher would not be usable until after the garnishment is satisfied.

SENATOR COGHILL commented that it is an open question as to how the IRS will view doubling the value of the voucher.

MR. BARNHILL explained that the land voucher would be subject to personal income tax up to the amount of the cash dividend. The remaining value of the land voucher would be subject to capital gains taxes when the individual sells their land.

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MS WESKE reviewed the following costs for the department to implement the program on slide 6:

- Administrative work: \$1,500
- Advertising, Printing, Postage: \$15,000
- Programming: \$35,400
- Total: \$51,900

She reviewed the \$12,900 in estimated costs in subsequent years:

- Administrative work: \$500
- Advertising, Printing, Postage: \$10,000
- Programming: \$2,400
- Total: \$12,900

CHAIR MICCICHE asked how the State plans to track the vouchers after they are issued initially.

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MR. BARNHILL replied DOR has no plans to track the vouchers. They plan to print the vouchers in a way that makes them distinguishable with anti-counterfeiting features so DNR will accept them when they are presented at land disposal sales.

CHAIR MICCICHE asked how it will work when someone presents four vouchers at a land sale and another individual claims they were stolen.

MR. BARNHILL reiterated that DOR has no plans to track the vouchers; DNR would accept land vouchers presented at land disposal sales.

CHAIR MICCICHE commented that the legislation is an innovative idea; what is essentially a deed will be treated like cash.

MR. BARNHILL concurred.

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MARTY PARSONS, Director, Division of Mining, Land and Water, Alaska Department of Natural Resources, Anchorage, Alaska, commenced his presentation, SB 217 State Land Voucher: PFD's. He displayed slide 2, Land, Alaska Has an Abundance:

- Statehood Land Entitlement
 - Total Land entitlement: 105.8 million acres
 - Entitlement received: 100 million acres
 - Remaining entitlement: 5.8 million acres
 - Land Bank: 2.5 million acres

He detailed that the land bank identifies land that is available for settlement or disposal. He noted that not all land in the land bank is developable.

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MR. PARSONS reviewed the chart on slide 3, Who Owns Alaska:

- Federal
 - 219,900,000 acres
 - 60 percent
- State
 - 100,644,263 acres
 - 27.5 percent
- Alaska Native Claims Settlement Act (ANCSA) Corp
 - 43,782,419 acres
 - 12.0 percent
- Private
 - 1,961,022
 - 0.5 percent

He said the governor intends to increase private land ownership and SB 217 provides a program to get more Alaska land in Alaskans' hands.

MR. PARSONS addressed slide 4, How Does Alaska Dispose of Land, as follows:

- Four Primary Programs
 - Auction: participants bid on pre-subdivided parcel of land; high bid is awarded the parcel. Open to Alaskans only.
 - Over the Counter: Open to anyone who wants to purchase a parcel. Lands not sold at auction are put onto the

website for purchase. Participants select a parcel and purchase either outright or by contract.

- o Remote Recreational Cabin Staking: State identifies an area where participants can stake up to 20 acres, enter into a lease, pay for survey and appraisal then purchase.
- o Ag Sales: State sells land for agricultural purposes.

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He addressed slide 5, Eligibility/Value/When Applied, as follows:

- An individual who files a PFD application electronically, may elect to receive a State land voucher instead of a monetary dividend.
 - o Value of the voucher is twice the statutory value of the PFD.
 - o May be applied to the purchase of land sold under land sale contracts entered into or after January 1, 2021.

He noted that the effective date of January 1, 2021 is important for protecting \$19 million worth of contracts that provide a revenue stream for the Lands Disposal Income Fund (LDIF). Allowing vouchers to go back into history and payoff contracts would significantly reduce money for the fund.

He addressed slide 6, Conditions, as follows:

- May be used once
- May be transferred
- May be combined with other vouchers
- May be combined with a Veteran Land Discount or Veteran Preference purchase
- Vouchers do not expire

He addressed slide 7, Goal, as follows:

- Help fulfill the Alaska Constitution's mandate to develop state resources to benefit the public.
- Make Alaska land more accessible to all by making it easier for Alaskan's to purchase land.
 - o No other state has less land in private hands than Alaska.

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MR. PARSONS addressed slide 8, Land in the Hands of Alaskans, as follows:

- The PFD Land Voucher Bill is a response to the demand, by helping individual Alaskans realize land ownership.
- The PFD Land Voucher Bill would be a win-win for both the individual Alaskan and the state treasury.

SENATOR GIESSEL noted that the State does have land sales from time to time, but the locations are remote. Individuals with land vouchers are going to have to have sophisticated transportation methods to get to some of the land sites. She asked what type of response does DNR get from some of their land sales.

MR. PARSONS answered that remote locations is a consideration. The State has conveyed most of the lands along the road system to municipalities as part of their municipal entitlement. Land vouchers could free up other cash to allow individuals to invest in remote transportation.

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SENATOR GIESSEL noted that there is land ownership that requires access across lands owned by Native corporations, village corporations, and municipalities. She reiterated that there is a huge challenge in accessing some of the remote locations.

MR. PARSONS explained that one of the things that DNR must do is sell land with access. Access includes easements, lakes, and rivers.

SENATOR KIEHL asked him to review the four categories of DNR land sales in addition to providing data on the number of acres that DNR sells in a year.

MR. PARSONS answered that the department sells approximately 200 parcels that average 5 acres. The land data strictly includes subdivision and over-the-counter sales.

SENATOR KIEHL asked how many acres of agricultural sales occurs annually.

MR. PARSONS replied that agricultural sales "depends." Over the last several years the department has sold three agricultural parcels. He said he will follow up with additional agricultural sales data.

SENATOR KIEHL noted that DNR uses estimated market value for over-the-counter sales. He asked what the relationship is between market value and the State's realized value at auctions.

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MR. PARSONS answered that the over-the-counter sales depends on the location. For example, land in the Tok area may be 10 or 15 percent above the department's fair market appraisal, but Southeast Alaska may have parcels that are two to three times above the appraised value due to scarcity. Lands near a population center will be 20 to 25 percent above appraisal. He summarized that the department sells over-the-counter lands for the fair market appraisal.

SENATOR BISHOP asked if the State could carry the notes on the auction and over-the-counter land sales.

MR. PARSONS answered yes. He explained that DNR can enter into a contract with the individual to finance the land sale.

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CHAIR MICCICHE said he is interested in knowing how DNR selects lands. He asked why DNR does not have a process like the Alaska Mental Health Trust Authority where interested parties can make offers on a piece of property. He asked if DNR would ever consider surveying, platting, and offering at fair market value even if the property must go to competitive bid where closer-in properties may become available.

MR. PARSONS answered yes. He explained that the department allows nominated parcels of land to go up to a competitive bid. The department has proposed legislation that allows land nomination for economic development opportunities. The bill will allow the department to define subdivision development areas to take advantage of economies of scale associated with development costs.

He said there are opportunities where people look for specific parcels. The department tries to balance between individual parcel availability and the potential of blocking access for resource development. He noted that in the 1970s, the State allowed individuals to stake up to five acres wherever they wanted that resulted in a gauntlet between a major road and resources.

[4:08:11 PM](#)

SENATOR KIEHL addressed slide 8 where the final sentence states, "The PFD Land Voucher Bill would be a win-win for both the individual Alaskan and the state treasury." He said he does not see a win for the state treasury where the department incurs surveying and platting costs, but 25 percent of the land sale price goes to the general fund. He asked if the State would be better off if the department received more funds to plat neighborhoods and subdivisions and then sell the land under current terms for fair market or something just over fair market.

MR. PARSONS emphasized that the State is trading a chunk of land for dollars to remain in the general fund versus distribution to individuals.

MR. BARNHILL explained that section 5 provides that the foregone cash amount for the PFD lapses into the general fund and it sort of functions as a down payment because 50 percent of the value of the land voucher goes directly to the Alaska Permanent Fund. He referenced his previous example that \$1,000 would go from the fund for the PFD into the general fund and function as a down payment.

[4:10:54 PM](#)

CHAIR MICCICHE asked Senator Kiehl if he understood the previous explanations.

SENATOR KIEHL answered that he did not.

CHAIR MICCICHE said he would like to see Mr. Barnhill's math on how the net to the State is the same or better for the land voucher program.

MR. BARNHILL agreed to provide the information. He reiterated that the person who does not elect the \$1,000 cash dividend receives a \$2,000 voucher and the \$1,000 goes back to the general fund.

SENATOR GIESSEL pointed out that the money would actually go back to the general fund because money appropriated to the PFD fund first goes to the general fund.

She noted that land was subdivided years ago in Willow to build a new capitol. She asked if the State owns the land in Willow and if the State has offered the land for sale.

[4:13:04 PM](#)

MR. PARSONS answered that the State does own land in the borough. However, the department has issues with costs for development. There is land to offer in the areas of Willow, Wasilla, Kenai Peninsula Borough, and the Fairbanks North Star Borough, but high development costs are the issue.

SENATOR BISHOP asked Mr. Barnhill to provide a cash flow schematic at the next bill hearing.

MR. BARNHILL replied he will comply.

SENATOR COGHILL said people will receive a voucher that creates a trading stock for either trading with DNR or selling to individuals that want to combine multiple vouchers to buy a piece of property. He pointed out that a situation could occur where people bidding strictly with cash on properties will feel disadvantaged versus individuals bidding with vouchers.

MR. BARNHILL noted that there have been discussions on the point that Senator Coghill addressed. He suggested that the Alaska Department of Law should answer Senator Coghill's question because the concern he raised is one that will certainly occur.

CHAIR MICCICHE asked for the sectional analysis.

[4:16:40 PM](#)

MR. BARNHILL presented the following sectional analysis for SB 217:

Section 1

Amends AS 38.05.940(c) to allow a veteran to apply one or more dividend land vouchers issued under AS 43.23.018 to the one-time purchase of discounted state land under AS 38.05.940(c) ("Land purchase price discount for veterans.")

Section 2

Amends AS 38.05.940(d) to limit a person using a dividend land voucher to purchase land under AS 43.23.018 to purchasing surface rights only, and to prohibit a person from applying a dividend land voucher to costs ineligible for a discount under the section.

Section 3

Amends AS 38.95 by adding two new sections. New section AS 38.95.350 directs the Department of Natural

Resources (DNR), except as provided under AS 38.05.067 as (modified by Section 1), to accept one or more dividend land vouchers (issued under provisions enacted in Section 6) at their face value for purchase of state land under land contracts. It prohibits DNR from accepting vouchers for payment of rents or fees or land purchases other than as provided in this section, or for state land sales contracts entered into before January 1, 2021. A voucher will be exhausted after one use whether it covered the full land sale price or not, and applicants are entitled to no refund or other credit for any portion of the voucher's value remaining after such a sale.

The second new section, AS 38.95.360, requires DNR to report to the governor before September 1 of each year the number and total value of dividend land vouchers it accepted for payment in the previous fiscal year. Such reports may include recommendations for changes in the requested appropriation for the Land Disposal Income Fund (LDIF). This provision is required because acceptance of state land vouchers will proportionately reduce revenues generated from state land sales that are deposited into the LDIF. Loss of these funds, if not replaced by another revenue source, will result in significant challenges to maintaining DNR's land sale programs.

Section 4

Adds a new section, AS 43.23.018. Subsection (a) directs DOR to allow a person using the electronic application for a Permanent Fund dividend - and not a person or public agency applying on behalf of another individual, or an assignee of the right to receive a dividend - to make an irrevocable election to receive a single dividend land voucher instead of a monetary dividend. It makes an assignee of the right to receive a dividend ineligible to elect to receive a dividend land voucher. It directs DOR, if unable during a dividend year to determine whether an applicant is eligible to receive a dividend, to void that applicant's election to receive a dividend land voucher; if later determined to be eligible, the applicant will be eligible to receive a monetary dividend, but not to elect to receive a dividend land voucher.

Subsection (b) sets the value of a dividend land voucher at twice the value of a monetary dividend as calculated under AS 43.23.025 if 50 percent of income available distribution was deposited into the Fund's dividend fund under AS 37.13.145(b). Subsection (c) limits the use of vouchers only to purchase of land under AS 38.95.350 (as enacted by Section 4). Subsection (d) provides that vouchers issued under this section do not expire. Subsection (e) makes vouchers transferable to any person, bars the department from preventing or keeping records of transfers; and prohibits bringing action against the state related to transfer of a state land voucher. Subsection (f) provides that issuing a land dividend voucher creates no obligation on DNR to make any state land available for sale or to enter any land sale contract, nor does it represent DNR's statement as to the person's eligibility to purchase state land. Subsection (g) provides that the value of a voucher subject to attachment for debt collection is set under AS 43.23.140(e), and DNR shall issue land vouchers for the value remaining after such collection.

[4:18:13 PM](#)

CHAIR MICCICHE referred to AS 43.23.025(b), noting that he is worried if the legislature changes the dividend program and the statute no longer exists. He said the bill does not seem to have language that says, "or current statutory calculation under another citation."

MR. BARNHILL replied the suggestion is fair and the department is happy to accept that as a friendly amendment. The purpose is that the land voucher calculation be based on the statutory value of the cash PFD wherever enacted into law. The legislative drafter may have expected that a formula change would happen in AS 43.23.025. However, if the change does occur in the noted statute, the words offered as a friendly amendment are completely fine.

[4:19:45 PM](#)

MR. BARNHILL continued the sectional analysis for SB 217 as follows:

Section 5

Amends AS 43.23.045 by adding a new subsection (f), directing that any value of Permanent Fund dividends remaining in the Alaska Permanent Fund's dividend

account after individual elections to receive state land vouchers instead of monetary dividends will, after application of collection or garnishment action under AS 43.23.140, lapse back to the General Fund.

Section 6

Amends AS 43.23.055 by expanding the DOR commissioner's duties to include issuing state land vouchers under AS 43.23.180; directs DOR to develop regulations to establish procedures and time limits for voucher issuance and use; and directs DOR to report annually to DNR both the number of individuals electing to receive land vouchers instead of monetary dividends, and the number and value of such vouchers issued.

Section 7

Amends AS 43.23.140(a) to refer to the additional exception (enacted in Section 9) to the rule that 20 percent of an individual's Permanent Fund dividend is exempt from levy, execution, garnishment, attachment, or any other remedy for the collection of debt.

Section 8

Amends AS 43.23.140 by adding a new subsection (e) to specify that the value of a land voucher may only be attached up to the amount available for garnishment from a monetary dividend, before the land voucher is issued, notwithstanding exceptions enumerated in AS 43.23.140(a) (established under Section 10) and AS 43.23.140(b).

Section 9

Adds a new subsection AS 43.23.240(d), directing the Department of Health and Social Services (DHSS) to consider a land voucher issued under AS 43.23.018 as income or resources of an applicant, in calculating that applicant's eligibility for public assistance programs it administers, and to notify all public assistance recipients of the effects of receiving a dividend land voucher.

MR. BARNHILL detailed that Section 9 makes it clear that the value of the land voucher is not subject to the Hold Harmless Program for Medicaid eligibility. He pointed out that the land voucher becomes an asset and counted as income towards Medicaid eligibility.

[4:21:32 PM](#)

SENATOR KIEHL asked if the Medicaid eligibility considers the land voucher as income at cash value or face value. He inquired if Medicaid eligibility will consider the land voucher as an asset for asset exclusions.

MR. BARNHILL replied that income and asset testing would consider the land voucher at face value. He suggested that DHSS provide further explanation on Medicaid eligibility.

SENATOR KIEHL asked if a needs-based program will consider an individual's sale of a land voucher as income for assessing program eligibility.

MR. BARNHILL suggested DHSS follow up and answer his question on Medicaid eligibility.

CHAIR MICCICHE commented that Senator Kiehl asked good questions, primarily due to the lack of accountability when there is no voucher record. People can say that they purchased or sold land vouchers for any price because the department does not care.

He noted that the land voucher has a combination of face value and cash value. The voucher has a face value when not used and a cash value when used to purchase land. He said he did not know how the voucher's combination value would work with tax law or with DHSS. He agreed that the committee should have DHSS address the voucher's impact on eligibility. He said a family of six could save land vouchers for three years and have an asset worth something, particularly to purchase state land.

MR. BARNHILL pointed out that children are not eligible to participate in the land voucher program.

CHAIR MICCICHE summarized that outside of combining with adult children, strictly a family with a single adult or a couple could apply for a voucher.

MR. BARNHILL answered correct.

[4:24:58 PM](#)

MR. BARNHILL continued the sectional analysis for SB 217:

Section 10

Adds a new subsection AS 43.23.250(b), to require financial needs-based programs administered by the state or by a state instrumentality or a municipality to consider the value of a dividend land voucher held by an applicant as income or resources in determining whether the person was eligible for the program.

Section 11

Adds a new subsection to AS 43.23.270. New subsection (f) applies the same penalties for violations of state law relating to Permanent Fund dividend eligibility and application, to dividend land vouchers eligibility and application.

Section 12

Establishes as the bill's effective date as January 1, 2021.

CHAIR MICCICHE said he can cover the fiscal note at the next meeting when discussing cash flow. He added that the department will remove verbiage in the legislation as referenced in the last sentence on slide 8.

MR. BARNHILL said the DOR fiscal note was covered during the presentation. He said he did not know if DNR had a fiscal note to present.

[4:26:16 PM](#)

MR. PARSONS explained that DNR's fiscal note is indeterminate because the number of voucher participants is unknown. He said there are so many possibilities that the department could not present a solid number. There will be an affect on cash flow and the LDIF going forward. However, the voucher program does not take effect until 2021 and will not immediately affect the department.

CHAIR MICCICHE replied that is fair.

He questioned the department's ability to initiate the program for \$51,000 in the first year, an amount that would probably be higher for a legislator putting similar legislation forward versus the administration. He said more power to the department if they can mechanically pull off the program in the first year for \$51,000.

CHAIR MICCICHE said the bill is fascinating and he likes it because Alaskans are hungry for land. He noted that the

administration has talked about back PFDs quite a bit in the last couple of years. However, the voucher program moves forward from the January 1, 2021 effective date and does not include back PFDs in value.

MR. BARNHILL answered correct. He said the primary purpose of the bill is to get land into the hands of Alaskans faster. He admitted that one could make an argument that a byproduct of the bill is that it does provide some compensation for PFDs not paid according to the formula. However, the intent of the bill is to accelerate the disposal of land.

[4:28:41 PM](#)

SENATOR REVAK asked that the next time the committee hears the bill that the department addresses voucher numbering and trackability to the individual. He said he did not really understand the anonymity of the voucher program.

MR. BARNHILL replied he will submit a voucher mockup at the next meeting that shows some anticounterfeiting features. He explained that the official-looking voucher will have a serial number, a name, and look like a bearer bond.

CHAIR MICCICHE stated that the committee should consider whether to support the bill moving forward, especially due to its out-of-the-box approach for the disposing of state land to Alaskans, a topic he hears weekly about from constituents. He admitted that he is worried about the lack of trackability as well as the department not including transfer recording in its fiscal note. He pointed out that tracking does not need a dollar amount. However, not having trackability leaves the program wide open for theft, elder abuse, and all kinds of things that come along with untraceable assets. He said he will focus on voucher tracking and asked that the department provide its thoughts on trackability moving forward.

[4:30:52 PM](#)

SENATOR BISHOP asked Mr. Parsons if the department has enough land to meet the interest.

MR. PARSONS answered that land availability will be a challenge. The department will need to aggressively move forward with the decision-making process to get the lands prepared. The department will also have to go back and look at developed area plans to identify and reclassify adjacent lands. He said the program will be a lift for the department but is confident that the staff will keep up.

MR. BARNHILL said the department is happy to engage in further discussion on trackability. He admitted that the department made a judgement call to not include trackability in an effort to make the program as efficient as possible.

CHAIR MICCICHE said what should be clear is that over the years a young family could forgo receiving a PFD and build up quite a portfolio of land vouchers. However, not everyone keeps records equally and something could go horribly wrong without a tracking system when individuals decide to purchase their dream piece of property.

[4:33:18 PM](#)

[CHAIR MICCICHE held SB 217 in committee.]

HJR 25-ENSURE ACCESS INTO DENALI PARK

[4:33:35 PM](#)

CHAIR MICCICHE announced that the next order of business would be HOUSE JOINT RESOLUTION NO. 25, Encouraging the President of the United States, the United States Congress, and the Governor of the state to assist the National Park Service in its efforts to ensure long-term access into Denali National Park and Preserve by way of the existing roadway.

[4:33:53 PM](#)

REPRESENTATIVE DAVE TALERICO, Alaska State Legislature, Juneau, Alaska, sponsor of House Joint Resolution 25 (HJR 25), stated that Denali National Park is Alaska's most well-known national park. The road into the park is 92 miles long that goes through the Alaska Range and several different climate zones. It allows opportunities for people to view wildlife and see the peaks of Mt. Denali. The road is the only access to the Kantishna area where in-holders conduct active commercial businesses in the summer.

[4:36:14 PM](#)

REPRESENTATIVE TALERICO explained that keeping the road access into the park is for the enjoyment of visitors and residents of the Kantishna area. There is a section of the road at mile marker 45.4, east of the Eielson Visitor Center, that has become increasingly unstable and needs immediate attention.

He urged support of HJR 25 to encourage action on this significant piece of infrastructure that means a lot to tourism,

successful applicants of the road lottery, and active duty military members who receive free park access.

[4:38:37 PM](#)

SENATOR GIESSEL asked if there is a proposal to stabilize the road in the area of mile marker 45.4.

REPRESENTATIVE TALERICO replied the park superintendent has testified that the park has looked at several alternatives for stabilizing the road, including driving pilings and relocating the road.

CHAIR MICCICHE found no further questions and solicited the will of the committee.

[4:40:54 PM](#)

SENATOR COGHILL moved to report HJR 25, version 31-LS1472\M, from committee with individual recommendations and attached zero fiscal note.

[4:41:07 PM](#)

CHAIR MICCICHE found no objection; therefore, HJR 25 was reported from the Senate Resources Standing Committee.

SB 217-STATE LAND VOUCHER; PFDS

[4:41:35 PM](#)

CHAIR MICCICHE returned attention to SB 217 and opened public testimony.

[4:41:50 PM](#)

VIKKI JO KENNEDY, representing self, Kodiak, Alaska, testified in support of SB 217. She said she likes the idea of being able to buy land with vouchers. She noted that there is very little public sector land available on Kodiak Island's 80-mile road system. She asked if the January 2021 effective date for the bill applies to the 2020 or 2021 PFD.

[4:46:32 PM](#)

CHRIS EICHENLAUB, representing self, Eagle River, testified in support of SB 217. He said the land voucher is the gift that keeps on giving.

[4:47:30 PM](#)

CHAIR MICCICHE held SB 217 in committee with public testimony open.

SB 159-SALT WATER FISHING: OPERATORS/GUIDES

[4:47:51 PM](#)

CHAIR MICCICHE announced that the final order of business would be SENATE BILL NO. 159, "An Act relating to salt water sport fishing operators and salt water sport fishing guides; and providing for an effective date."

He said he had not received amendments since the previous hearing on February 28, 2020 but he was considering amending the bill based on an earlier discussion of a situation where a guide could not determine whether someone was telling the truth. He asked how the department will handle a future situation when a guide receives false information or a false report.

[4:49:09 PM](#)

TOM TAUBE, Deputy Director, Division of Sport Fishing, Alaska Department of Fish and Game, Juneau, Alaska, stated that the Division of Parks & Outdoor Recreation cited the case that Chair Micciche referenced. Since the citation was issued, the Division of Alaska Wildlife Troopers has spoken with enforcement at the Division of Parks & Outdoor Recreation and requested that they only enforce the regulations of the Department of Fish and Game.

He specified that the State will not hold a guide responsible if a parent of a client provides false information on a minor's age. A guide may ask what an individual's age is, but the State does not require the guide to verify age via birth certificate.

He said the Division of Sport Fishing believes that it has addressed the guiding concerns. Future communications between the different departments will address enforcement beyond the expected regulatory language.

CHAIR MICCICHE explained that the issue occurred on the Kenai Peninsula where wildlife enforcement asked Kenai River guides to require more identification than the Transportation Security Administration (TSA) required for individuals traveling with their children. He said he was pleased with the resolution of the issue. He asked if consideration had been given to changing the regulation and not the statute.

MR. TAUBE answered not at this time. He said his conversations with Alaska Wildlife Troopers confirmed that having discussions on an annual basis with the different entities will resolve the situation.

CHAIR MICCICHE stated satisfaction with the reply.

[4:51:45 PM](#)

CHAIR MICCICHE announced that public testimony is open.

[4:51:58 PM](#)

FORREST BRADEN, member, Southeast Alaska Guides Organization, Juneau, Alaska, testified in support of SB 159. He said asking the industry to bear the burden for the cost of administering the program seems fair and reasonable. The bill is cost neutral to the State and the department.

[4:54:12 PM](#)

CHAIR MICCICHE closed public testimony and solicited the will of the committee..

[4:54:20 PM](#)

SENATOR COGHILL moved to report SB 159, version 31-GS2192\A, from committee with individual recommendations and attached fiscal notes.

[4:54:30 PM](#)

CHAIR MICCICHE found no objection; therefore, SB 159 was reported from the Senate Resources Standing Committee.

[4:55:28 PM](#)

There being no further business to come before the committee, Chair Micciche adjourned the Senate Resources Standing Committee meeting at 4:55 p.m.