

HOUSE FINANCE COMMITTEE
March 19, 2025
1:36 p.m.

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CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Jamie Allard
Representative Jeremy Bynum
Representative Alyse Galvin
Representative Sara Hannan
Representative Nellie Unangiq Jimmie
Representative DeLena Johnson
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Hunter Meachum, Staff, Representative Sara Hannan; Nancy Meade, General Counsel, Alaska Court System; Maggie Humm, Executive Director, Alaska Legal Services Corporation; Lauree Morton, Deputy Director, Alaska Network on Domestic Violence and Sexual Assault; Representative George Rauscher, Sponsor; Craig Valdez, Staff, Representative George Rauscher; Representative Ted Eischeid.

PRESENT VIA TELECONFERENCE

Jamie Kokoszka, Program Coordinator 2, The Governor's Council on Disabilities and Special Education, Wasilla; Lavada Simeonoff, Self, Anchorage; Britni Henry, Self, Wasilla; Sandra Moller, Director, Division of Community and Regional Affairs, Department of Commerce Community and Economic Development, Anchorage; Brandon Roomsburg,

Retirement and Benefits Manager, Division of Retirement and Benefits, Department of Administration; Mark Whisenhunt, Self, Palmer; Austin Flavin, Self, Palmer; Dan Wayne, Attorney, Legislative Legal Services.

SUMMARY

HB 17 DISABLED VETERANS: RETIREMENT BENEFITS

HB 17 was HEARD and HELD in committee for further consideration.

HB 48 CIVIL LEGAL SERVICES FUND

HB 48 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda.

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RECONVENED

#hb48

HOUSE BILL NO. 48

"An Act relating to appropriations to the civil legal services fund."

[1:39:55 PM](#)

Representative Hannan introduced the bill. The bill would amend an existing statute and change the percentage of court filing fees that could be appropriated to the Civil Legal Services Fund (CLSF). She stressed that the Alaska Legal Services corporation (ALSC) and access to civil legal services was created to help safeguard low-income Alaskans' access to civil actions and civil legal representation. The bill would help create a more stable mechanism for state funding for ALS. The bill would amend the statute creating CLSF (AS 37.05.590) so up to 25 percent of court filing fees could be appropriated by the legislature to CLSF to provide civil legal aid to low-income Alaskans.

Representative Hannan continued that at current funding levels, ALSC turned away hundreds of families seeking assistance each year due to funding limitations. She shared that ALSC was the most referred to legal provider in the state, and she thought many members had referred constituents there. She asserted that ALSC's work helped reduce unnecessary lawsuits and reduced court costs. She thought the self-help resources ALSC developed and maintained helped people to navigate the system more effectively and efficiently.

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HUNTER MEACHUM, STAFF, REPRESENTATIVE SARA HANNAN, reviewed the sectional analysis (copy on file):

Section 1 amends AS 37.05.590. to allow for up to 25 percent of court system filing fees to be appropriated by the Legislature to the existing Alaska Civil Legal Services Fund each year to provide access to civil legal aid for low-income Alaskans.

Representative Galvin asked if there were funds that were not spent in one year, if the funds would be returned to another fund. She asked if the funds would be tracked year by year.

Representative Hannan responded that CLSF was a fund where court filing fees were placed. The bill change would allow the legislature to appropriate up to 25 percent of the filing fees to ALSC, whose operational costs far exceeded the state contribution.

Co-Chair Foster relayed that the general counsel for the Alaska Court System was present.

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NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, relayed that she was mostly present to answer questions. She detailed that all of the court's filing fees currently went directly to the General Fund (GF), as did other funds collected such as bail, fines, or other items. The GF was subdivided into certain funds and some amount was put into the CLSF. Currently 10 percent of the filing fees went into CLSF, as opposed to the 25 percent proposed in the bill.

The funds were forwarded to ALSC by the Department of Commerce, Community and Economic Development (CED).

Representative Stapp asked how ALSC was funded prior to the 10 percent.

Ms. Meachum responded that prior to 2018, the fund was made up of punitive damages awarded in civil matters.

Representative Stapp asked if the current 10 percent of court filing fees was an adequate sum for a period of time before inflationary pressure changed matters, or if the amount was a lifeline.

Representative Hannan replied that it was a lifeline. She noted that the ALSC executive director was available to answer questions. She recalled that at one time there were substantial direct appropriations of Unrestricted General Funds (UGF), and the court fees were not part of the calculation. She pondered that civil cases did not typically have punitive damages. She recounted that in 2018, the original bill to create the fund was for 25 percent, and there had been a political compromise to reduce the amount to 10 percent. She felt it had never been adequate to meet the needs. She thought the director would discuss the number of requests and number of people turned away because of a lack of resources. She thought ALSC had to prioritize life/safety issues.

Representative Stapp asked when the last time was that the filing fees were increased.

Ms. Meade responded that the filing fees were set by the Alaska Supreme Court through administrative rule and were last amended (increased) in 2019.

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Representative Stapp asked if the court system had interest in raising the fee structure in the near future.

Ms. Meade responded that the supreme court was probably unaware of the bill or system. One the court deposited its fees it did not track where the legislature chose to appropriate. The court was not currently considering raising its filing fees. The fees were always set with an

eye towards a blance of allowing people to access the courts and an appropriate amount to charge for the service.

Representative Bynum observed that there was a fiscal note for \$468,000, coming out of the GF to go to ALSC. He asked if there was anything currently prohibiting the legislature from adding more UGF for the purpose.

Ms. Meade responded "no."

Representative Bynum understood that the 10 percent that was going to CLSF fees were from all filing fees in the court system, or if it was specifically for filing fees for civil cases.

Ms. Meade responded that the court system did not charge filing fees for criminal cases. She continued that the court charged fees for civil cases ranging from divorce, appeals, and small claims in different amounts. The amount was generally \$250.

Co-Chair Josephson asked about punitive damages.

Representative Hannan responded that from 2007 to 2018, 50 percent of punitive damage fees had been awarded. It was very rare for punitive damages to be awarded.

Co-Chair Josephson noted that when he thought of punitive damages, he thought of a civil lawsuit or personal injury action in which damages went to a prevailing party because of the egregious nature of the harm or misconduct of the other party. He thought punitive damages went to human beings and not the court system.

Representative Hannan responded that it was her understanding. She would prefer to have an attorney answer the nuances regarding why punitive damages did not work as a funding mechanism.

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Ms. Meade added that the current language of the statute starting shown in the bill on line 6, "the legislature can appropriate to the fund from amounts deposited into the GF of the state under AS.09.17.020(j)." There were two funding sources under the bill. There was also discussion of filing fees. She relayed that there was a change made to statute

in the late 1990s in conjunction with tort reform. Subsection (j) of the statute referenced that if a person received an award of punitive damages the court shall require 50 percent of that amount be deposited into the GF of the state. She thought the provision was odd and probably did not work as intended as there was no enforcement mechanism. The court put on an order when there was a punitive damages award (which was vanishingly rare) that the person needed to put 50 percent of the amount collected into the GF. To her knowledge there had been zero dollars collected into the GF under the provision and thereafter into the CLSF under the provision of law.

Co-Chair Josephson pointed out that although the punitive damages awards were vanishingly rare, the law that funds that entered the GF get distributed to ALSC.

Ms. Meade responded yes if the funds entered the GF. She pointed out that almost all cases were settled, and even any award of punitive damages was very rare. If there was a case where a jury awarded punitive damages (which was rare to non-existent) the award would say that the person must send 50 percent to the GF. The attorney general was notified of the judgements but to her knowledge, she did not know if any money had ever been deposited to the GF under the provision during her tenure.

Co-Chair Josephson relayed that he would vote for the bill, but he was engaging in academic discussion.

Representative Tomaszewski asked about the governor's budget request of ten percent, which was about \$312,000; and the bill would raise it to 25 percent, which was an additional \$468,000 for a total of \$781,000. He asked who ALSC was and how it was organized.

Representative Hannan replied that she thought executive director would come forward and speak to Representative Tomaszewski's question.

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MAGGIE HUMM, EXECUTIVE DIRECTOR, ALASKA LEGAL SERVICES CORPORATION, thanked the sponsor of the bill. She read from prepared remarks:

ALSC is a non-profit law firm that has provided free, critical, civil legal aid to low-income Alaskans in all corners of this state since we opened our doors almost 60 years ago. The services we provide help protect Alaskans from domestic violence and other abuse, protect Alaskan's livelihoods and benefits to which they are legally entitled, and help Alaskans gain access to healthcare and maintain safe housing. The very best way to demonstrate the work that we do is by sharing client impact stories and I'd like to both open and close with an anecdote:

Becky and her husband are seniors who came to ALSC for help removing unsafe family members that were living on their land. As you know, this is not an uncommon scenario in Alaska. Becky and her husband tried to resolve his problem by themselves, but the family members refused to leave, even when given the proper notice to vacate the property. Things unfortunately turned violent. An ALSC attorney helped Becky and her husband file an eviction case where they were successful in removing the family members from their property. Becky and her husband are now able to live on their land in peace.

In SFY24, through our 14 locations throughout the state, we provided legal assistance in over 6,200 cases impacting over 17,000 Alaskans in 204 communities. The communities you will find us in include: Anchorage, Bethel, Dillingham, Fairbanks, Kenai, Kodiak, Ketchikan, Kotzebue, Palmer, Nome, Utqiagvik, and Wasilla. We are also located inside the Alaska Native Medical Center and Providence Hospital in Anchorage.

Last SFY:

- Nearly $\frac{1}{3}$ of our clients were seniors
- Over $\frac{1}{3}$ were live with one more disabilities
- Hundreds - at least 17% - of our clients identify as victims of domestic violence
- At least 7% identified as veterans

While there are a number of critical legal services we can provide and populations we can serve, I also want to mention that there are a number of types of cases that we do not do and are prohibited from doing by

federal law. These include but not limited to: criminal matters, representation of prisoners in litigation, class actions, cases on welfare reform, cases about abortion or assisted suicide, cases about redistricting, representation of undocumented immigrants except where DV or human trafficking is involved; evictions from Public Housing Involving Illegal Drugs, and fee generating cases that private lawyers will take on contingency.

The critical legal services that we do provide stabilize households that are in crisis and help to prevent problems upstream. In doing this, we save the state and our local communities money. A 2012 study commissioned by the AMTHA found that ALSC has a 5:1 ROI on investment. Annually we bring \$17.8 million dollars Economic Benefits to communities across Alaska.

These returns come in a variety of ways, for example:

- \$600,000K in Shelter costs avoided when we prevent a family from becoming homeless
- \$2.6 Million in Avoided medical and counseling costs for survivors of dv and their children

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Ms. Humm continued to address her prepared remarks:

A comprehensive study on Alaska's justice ecosystem showed that ALSC is the most referred to entity in the State for households facing legal problems.

- By providing clients with advice, referring them to resources, helping them fill out forms, or representing them in court, we reduce the burden on the court system and other state systems
- We also partner closely with the state court system, state and local agencies, and other legal service providers to increase efficiencies in court cases and referrals. These partnerships also bring additional efficiencies and reduce costs.

Despite this hard work by ALSC and other justice partners, Alaska continues to face a crisis when it comes to Alaskans being able to identify and get help for their civil legal problems:

- Last year, ALSC had to turn away hundreds of families who sought assistance w/ compelling needs. On average, we turn away roughly 1 family for each one that we serve. Not because there weren't laws to protect them but because we lacked the resources to help.
- A recent national study found that low-income Americans do not get enough legal help for almost all - 92% - of their civil legal problems. When we turn people away, they often have nowhere else to go. When these problems are not addressed, they result in a cascade of legal, social, and economic consequences. Many of which are dire, like losing a home or being subjected to continued violence.
- Individuals are not entitled to attorneys in civil matters as they are in criminal matters. Further, there are remedies that crime victims cannot obtain in criminal matters and must turn to the civil legal system for. For example, a domestic violence protective order is a civil proceeding.
- Equal access to justice is a cornerstone of our democracy. Our state and federal constitutions guarantee due process and equal protection under the law, but when it comes to the civil legal justice system, we are facing an enormous justice crisis because there is a significant gap between those who can actually identify, address, and get help for their civil legal needs and those who can't.

The fact is our target population continues to grow each year and funding is not keeping pace. Our funding through the state is about half of what it was 40 years ago but the poverty population has more than doubled.

HB 48 relates to one of our critical funding sources - the Civil Legal Services Fund.

- The fund operates as follows - At legislature's discretion, it is funded by a 50% of the State's share of civil punitive damage awards and up to 10% of court system filing fees collected in the most recent Fiscal Year.
- The statute was last amended (2018) with nearly unanimous support after widespread bi-partisan acknowledgement that ALSC was severely underfunded.
- Because the availability of funds is dependent on court system filings and punitive damages awards to

the state, the amount available from the fund can vary greatly. Since established over 15 years ago, funds have fluctuated greatly from \$0 to \$360K.

- In FY24 \$296,400 is being appropriated
- HB 48 would increase that 10% of court system filing fees to 25%/ For every extra 100K we receive, we estimate that we can help another 182 Alaskans.

We are doing as much as we can with our current resources - every dollar is extremely important to us. We stretch and leverage our funding and we are incredibly efficient:

- We are leveraging resources with donated office space and support from all local communities where we have offices
- Attorneys are paid far less than the private bar or attorneys that work for the state. Attorney in Anchorage starts at \$66K compared to a state attorney that starts at \$96K. This was after making significant improvement to our salary scales two years ago.
- Our volunteer program leveraged nearly 2,000 volunteer hours last year. This was the work of community justice workers, pro bono lawyers, law clerks and other volunteers in hundreds of cases.
- And, to move the needle on addressing the justice crisis that I just described, we are innovating. ALSC has set up the first of its kind in the nation training and resource center to train and credential community members who are not lawyers to provide targeted civil legal assistance. This approach to closing the justice gap - the development of a network of Community Justice Workers across our state - is being watched across the nation with multiple states, including TX and AZ, either actively in the process of replicating it or looking at it as a solution to their own justice gap.

I'd like to close with another client impact story:

- Ronald came to ALSC for help because his adult son was refusing to leave his home, stealing from him, and creating an unsafe situation for Ronald. Ronald had acute health problems that made him very vulnerable. An ALSC attorney helped Ronald secure a temporary and long-term financial abuse protective order. As a result, his son was removed from the home and Ronald is now safe. With the protective order in place, If

his son returns, Ronald is able to call law enforcement for help.

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Ms. Humm continued her remarks:

Civil legal aid is critical to help those who need it - often a lifeline - but the cost of providing these services is increasing along with the demand for these services. If our funding does not keep pace, we will be forced to turn away hundreds of people like Ronald and Becky who I mentioned in my opening. This is not acceptable. Passing HB48 is critical to adequately fund civil legal services and addressing the justice crisis in Alaska. Thank you so much for your time and consideration.

Representative Tomaszewski about ALSC's budget and its other funding sources.

Ms. Humm responded that ALSC's overall budget was just over \$10 million. She noted that ALSC got funding from a variety of sources including federal funds, state funds, local grants, private donations, and tribal contracts.

Co-Chair Foster noted that Ms. Humm had mentioned that for every one client ALSC took on, it had to turn away another. He asked how many more people the corporation could help with the additional funding proposed in the bill.

Ms. Humm responded that ALSC's best estimate was that for each additional \$100,000 it could help 182 people, and with an additional \$400,000 it could help roughly 750 to 800 additional people.

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Representative Bynum asked if criminal fines and fees were applied in criminal cases when people were found guilty. He asked about the original intent for the fees and what they would be used for.

Ms. Meade responded that the court had charged a filing fee for civil cases for decades and had always deposited the funds into the GF. She was not sure of the precise nature of Representative Bynum's question.

Representative Bynum pondered that the fees were put in place for a reason, and although the funds might not be designated as such, he assumed the purpose was to support the functions of the court system. He asked why the fees would not be increased to support the endeavor. He was trying to understand what would not be funded when the funds were moved to ALSC.

Ms. Meade clarified that the court was neutral on the bill. She continued that the assumption the court charged filing fees and put them into the GF to support the court system was not the case. She explained that every court system in the country had some filing fees. She thought the fees were partially to ensure that a person who filed a court case had a stake in the matter, and though the fees could potentially cut down on frivolous lawsuits. The dollars currently went into the GF that could be appropriated by the legislature as it wished. The fees were fungible, GF funds that had nothing to do with the court system's operating budget request or anything that it did. She could not answer the question of what would be funded if the funds did not go to ALSC.

Representative Bynum appreciated that the organization looked for other funding. He mentioned being on the Ketchikan Borough Assembly and noted that the borough provided \$25,000 per year for the services through the Community Grant Program.

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Representative Hannan added that nearly every state supported civil legal aid with its court fees and fines and with direct appropriation. She cited that Alabama, Oregon, and Idaho were the only states that did not receive state funding into legal services. She noted that many times grant funds on who the grants could serve.

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Co-Chair Foster OPENED public testimony.

[2:15:14 PM](#)

LAUREE MORTON, DEPUTY DIRECTOR, ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT, testified in support of the

bill. She relayed that the Alaska Network on Domestic Violence and Sexual Assault (NDVSA) was the state coalition of 24 community-based domestic violence and sexual assault response service providers. She contended that ALSC was one non-profit legal corporation that that assisted victims of domestic violence and sexual assault. The Alaska Native Justice Center, the Alaska Institute for Justice, and the network worked with ALSC to ensure that as many victim survivors as possible were served when they sought assistance to navigate the civil justice system. She stressed that the state needed a strong, well-funded ALSC.

Ms. Morton cited that survivors rated the filing of protective orders as one of the two most effective tools in stopping domestic violence, second only to leaving. She cited statistics that indicated an 80 percent reduction in police report reductions and reports of physical violence in the following 12 months. She noted that protective orders could be the difference between life and death, and survivors turned to the courts for protective orders, child custody, and divorce when seeking to escape violence. Having an attorney in their corner made it more likely a victim would receive a favorable outcome, and research showed legal assistance of any kind had been demonstrated to improve outcomes. The tangible benefits were increased physical and economic security. Many studies showed a larger societal benefit. She cited a reduction in the need for other services such as foster care and police services.

Ms. Morton discussed cost-benefit analyses that indicated civil legal assistance almost always provided economic return for society. She emphasized that the expansion of civil legal assistance for victims must be contemplated if the state was serious about preventing domestic violence.

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JAMIE KOKOSZKA, PROGRAM COORDINATOR 2, THE GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION, WASILLA (via teleconference), testified in support of the bill. She thanked the sponsor and co-sponsors. She discussed the activities of the Governor's Council on Disabilities and Special Education and how ALSC helped by providing assistance to low-income Alaskans with disabilities in legal matters. She read a list of examples of people seeking help for civil legal matters. She reminded that half of people were turned away due to lack of resources.

She noted that people with disabilities were more likely to be victims of financial fraud. She emphasized that the council supported the bill.

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LAVADA SIMEONOFF, SELF, ANCHORAGE (via teleconference), testified in support of the bill. She provided testimony on behalf of Mark Webber to accommodate his disability, which affected his ability to communicate. She described Mark's story and experience seeking legal services. He sought assistance from at least 11 law firms before getting assistance from ALSC. She described how ALSC took action in helping Mark seek justice. Mark was guided through the legal process with clarity and professionalism. She could not overstate the significance of ALSC's involvement. She stressed that ALSC made sure they had a voice in the matter. She expressed gratitude for ALSC and its assistance after it had made an immeasurable difference in Mark's life.

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BRITNI HENRY, SELF, WASILLA (via teleconference), testified in support of the bill. She had reached out to ALSC on several occasions. She had left a long-term marriage and had been in a vulnerable position. She recounted reaching out for assistance and not receiving it because ALSC did not have the capacity. She had received help the previous year and described it as making a remarkable difference in her life. She described the help from ALSC as making a significant impact. She wished that ALSC could help more people. She wished more women could get the same support from ALSC.

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Co-Chair Foster CLOSED public testimony.

[2:30:41 PM](#)

SANDRA MOLLER, DIRECTOR, DIVISION OF COMMUNITY AND REGIONAL AFFAIRS, DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEVELOPMENT, ANCHORAGE (via teleconference), reviewed the fiscal note with control code tRzkm and OMB component 2879. There was \$468.9 thousand in the governor's budget for the fund, and with a change to 25 percent it would add an

additional \$312.6 thousand. In following years there would be \$781.5 thousand if the entire 25 percent were allocated.

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Ms. Meade reviewed the zero fiscal note for the Alaska Court System, OMB component 768 and control code EyJrz. The court system deposited any funds it collected (fees, fines, or bail) on to the GF for distribution by the legislature. None of the funds went to the court system or its operations, and it was inconsequential to the court system how much the legislature decided to put into the sub-fund of the GF.

Co-Chair Foster asked for the publish date of the fiscal note Ms. Meade was referencing. He clarified the control code.

Ms. Meade clarified that her fiscal note did not have a public date. She noted that regardless of the publish date, her testimony would remain the same.

Representative Bynum asked if the change was possible without a bill. He asked if, since 2018, there had been any funds appropriated outside the 10 percent of the sub-fund.

Ms. Meade responded that the previous year there had been an additional appropriation. She deferred to Ms. Humm as to the exact amount.

Ms. Humm affirmed that ALSC had a \$400,000 appropriation the previous year, and the same amount was also in the budget for the current year. The funds were separate than the CLSF.

Representative Bynum asked if the intention was to utilize the additional funds proposed in the bill as well as the appropriation.

Ms. Humm replied that ALSC was falling behind in funding since the poverty population had grown. The organization would not be using the additional CLSF funds as a substitute for the appropriation because it would not gain any ground if the amount of funding remained the same.

Representative Bynum understood that when someone was in need, civil cases were non-monetary in nature. He asked if

there were cases where there was significant monetary gain, and if ALSC charged for services in such cases.

Ms. Humm responded that ALSC was prohibited from charging for their services. On occasion, ALSC would receive an award for attorney fees if it prevailed in a case and it was appropriate under Alaska law. The funds would come to ALSC like it would to a law firm, but the funds had spending restrictions.

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Representative Stapp did not like the messiness of the funding situation and would like to clean it up. He asked if ALSC would be open to having 50 percent of the court filing fees go to ALSC and then getting rid of the GF appropriation in the budget.

Ms. Humm thought the situation would be possible, but only if the amount were increased to accommodate for the loss of the GF.

Co-Chair Foster set an amendment deadline for March 27 at 5pm.

HB 48 was HEARD and HELD in committee for further consideration.

[2:39:11 PM](#)

#hb17

HOUSE BILL NO. 17

"An Act relating to retirement benefits and military service."

[2:39:36 PM](#)

REPRESENTATIVE GEORGE RAUSCHER, SPONSOR, explained that the bill was a reintroduction of the previous year's HB 232. He recounted that HB 232 had successfully advanced through the House Military and Veterans Affairs Committee, and the House Finance Committee before reaching the House Rules Committee on May 8, 2024, too late for passage. He thanked the committee for its unanimous support in the prior year. He noted that there had been nine "do pass" designations on the bill.

Representative Rauscher relayed that HB 17 ensured that veterans that were totally and permanently disabled could access accrued Public Employees' Retirement System (PERS) benefits a few years earlier without penalty. The bill also clarified that the military service purchased under PERS rules counted as credited service requirements for normal retirement. He noted the veterans with total and permanent disabilities often encountered significant barriers to employment, financial stability due to their service-connected conditions. He contended that by passing HB 17, the legislature could ensure the veterans received the benefits they had already earned at a time when they needed them the most. The bill did not expand benefits but simply removed unnecessary hurdles for disabled veterans that had already served the country and the public. He contended that with the support of the committee and the legislature, the state could take a meaningful step towards providing stability and certainty for those that sacrificed and gave so much of their lives and bodies for our nation.

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CRAIG VALDEZ, STAFF, REPRESENTATIVE GEORGE RAUSCHER, went through the sectional analysis (copy on file).

Section 1: AS 39.35.370(a) This section amends AS 39.35.370(a) to add additional language related to eligibility requirements when a terminated employee is eligible for a normal retirement benefit. Specifically adding new subsections, A and B to section 1, lines 7 through 10.

Section 2: Repeals three statutes.

Representative Stapp commented that he supported the bill. He asked about the discount rate given and understood that the veterans would be able to use military service to buy into retirement. He asked what the discount rate would be.

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BRANDON ROOMSBURG, RETIREMENT AND BENEFITS MANAGER, DIVISION OF RETIREMENT AND BENEFITS, DEPARTMENT OF ADMINISTRATION (via teleconference), assumed that Representative Stapp was asking about being able to retire

sooner than being vested or meeting normal early-eligible requirements.

Representative Stapp answered in the affirmative. He thought typically people could buy into it with money to make sure the actuarial realized value was the same.

Mr. Roomsburg answered affirmatively. He asked if Representative Stapp was speaking to the ability to accept an actuarial reduction to the benefit and not having to pay for the claim itself.

Representative Stapp asked if the bill proposed to make the veterans buy the time, or if the veterans were just receiving the time.

Mr. Roomsburg would follow up at a later time.

Co-Chair Josephson thought the sponsor had indicated that the bill did not propose to expand benefits. He pondered a person with 5 years in credited service, for defined benefit (DB) or defined contribution (DC) plans. He assumed that if a person could get into retirement sooner, there benefits were expanded in terms of timeline if not in quantity or quality of the benefit.

Mr. Valdez responded that it was only for DB plans and only covered Tier 1 employees. He understood Co-Chair Josephson's reasoning.

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Representative Hannan asked if the number of people potentially affected was known. She recalled that two people were affected. She thought the people both needed to already have 5 years credited service in the DB system and be permanently and totally disabled service-connected. She thought the scope was narrow.

Mr. Valdez relayed that the state did not have precise numbers but had narrowed it down to potentially two Tier 2 individuals. The fiscal note mentioned there were potentially up to 48 people that could meet the qualifications. He suggested addressing the question to the authors of the fiscal note.

Representative Hannan wanted to hear from DRB as to whether it had come up with a broader number.

Mr. Roomsburg did not hear the question.

Representative Hannan asked how many people would be captured under the law if the bill was implemented.

Mr. Roomsburg replied that it would be approximately 48 members.

Representative Hannan asked about the 48 people who potentially could qualify because of having five years of service. She asked if it was not known if they were all living and currently receiving disability.

Mr. Roomsburg responded that it could be a combination of active, inactive, or retired members. He offered to split up the demographics for her review.

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Representative Bynum thought that under the bill the individuals would still have to meet the five years of service requirement. He asked about the term "terminated" being used twice. He asked about the current definition for "permanently and totally disabled for service-connected conditions."

Mr. Roomsburg responded that when he read the language, he did not see the portion about five years of service as part of the bill. He would have the same question for the bill sponsor.

Co-Chair Josephson asked Mr. Roomsburg to repeat his answer.

Mr. Roomsburg replied that he would have the same question as Representative Bynum had regarding the "at least 5 years" of service.

Mr. Valdez relayed that he would look into the language.

Mr. Roomsburg responded that Section 1 stated "with at least five years of credited service."

Co-Chair Foster suggested that the sponsor do some research on the credit service.

Representative Rauscher responded that the phrase "at age 60" was removed. He was not sure he was following the question, but he would return to the committee with more information.

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Representative Bynum acknowledged that the bill stated "at least five years," but wanted to ensure that it was a requirement with the way the bill was written. He thought it would be a question for the Division of Legal and Research Services. He asked about the specific terminology relating to a terminated employee. He discussed terminology regarding veterans that were permanently disabled, and whether it was specifically defined in the federal code. He discussed classifications of disability.

Mr. Valdez responded that he would follow up with legislative legal services to determine why certain terminology was used. He relayed that the bill used the Veteran's Administration (VA) definition of permanent disability.

Co-Chair Josephson asked when Tier 2 had ended.

Mr. Roomsburg responded that Tier 2 closed on June 30, 1996.

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MARK WHISENHUNT, SELF, PALMER (via teleconference), advocated on behalf of disabled veterans and supported the bill. He wanted to address some of the questions members had asked. He explained that disabled veterans often faced challenges like limited employment opportunities, difficulty accessing quality healthcare, and higher rates of mental health issues such as Post-Traumatic Stress Disorder (PTSD). He discussed the transition to civilian life, which could be challenging. He thought veterans often downplayed the impact of service. He discussed the category of veterans with permanent disabilities, who could face even greater challenges with employment and often struggled with income stability. He had personally experienced the challenges and had seen the same in others.

Mr. Whisenhunt contended that the bill could serve a unique role in supporting disabled veterans. He suggested that support of the bill would show commitment to veterans. The bill allowed totally permanently disabled veterans to access retirement benefits they had earned. He thought the legislation was a lifeline and cited that the VA had deemed less than 4 percent of veterans were totally permanently disabled. He cited a study that indicated that the small group of veterans had diminished life expectancy when compared to the civilian population. Disabled veterans were dying on average 15 years earlier than their civilian counterparts. He estimated that there were approximately 48 totally permanently disabled veterans that had a PERS account. He believed that allowing approximately 48 totally disabled veterans with a significantly lowered life expectancy to access their hard-earned retirement funds would in now way cause an undue hardship to the PERS system.

Mr. Whisenhunt addressed earlier questions relating to how one would buy military time back. He noted that the circumstance applied to Tiers 1, 2, and 3. In order to get any type of benefits, a person would have to be vested by at least 5 years of service. To purchase military time, it could only be up to 5 years, and it was done at a rate of 8.5 percent of your annual wage on a vesting year. At year 5, if a person made \$50,000 per year, they would have to pay 8.5 percent of the annual wage, which for the maximum service credit of five years the person would pay about \$21,000. He noted that the phrases "temporary" and "permanent" were defined in federal law. The only way to obtain the specific rating was to be 100 percent disabled and the VA had to determine the condition would not improve.

[3:01:18 PM](#)

Representative Allard asked about Mr. Whisenhunt's sources and if he was an expert. She relayed that she had heard from some veterans that had indicated that the bill would have a negative impact.

Mr. Whisenhunt replied that he was not an expert but had done a lot of research. He noted that the data he referenced was directly from the VA.

Representative Allard was in disagreement with some of what Mr. Whisenhunt had stated.

Co-Chair Josephson was also confused. He asked if a person were born in 1988 and at age 18, they could have just become a Tier 3 employee when the program ended and had state or municipal service. He discussed the hypothetical situation of the individual having five years state service before entering the military and becoming totally and permanently disabled. He pondered that the individual would currently be 37 years old and would be able to qualify for retirement decades before others. He pondered that maybe it was a perfectly good policy call because it was affordable (because of the low number of people) and the person defended our country. He asked if under the bill such a person could get retirement.

Mr. Whisenhunt responded that the person would not regard a full retirement but would be eligible for the years that they worked. If the person worked for five years, they would be eligible for ten percent of their retirement, which would be a few hundred dollars a month but could be a significant difference in a person's life.

[3:04:49 PM](#)

Co-Chair Josephson asked about Mr. Whisenhunt's comment about being eligible for ten percent of retirement. He thought the person would be eligible for all of the retirement, but it would be fairly small after only working five years.

Mr. Whisenhunt responded that Tier 2 and 3 retirement was based off years worked, and ultimately the percentage of income. If the person made \$50,000 per year they would be eligible for 10 percent of that per month.

Co-Chair Josephson asked why there was no cost to the state or the Department of Administration [ref: FN 1 from DOA, OMB Component 64].

Mr. Whisenhunt understood that the fiscal note was indeterminate because the division did not collect data on veterans' status.

[3:06:43 PM](#)

Representative Hannan thought that Mr. Whisenhunt had raised a couple of issues that were not in the bill. She thought he had stated that a person could only bring in five years of service. She thought line 7 said the person had to be 60 years of age before drawing the benefit. She asked if she was reading the bill differently.

Mr. Whisenhunt responded that the five years was defined within AS 35, which stipulated it was the maximum amount of time a person could purchase from military service. If a person had served three years, they could purchase a maximum of three years of service. He noted that there was an "or" between a and b; meaning that one had to reach age 60 or be deemed permanently and totally disabled. Vesting was required for both circumstances. If a person was permanently and totally disabled at age 44, a person could retire at that time with the service they had in the system.

Mr. Valdez reiterated that there were two circumstances in (a) and (b) to qualify.

Representative Allard asked if anyone had reached out to the sponsor to indicate it was negatively impacting them.

Representative Rauscher responded in the negative.

Representative Allard shared that she had people reach out who indicated the bill would negatively impact them. She referenced Mr. Whisenhunt's testimony about veterans' shorter life span and challenges with employment. As a veteran she took offense with many of Mr. Whisenhunt's statements. She stressed that veterans were not inept but were capable. She thought it was demoralizing to say that veterans would need handouts. She thought there needed to be more information, and questioned the quality of Mr. Whisenhunt's testimony. She relayed that she would proceed with caution and gather more information on how the bill could affect veterans that had retired and had paid into the system.

Co-Chair Foster asked if Mr. Whisenhunt had an affiliation.

Mr. Whisenhunt responded that he was representing himself. He noted he had put many hours of research into the topic. He appreciated Representative Allard's position. He clarified that as a disabled veteran he would never say

that veterans were not good or needed a handout. He commented that veterans are resilient. He relayed that his goal was to point to VA statistics on the struggles of some veterans. He thought the bill would only help veterans and in no way hurt veterans, whether retired or not.

[3:11:47 PM](#)

Representative Rauscher referenced Representative Allard's comments and did not think there were any handouts or pity. He pondered that if a person was 100 percent disabled, their body would deteriorate faster than others. He explained that the bill related to awards for the service and a thank you in understanding what disabled veterans gave up for our country.

Representative Johnson referenced the first paragraph in the language section of the fiscal note, which indicated the bill would create an additional unfunded liability to the PERS plan. The final paragraph referenced roughly 48 members and referenced repeal of statutes. She read from the fiscal note:

Additionally, the repeal of the 3 statutes listed in the bill open up the PERS to additional members who can use prior military service. This information is not tracked currently, and the Division is unable to determine how many members this could impact nor the impact on pension benefit costs to the PERS. As such, the Division provides an indeterminate fiscal note based on this analysis and conclusion.

Representative Johnson pondered that the fiscal note did not go into the cost in-depth. She thought the bill could create an unfunded liability to PERS.

[3:14:15 PM](#)

Co-Chair Foster OPENED public testimony.

[3:14:30 PM](#)

AUSTIN FLAVIN, SELF, PALMER (via teleconference), testified in support of the bill. He was a member of a veteran's association. He had followed the previous version of the bill. He grew up in Dillingham and had enlisted in the navy for six years. He recounted that around 2001, he had some

PERS service prior to enlisting and kept his Tier 3 status. He discussed four deployments, including a 7-month deployment to Iraq where he dealt with burn pit activity. He described the cutting and welding of improper metals and up-armorings of military vehicles, which involved ingesting toxins. He had a rating with the VA and he had bought his time back. He addressed comments related to the bill being a kind of hand-out. He cited that he had paid over \$30,000 to buy his military time back. He interpreted the bill as a benefit he had already paid for. He addressed Section 3, line 13, which he thought would affect himself or others with at least 30 years of credited service. He discussed a similar provision for police and fire personnel.

Mr. Flavin shared that he supported the bill because he had a rating with the VA, which he could not disclose. He relayed that he had Chronic Obstructive Pulmonary Disease (COPD) directly associated with burn pits in Iraq. He shared that he was 43 years old and endeavored to be healthy. He would gladly take the opportunity to retire sooner and live a better quality of life. He knew there were individuals that had worse experiences that would also be eligible. He saw the bill only as helping people that had served their country, with a high likelihood of serving in Iraq, Kosovo, and other areas. He mentioned the lower life expectancy of veterans.

[3:22:07 PM](#)

Representative Tomaszewski thanked Mr. Flavin for his service.

Co-Chair Josephson thanked Mr. Flavin for his service. He knew that the previous Congress had fought hard for benefits for people that were exposed to burn pits and hoped he got what he was entitled to.

[3:23:06 PM](#)

Co-Chair Foster CLOSED public testimony.

Representative Hannan asked if the bill would impact anyone who was already a retiree.

Mr. Roomsburg relayed that he would need to follow up.

Representative Hannan was confused. She understood that the numbers could not be predicted and that the fiscal note referenced potential unfunded liability but thought that the bill would not affect the people who were already retired or their benefits.

Mr. Roomsburg agreed.

Representative Bynum asked about questions for Legislative Legal Services.

DAN WAYNE, ATTORNEY, LEGISLATIVE LEGAL SERVICES, JUNEAU (via teleconference), was available for questions.

Representative Bynum asked about persons being aged 60 or any age if the terminated employee was a veteran. He thought the VA's definition would apply. He wondered if there was a legal reason for saying "terminated" twice.

Mr. Wayne thought the language was for drafting purposes, and instead of saying "person" the bill said "terminated employee."

[3:27:08 PM](#)

Representative Bynum asked that the reference to terminated employee in the language of the statute described a person that was no longer working with the state or under the retirement program.

Mr. Wayne responded in the affirmative.

Representative Bynum thought the language of the bill stated that a 100 percent disabled veteran (under the VA definition) would be able to qualify for early retirement. If a person had worked under Tier 2 or Tier 3 for five years then met the classification, the person would be able to file for retirement. He asked if there had been consideration of putting the new category under the section where there would be an actuarial adjustment.

Mr. Valdez responded that he was not involved in the drafting, but he could follow up.

Representative Bynum was just curious if it was taken into consideration. He thought the fiscal note indicated there

was a small scope of individuals affected. He supported the bill.

Co-Chair Foster asked to review the fiscal note.

Mr. Roomsburg reviewed a zero-cost fiscal note from DOA with OMB component 64 and control code IUnPL. There were no requested operating expenditures, fund sources, or additional positions requested for the bill. The department already had sections for processing the work. The department anticipated regulations to be developed at a later time if the bill was passed.

Co-Chair Foster set an amendment deadline of March 27 at 5 o'clock p.m.

Representative Rauscher expressed his appreciation for the committee hearing the bill. He noted that the bill only affected a small number of veterans with total disability.

Co-Chair Foster reviewed the agenda for the following meeting.

HB 48 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

[3:32:15 PM](#)

The meeting was adjourned at 3:32 p.m.