

**ALASKA LEGISLATURE**

**2721**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004**

HB 375 Conference Committee

5/10/2004

SUBJECT: <i>lj</i>			
	Yea	Nay	Abstain
Representative Joule			
Senator Hoffman			
Representative Kott			
Senator Therriault			
Representative Williams			<i>moved</i>
Senator Wilken			<i>obj/removed</i>
<b>total</b>	<i>Pass</i>		

SENATE FINANCE COMMITTEE

AMENDMENT No. #1k

By Rep Williams

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

Insert:

Page 4, lines 9-12

Appropriation Items	Other FUNDS
\$ 193,000	\$ 193,000

City of Houston - Houston  
Volunteer Fire Department  
Replacement Fire Engine

Insert:

Page 6, Lines 30-32

City of Wausilla - Gravel to  
Asphalt Road Improvement  
(ED 13-16)

<del>RES</del> (125,000)	(125,000)
50,000	50,000

EXPLANATION: Removes ~~RES~~ Gravel to Asphalt Program  
by \$75,000, adds those funds to Fire Engine  
Replacement.

HB 375 Conference Committee

5/10/2004

SUBJECT: 1 K			
	Yea	Nay	Abstain
Representative Joule			
Senator Hoffman			
Representative Kott			
Senator Therriault			
Representative Williams			moved
Senator Wilken			obj/removed
<b>total</b>	Pass		

SENATE FINANCE COMMITTEE

AMENDMENT No. # 12

By Rep. Williams &

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

Delete: Page 19, Lines 9-14

	Appropriation ITEMS	Other FUNDS
Insert: Page 16, Lines 5 - 7	(25,000)	(25,000)
ALASKA Trailblazers - Equipment <del>Construction</del> Building Construction	\$ 75,000	\$ 75,000

EXPLANATION: ADDS \$ 50,000 FOR THE  
ALASKA TRAILBLAZER APPROPRIATION. FUNDING  
DELETED ON PAGE 19 IS FUNDED IN REAPPROPRIATION  
ON PAGE 95, SECTION I.

HB 375 Conference Committee

5/10/2004

SUBJECT:	1	2		
		Yea	Nay	Abstain
Representative Joule				
Senator Hoffman				
Representative Kott				
Senator Therriault				
Representative Williams				moved
Senator Wilken				obj./removed
<b>total</b>	Pass			

SENATE FINANCE COMMITTEE

AMENDMENT No. #1 m

By Sen. Wilken by request

To: Page 27, Line 28 SENATE BILL No. 283

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

Vocational Rehabilitation Business Enterprise Program  
Facility Development and Equipment  
Replacement --

Change Funding source from  
1057- Small Business Revolving Loan Fund  
To  
1117- Vocational Small Business Program

HB 375 Conference Committee

5/10/2004

SUBJECT:	l m			
		Yea	Nay	Abstain
Representative Joule				
Senator Hoffman				
Representative Kott				
Senator Therriault				moved
Representative Williams				
Senator Wilken				obj./removed
<b>total</b>	Pass			

Amendment # 1 n

Amendment to ~~SB-283~~ Am. A.102

By Sen. Wilken

Add to Section 56

(d) The unexpended and unobligated balance of the appropriation made in sec. 100, ch. 2, FSSLA 1999, page 56, line 10, and allocated on lines 11-13 (Anchorage: Minnesota Drive and International Airport Road interchange - \$4,699,351), remaining after the appropriations in (a), (b), and (c) of this section, is appropriated to the Department of Transportation and Public Facilities for construction of the Willow maintenance station.

HB 375 Conference Committee

5/10/2004

SUBJECT: In	Yea	Nay	Abstain
Representative Joule			
Senator Hoffman			
Representative Kott			
Senator Therriault			
Representative Williams			
Senator Wilken			moved/
			obj/removed
total	Pass		

SB 283  
~~HB 375~~ Conference Committee  
5/10/2004

SUBJECT: 10			
	Yea	Nay	Abstain
Representative Joule			
Senator Hoffman			
Representative Kott			
Senator Therriault			
Representative Williams			obj/removed
Senator Wilken			moved
<b>total</b>			

to Amendment #1  
 Page 111, line 30  
 through  
 Page 112, line 10  
 delete Sec. 58

rescinded

1 (c) Subject to (a) of this section, sec. 3, ch. 61, SLA 2001, page 68, lines 19 - 25, is  
2 amended to read:

	APPROPRIATION	OTHER
	ITEMS	FUNDS
3 Bering Strait - Golovin School	<u>9,438,192</u>	<u>9,438,192</u>
4 Phase III (ED 38)	[9,888,192]	[9,888,192]
5 Bering Strait - Koyuk School K-	11,660,343	11,660,343
6 12 Replacement (ED 38)		
7 Bering Strait - Shishmaref	<u>8,792,525</u>	<u>8,792,525</u>
8 <u>Bank Stabilization/</u>	[8,342,525]	[8,342,525]
9 School Roof Replacement/		
10 Renovate, Phase III (ED 37)		

11 (d) Subject to (a) of this section, the sum of \$1,000,000 is appropriated from the  
12 general fund to the Department of Community and Economic Development for payment as a  
13 grant under AS 37.05.316 to Yuut Elitnauriviat, Inc., for design and construction of the  
14 People's Learning Center, phase I.

15 (e) Subject to (a) of this section, the sum of <sup>2,000,000</sup>~~\$1,500,000~~ is appropriated from the  
16 general fund to the Department of Community and Economic Development for payment as a  
17 grant under AS 37.05.315 to the City of Shishmaref for erosion control.

18 (f) Subject to (a) of this section, the sum of \$1,560,000 is appropriated from the  
19 general fund to the Department of Community and Economic Development for payment as a  
20 grant under AS 37.05.315 to Dillingham City Schools for middle school roof replacement and  
21 high school design, engineering, and roof and structural repairs.

22 (g) Subject to (a) of this section, the sum of \$1,454,017 is appropriated from the  
23 general fund to the Department of Education and Early Development for the fiscal year  
24 ending June 30, 2005, to be allocated in the amounts set out for payment as grants to the  
25 school districts and regional educational attendance areas (REAA) listed to offset the effects  
26 of AS 14.17.490 on the increase to the foundation formula to pay the additional costs of  
27 participation of the school districts and regional educational attendance areas in the public  
28 employees' retirement system and the teachers' retirement system:

29 SCHOOL DISTRICT/ ALLOCATION

HB 375 Conference Committee

5/10/2004

SUBJECT: LP			
	Yea	Nay	Abstain
Representative Joule			marked
Senator Hoffman			
Representative Kott			
Senator Therriault			
Representative Williams			
Senator Wilken			obj. removed
<b>total</b>	Pass		

CS pg 7 line 17

delete: \$ 1,500,000

insert: 2,000,000

HB 375 Conference Committee

5/10/2004

move to rescind

SUBJECT: I P	Yea	Nay	Abstain
Representative Joule			move
Senator Hoffman			
Representative Kott			
Senator Therriault			
Representative Williams			
Senator Wilken			
<b>total</b> Pass			

SB 283  
~~HB 375~~ Conference Committee  
5/10/2004

SUBJECT: 1 a	Yea	Nay	Abstain
Representative Joule			
Senator Hoffman			
Representative Kott			
Senator Therriault			
Representative Williams			
Senator Wilken			
total Pass			

delete Sec. b2 & b3  
from Amendment #1  
Pg 112

adopted

1 (a) The sum of \$18,250,000 in federal receipts that the state receives for the  
 2 implementation of the Pacific Salmon Treaty of 1999 is appropriated to the Office of  
 3 the Governor for salmon habitat restoration, salmon stock enhancement, salmon  
 4 research, including the construction of salmon research and related facilities, east of  
 5 Cape Suckling, and implementation of the Pacific Salmon Treaty of 1999. Of this  
 6 amount, the sum of \$11,000,000 is appropriated for projects reviewed by the  
 7 stakeholders' panel to provide economic opportunities for salmon fishermen east of  
 8 Cape Suckling, including \$650,000 for the Joint Legislative Salmon Industry Task  
 9 Force to conduct statewide town hall meetings in conjunction with the United  
 10 Fishermen of Alaska and for the Legislative Council for studies to determine the  
 11 legislative action that may be needed to implement salmon fisheries restructuring  
 12 proposals.

13 \* Sec. 49. DEPARTMENT OF ADMINISTRATION. The unexpended and unobligated  
 14 general fund balance of the appropriation made in sec. 1, ch. 83, SLA 2003, page 2, lines 13 -  
 15 14, and allocated on page 2, line 20 (centralized administrative services, finance -  
 16 \$6,217,500), not to exceed \$400,000, is reappropriated to the Department of Administration  
 17 for Alaska land mobile radio.

18 \* Sec. 50. CORRECTIONAL INDUSTRIES FUND. The unexpended and unobligated  
 19 balance on June 30, 2004, of the appropriation made in sec. 1, ch. 61, SLA 2001, page 10,  
 20 lines 11 - 13 (Department of Corrections, criminal justice management information system  
 21 replacement - \$400,000) is reappropriated to the correctional industries fund (AS 33.32.020).

22 \* Sec. 51. OFFICE OF THE GOVERNOR. The unexpended and unobligated general fund  
 23 balances on June 30, 2004, of the appropriations made in sec. 1, ch. 83, SLA 2003, page 15,  
 24 line 20 (commissions/special offices - \$1,310,500); sec. 1, ch. 83, SLA 2003, page 15, line 22  
 25 (executive operations - \$8,878,100); sec. 1, ch. 83, SLA 2003, page 15, lines 31 - 32 (office of  
 26 management and budget - \$1,879,600); sec. 1, ch. 83, SLA 2003, page 16, line 4 (elections -  
 27 \$2,031,600); and secs. 40(a) and 40(c), ch. 82, SLA 2003 (Arctic Power, education efforts)  
 28 are reappropriated to the Office of the Governor for Arctic National Wildlife Refuge oil and  
 29 gas development, states' rights advocacy, and national and international marketing and  
 30 development of Alaska resources and products.

31 \* Sec. 52. DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS. (a) The

deleted from Sec. 51  
 add a new Section reappropriating these funds to  
 office of Gov. for FY05 operating costs

WORK DRAFT

WORK DRAFT

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20 grant under AS 37.05.315 to Dillingham City Schools for middle school roof replacement and  
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27 participation of the school districts and regional educational attendance areas in the public  
28 employees' retirement system and the teachers' retirement system:

29 SCHOOL DISTRICT/ ALLOCATION

**SB**

**284**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
MAY 02 2004  
SENATE FINANCE  
COMMITTEE

DATE: 2/18/04

FURTHER:

DATE TURNED

IN TO OFFICE: 05/02/04

Finance Committee considered

SENATE BILL NO. 284

## SB 284 PF DIVIDEND APPLICATION RECORDS PRIVATE

"An Act relating to an optional election to prevent the name and address of a permanent fund dividend applicant from being disclosed, except to a state or federal agency."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 284 (FIN)
- adopt previous \_\_\_\_\_ CS CS FORTHCOMING (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero.	FN#
DoB	4/30/04			✓	

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

REPORTED OUT

MAY 02 2004

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSSB 284(FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title PFD Application Records Private RDU Revenue Programs & Services  
Component Permanent Fund Dividend  
Sponsor Senator Guess  
Requester Senate Finance Component No. 981

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1950 Permanent Fund Dividend Fund	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

CSSB 284(FIN) proposes that the department keep all information on a PFD application confidential except for the applicant's name. The bill allows confidential information provided on the application to be released to a local, state or federal agency, in compliance with a court order, as directed by the individual, or to a banking institution to verify a direct deposit or to correct an error in a direct deposit. Currently, names and mailing addresses only are public information.

Prepared by: Sharon Barton, Director Phone (907) 465-4785  
Division Permanent Fund Dividend Division Date/Time 4/30/04 1:47 PM  
Approved by: Steve Porter, Deputy Commissioner Date 4/30/2004  
Agency Department of Revenue

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(b) In addition to the information in (a) of this section, a voter may elect in writing to keep the following information confidential and not open to public inspection:

~~(1) the voter's name if the voter has been a victim of domestic violence;~~

delete

(2) the voter's residential address if the voter provides a separate mailing address.

(c) Notwithstanding other provisions, and in compliance with federal law, information made confidential by this section may be released by the division

(1) to a local, state, or federal government agency, including to the child support enforcement agency created in AS 25.27.010 or the child support enforcement agency of another state; the agency receiving information under this paragraph may use the information only for governmental purposes authorized under law;

(2) in compliance with a court order;

(3) to a person holding a writ of execution against the person or property of the voter; or

(4) if the voter about whom information has been requested has provided written consent to the release.

\* Sec. 2. AS 43.23 is amended by adding a new section to read:

**Sec. 43.23.017. Applicant information confidential.** Information on each permanent fund dividend application, except the applicant's name, is confidential. The department may only release information that is confidential under this section

(1) to a local, state, or federal government agency;

(2) in compliance with a court order;

(3) to the individual or agency who files an application on behalf of another;

(4) to a banking institution to verify the direct deposit of a permanent fund dividend or correct an error in that deposit; and

(5) as directed to do so by the applicant.

\* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to

SENATE FINANCE COMMITTEE  
5/2/2004 COMMITTEE ACTION

<b>Bill Number</b>	SB 284		
<b>Amendment</b>	#1		
<b>Motion</b>	to adopt		
<b><u>Motion by</u></b>	Green		
<b><u>Objection by</u></b>	None		
<b><u>Removed</u></b>			
<b><u>Second Objection by</u></b>			
<b><u>Committee Member</u></b>	<b>Y</b>	<b><u>Vote</u></b>	<b>N</b>
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stevens			
Co-Chair Green			
Co-Chair Wilken			
<b><u>Tally</u></b>			
Yea			
Nay			
Absent			
<b><u>MOTION</u></b>			

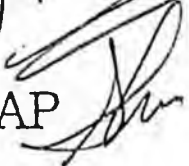
Attention: Sheila  
Of Senator Wilkins's office  
RE: CS SB 284 (FIN)  
Date: 5/2/04 Time: 2:20 PM

The attached Senate Finance CS incorporates <sup>Sen. Green's</sup> the amendment(s) ~~your boss sponsored~~. Please review and approve so the bill can be forwarded to the Senate Secretary.

The CS is your copy.

Thanks,  
Senate Finance Secretary  
Mindy #4935  
Robin #2618

Proof given to  
Sen. Green's  
office

A-OK  


Approved: \_\_\_\_\_  
(please initial)

Return ASAP

Attention: Traci  
Of Senator Green's office  
RE: CS SB 284 (FIN)  
Date: 5/2/04 Time: 2:20 PM

The attached Senate Finance CS incorporates the amendment(s) your boss sponsored. Please review and approve so the bill can be forwarded to the Senate Secretary.

The CS is your copy.

Thanks,  
Senate Finance Secretary  
Mindy #4935  
Robin #2618

Amendment  
#1

Approved: KHC  
(please initial)

Return ASAP

CS FOR SENATE BILL NO. 284(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATOR GUESS

A BILL  
FOR AN ACT ENTITLED

1 "An Act making information on a permanent fund dividend application, other than the  
2 applicant's name, confidential, and relating to disclosure of that confidential  
3 information; and relating to confidential information in voter registration records."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* Section 1. AS 15.07 is amended by adding a new section to read:

6 Sec. 15.07.195. Certain information in voter registration records  
7 confidential. (a) The following information set out in state voter registration records  
8 is confidential and is not open to public inspection:

- 9 (1) the voter's age or date of birth;
- 10 (2) the voter's social security number, or any part of that number;
- 11 (3) the voter's driver's license number;
- 12 (4) the voter's voter identification number;
- 13 (5) the voter's place of birth;
- 14 (6) the voter's signature.

Amendment  
# 1

1 (b) In addition to the information in (a) of this section, a voter may elect in  
2 writing to keep the voter's residential address confidential and not open to public  
3 inspection if the voter provides a separate mailing address.

4 (c) Notwithstanding other provisions, and in compliance with federal law,  
5 information made confidential by this section may be released by the division

6 (1) to a local, state, or federal government agency, including to the  
7 child support enforcement agency created in AS 25.27.010 or the child support  
8 enforcement agency of another state; the agency receiving information under this  
9 paragraph may use the information only for governmental purposes authorized under  
10 law;

11 (2) in compliance with a court order;

12 (3) to a person holding a writ of execution against the person or  
13 property of the voter; or

14 (4) if the voter about whom information has been requested has  
15 provided written consent to the release.

16 \* Sec. 2. AS 43.23 is amended by adding a new section to read:

17 **Sec. 43.23.017. Applicant information** 1. Information on each  
18 permanent fund dividend application, except the applicant's name, is confidential. The  
19 department may only release information that is confidential under this section

20 (1) to a local, state, or federal government agency;

21 (2) in compliance with a court order;

22 (3) to the individual or agency who files an application on behalf of  
23 another;

24 (4) to a banking institution to verify the direct deposit of a permanent  
25 fund dividend or correct an error in that deposit; and

26 (5) as directed to do so by the applicant.

27 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
28 read:

29 APPLICATION. (a) AS 15.07.195, added in sec. 1 of the Act, applies to voter  
30 registration records beginning on January 1, 2005, and thereafter.

31 (b) AS 43.23.017, added in sec. 2 of this Act, applies to applications for the 2005

1 permanent fund dividend and for dividends for years thereafter.

23-LS1596U  
Cook  
5/2/04

CS FOR SENATE BILL NO. 284( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR GUESS

A BILL

FOR AN ACT ENTITLED

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6 (2) the voter's residential address if the voter provides a separate  
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12 enforcement agency of another state; the agency receiving information under this  
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5 permanent fund dividend and for dividends for years thereafter.

23-LS1596I  
Cook  
4/20/04

CS FOR SENATE BILL NO. 284( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR GUESS

A BILL

FOR AN ACT ENTITLED

1 "An Act making information on a permanent fund dividend application, other than the  
2 applicant's name, confidential, and relating to disclosure of that confidential  
3 information."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* Section 1. AS 43.23 is amended by adding a new section to read:

6 Sec. 43.23.017. Applicant information confidential. Information on each  
7 permanent fund dividend application, except the applicant's name, is confidential. The  
8 department may only release information that is confidential under this section

9 (1) to a local, state, or federal government agency;

10 (2) in compliance with a court order;

11 (3) to the individual or agency who files an application on behalf of  
12 another;

13 (4) to a banking institution to verify the direct deposit of a permanent  
14 fund dividend or correct an error in that deposit; and

1 (5) as directed to do so by the applicant.

2 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4 APPLICATION. AS 43.23.017, added in sec. 1 of this Act, applies to applications for  
5 the 2005 permanent fund dividend and for dividends for years thereafter.



ALASKA STATE LEGISLATURE  
SENATOR GRETCHEN GUESS

## Sponsor Statement

SB 284: *"An Act relating to an optional election to prevent the name and address of a permanent fund dividend applicant from being disclosed, except to a local state and federal government agency, or in compliance with a court order."*

### **BACKGROUND**

Currently, the list of Permanent Fund Dividend (PFD) applicants and their address are public information.

### **PROBLEM**

Although this issue appears benign on the surface, to victims of violent crimes, disclosing their mailing addresses can be a terrifying and potentially life-threatening mistake. For example, this would apply to survivors of domestic violence who are in hiding or live in an undisclosed location for safety reasons. Making names public when you file for a PFD defeats this purpose and can potentially be lethal.

### **SOLUTION**

This legislation would allow a PFD applicant to check a box to keep the applicant information private, except in cases where disclosure of such information is required by state or federal government. This solution provides safety for those people who need it, and provides privacy for all Alaskans who want it.



ALASKA STATE LEGISLATURE  
SENATOR GRETCHEN GUESS

Memorandum

Date: April 26, 2004

To: Senate Finance

From: Senator Gretchen Guess

A handwritten signature in cursive script, appearing to read "Gretchen Guess", written over the printed name.

Re: SB 284: "An Act making information on a permanent fund dividend application, other than the applicant's name, confidential, and relating to disclosure of that confidential information."

---

On Thursday, April 29, in Senate Finance, you will hear Senate Bill 284 (SB 284). At that time, I will present the attached Committee Substitute (CS) to this bill.

Originally, SB 284 required an option on the Permanent Fund Dividend (PFD) application, allowing the applicant to check a box if he or she wanted to keep their name and address private. This option allowed Alaskans to keep their name and address private, which is especially important for domestic violence victims.

The new CS deletes this option and makes all applicant information, other than the name, confidential. **As a result, this CS does the following.**

- Streamlines the SB 284.
- Clarifies the privacy rights of an applicant.
- Balances the need to make public expenditures (PFDs) public ensuring the need to keep information confidential for safety and privacy reasons.
- Provides the ability for Alaskans to continue to participate in fraudulent claims.
- Decreases the fiscal note to zero.

The only exceptions to this confidentiality are that information beyond name and address may be disclosed in the following circumstances.

- To a local, state, or federal government agency (e.g. for the purposes of establishing child support payments), and in compliance with a court order.
- To an individual or agency who files an application on behalf of another person.
- To a banking institution only for verification of PFD direct deposit or for correction of an error regarding direct deposit.

23-LS1596I  
Cook  
4/20/04

**CS FOR SENATE BILL NO. 284( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATOR GUESS**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act making information on a permanent fund dividend application, other than the**  
2 **applicant's name, confidential, and relating to disclosure of that confidential**  
3 **information."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 **\* Section 1. AS 43.23 is amended by adding a new section to read:**

6 **Sec. 43.23.017. Applicant information confidential.** Information on each  
7 permanent fund dividend application, except the applicant's name, is confidential. The  
8 department may only release information that is confidential under this section

- 9 (1) to a local, state, or federal government agency;
- 10 (2) in compliance with a court order;
- 11 (3) to the individual or agency who files an application on behalf of
- 12 another;
- 13 (4) to a banking institution to verify the direct deposit of a permanent
- 14 fund dividend or correct an error in that deposit; and

1 (5) as directed to do so by the applicant.

2 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4 APPLICATION. AS 43.23.017, added in sec. 1 of this Act, applies to applications for  
5 the 2005 permanent fund dividend and for dividends for years thereafter.

Dear Legislators;

After five years, two domestic violence shelters, one protective order, counsel from seven attorneys, extensive internet research and a name and social change my son and I are free from a man who will kill us if he finds us. Today life is grand. We have a home, a great job, lots of friends and a wealth of information on domestic violence. My son enjoys playing hockey for the Boy's and Girl's Club and we are pretty normal, content tax paying folk. I earned over \$110,000 last year and paid almost 30% in taxes. No problem.

My question is this; will my son or I ever be able to collect our PFD with out endangering our lives? The PFD database is available to anyone. It's cheap and easy for anyone to access. This could mean death for us.

I do lead a very public life, under my new legal name, as a Loan Officer. This allows for me to provide for my son and not rely on social services. I stopped hiding and cowering a long time ago but that doesn't mean I need to make it easy for him to find us. I still use prudence and common sense.

Some say I should just be happy to be alive and moving on with my new life. I am. Does this mean I should be so happy that I don't at least try to collect a PFD to start my son's college fund? He will never see a dime in child support. If you say this is how it has to be then I will be ok with that. It just doesn't seem right. Wouldn't it be possible to pass some sort of legislation that can protect domestic violence survivor's names and address' from the public PFD database? I doubt I am the only woman in this situation.

Respectfully submitted,



PS: I have been busy trying to get my court approved name change documents off the State's name index. A very nice lady by the name of Christine Johnson, Deputy Alaska Court System Administrator, was very helpful and I am hopeful she will be successful in permanently removing my records from the site. I know I am not the only one who needs this extra precaution in place to help keep us safe as well.

Provided by Sen. Guess

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSB 284(STA)  
 (S) Publish Date: 2/25/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title PFD Application Records Private RDU Revenue Programs & Services  
 Component Permanent Fund Dividend  
 Sponsor Senator Guess  
 Requester Senate Finance Component No. 981

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	15.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>15.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1950 Permanent Fund Dividend Fund						
<b>TOTAL</b>	<b>15.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

SB 284 proposes a checkoff on the Permanent Fund Dividend application to require the PFD to keep an applicant's name and address confidential. Reprogramming of the Dividend Application Information System and the associated mainframe applications can be accomplished for the 2005 dividend cycle in the course of a re-write of those applications currently underway. However, implementation of the re-writes is dependent on other system upgrades to be funded by a pending 2005 CIP request (PFD Image System Upgrades). The cost of the additional programming is estimated at \$15.0.

Prepared by: Sharon Barton  
 Division: Permanent Fund Dividend  
 Approved by: Steve Porter, Deputy Commissioner  
 Agency: Department of Revenue

Phone (907) 465-4785  
 Date/Time 2/24/04 8:57 AM  
 Date 2/24/2004

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 1/28/04

FURTHER: Finance

Date of 5-Day Notice: 2/12/04  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2/18/04

State Affairs Committee considered SENATE BILL NO. 284

**SB 284 PF DIVIDEND APPLICATION RECORDS PRIVATE**

"An Act relating to an optional election to prevent the name and address of a permanent fund dividend applicant from being disclosed, except to a state or federal agency."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 284 (STA)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

<b>Senate Bill:</b>	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<b>House Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

*FN for the CS forthcoming*

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		Do PASS	Do NOT PASS	NO REC	AMEND
<i>Cress</i>		✓			
<i>Hoffman</i>		✓			
<i>E. Skelton</i>		✓			
<b>CHAIR:</b>		✓			

SENATE FINANCE COMMITTEE

SIGN-IN

**SB 284-PF DIVIDEND APPLICATION RECORDS PRIVATE**

NAME: Sharon Barton Subject/Bill No: SB 284  
Co./Dept./Title: REVENUE - PFD Phone: 465-4785  
Address: 11th St SOB Zip: 99811

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

**SB**

**285**

**HFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 285  
 ( S ) Publish Date: 2/11/04  
 Dept. Affected: Health & Social Services  
 RDU Health Care Services  
 Component Medicaid Services

Revision Date/Time (Note If correction):  
 Title MEDICAID FOR SCHOOL BASED SERVICES  
AND TARGETED CASE MANAGEMENT

Sponsor GREEN  
 Requester SENATE (HES)

Component No. 2077  
 (Thousands of Dollars)

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Department of Health and Social Services anticipates no fiscal impact from this legislation relating to Medicaid payments for rehabilitative services provided by school districts.

This legislation is necessary to clarify the statutory authority of the department to offer school-based rehabilitative services.

Prepared by: Sherry Hill, Social Assistant  
 Division: Office of the Commissioner  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency: Department of Health and Social Services

Phone 465-1618  
 Date/Time 01/28/2004  
 Date 01/28/2004

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Initially this option proposes to address funding for tribal partners, but is likely to be utilized with a broader group of services providers in following years. The three largest family preservation service grantees, Kawerak, Maniilaq and Tlingit/Haida, are all tribally affiliated organizations. The Targeted Case Management will first be implemented in the tribal agencies that are currently receiving general funds.

This legislation may result in a savings of \$270.0 in General fund and it is reflected in the FY 2005 Governor's Budget request.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: S8 285  
 ( S ) Publish Date: 2/11/04  
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title MEDICAID FOR SCHOOL BASED SERVICES  
AND TARGETED CASE MANAGEMENT

RDU Children's Services

Component Family Preservation

Sponsor GREEN

Requester SENATE (HES)

Component No. 1628

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (0)</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The proposed legislation will expand Medicaid options to fund family preservation services through Targeted Case Management for children who are subject to, or at the risk of abuse and neglect. This offers the best long-term prospects for sustaining or building these services over time. The 2003 Office of Children's Services Federal Review Program Improvement Plan (PIP) submitted by the Office of Children's Services speaks directly to the need for additional support services for families, and this is one avenue for addressing this need.

Prepared by: Sherry Hill, Special Assistant  
 Division: Office of the Commissioner  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency: Department of Health and Social Services

Phone 465-1618  
 Date/Time 01/28/2004  
 Date 01/28/2004

# ALASKA STATE LEGISLATURE



*Interim:*  
600 East Railroad Avenue  
Wasilla, Alaska 99654  
(907) 376-3370  
(907) 376-3157 Fax

*Session:*  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-6600  
(907) 465-3805 Fax

## SENATOR LYDA GREEN SENATE DISTRICT G

### Sponsor Statement for SB285

*"An Act Providing for Medicaid coverage for certain case management services; relating to payment under the Medicaid program for certain rehabilitative services furnished or paid for by a school district for eligible children; and providing for an effective date."*

#### **Targeted Case Management**

Targeted case management services are those which assist individuals in gaining access to needed medical, social, educational and other services. It allows the state to reach out beyond the bounds of the Medicaid program to coordinate a broad range of activities and services necessary to the optimal functioning of a Medicaid client.

Medicaid allows states the option to cover targeted case management services.

Current Alaska law restricts these targeted groups to substance abusers, chronically mentally ill adults, and severely emotionally disturbed children. The proposed change would let the Alaska Medicaid Program offer targeted case management to various groups of Medicaid recipients, potentially refinancing existing general fund expenditures.

The Department of Health and Social Services would begin by using targeted case management to fund family preservation services for children who are subject to, or at risk of, abuse and neglect. Further expansion of the service would be contingent on successful implementation of family preservation services.

#### **School-Based Rehabilitative Services**

In 2002, the Alaska Legislature amended the state Medicaid statute to allow school districts to enroll as Medicaid providers and offer rehabilitative and other services. The Department of Health and Social Services is unable to reimburse school districts for rehabilitative services due to the restrictive definition of rehabilitative services in 47.07.900, which limits providers to community mental health centers and drug and alcohol treatment centers.

By clarifying and making the definition of rehabilitative services as inclusive as the federal definition, this legislation will allow school districts to bill Medicaid for more of the services they provide to children with Individual Education Plans (IEPs).



## ALASKA MENTAL HEALTH BOARD

---

FRANK H. MURKOWSKI, GOVERNOR  
STATE OF ALASKA

431 N. Franklin, Suite 200  
Juneau, Alaska 99801  
Office: (907) 465-3071  
Fax: (907) 465-3079

March 3, 2004

The Honorable Lyda Green  
Alaska Senate  
State Capitol, Room 516  
Juneau, AK 99801-1182

Dear Senator Green:

The Alaska Mental Health Board (AMHB) wishes to convey to you some concerns regarding SB 285. We realize that SB 285 passed the Senate on March 3, 2004. Unfortunately, the AMHB was unable to consider the bill and develop comments until it had already reached the Senate floor. As the bill moves through the House of Representatives and you work with committees of that body, the AMHB offers several issues it believes ought to be considered.

1. For some time, the AMHB has viewed with concern the potential for fragmentation and duplication of services latent in the creation of service delivery mechanisms aimed at specific populations of children or at children served outside the community mental health system, for example in the child welfare system. This is not a concern specific to Alaska, but a national issue as evidenced by the introduction of the Keeping Families Together Act in both the U.S. Senate and House (S 1704 and HR 3243). A key provision of these bills promotes coordinating systems of care to reduce fragmented service delivery by education, mental health, juvenile justice, and child welfare agencies. The AMHB recommends that, as Alaska continues to move toward making services available from a variety of sources, that we pay close attention to ensuring efficient and collaborative use of existing resources.
2. Across Alaska, the depth and scope of collaboration between community providers of mental health services and local school districts varies widely. Some communities offer models of cooperation, while others evidence less optimal collaboration. As the range of school-based Medicaid services allowable under the law expands, the AMHB recommends that consideration be given to promoting collaboration and utilization of existing resources rather than leaving the door open to unintentional fragmentation or duplication of service capacity.
3. Alaska experiences a shortage of qualified, experienced mental health professionals. The AMHB has some concern that, as school-based Medicaid service provision

Senator Green  
March 3, 2004  
Page 2

expands, potential competition for limited professional resources could have a detrimental impact on service capacity in the community at large.

4. Finally, the AMHB wonders whether the discussion has addressed whether access to school-based Medicaid services will reflect differences in the size and sophistication of individual school districts; specifically, will smaller districts lack the capacity to offer such services?

The AMHB strongly supports improved access to appropriate services for children in their schools, communities and homes. In the ideal, services for children and their families should be delivered in as coherent, unified, and efficient a manner as possible. As Alaska makes more services available in more venues, we urge that we not lose sight of this basic principle.

SB 285 addresses critical and complex issues. We would like to meet with you to discuss our concerns. Thank you for considering our comments.

Respectfully,

Jeri Lanier  
Chair

**SB**

**285**

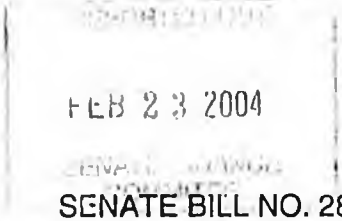
**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/11/04

FURTHER:



DATE TURNED IN TO OFFICE: 2/23/04

Finance Committee considered

SENATE BILL NO. 285

## SB 285 MEDICAL ASSISTANCE COVERAGE

"An Act relating to medical assistance coverage for targeted case management services and for rehabilitative services furnished or paid for by a school district on behalf of certain children; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	Indet.	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	1/28/04			✓	1
HSS	1/28/04			✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Ben Stevens</i>	✓			
<i>Ben Stevens</i>	✓			
COCHAIR: <i>Linda Green</i>	✓			
COCHAIR: <i>Gary Hill</i>	✓			

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
 Bill Version: SB 285  
 ( S ) Publish Date: 2/11/04  
 Dept. Affected: Health & Social Services  
 RDU Health Care Services  
 Component Medicaid Services

Revision Date/Time (Note if correction):

Title MEDICAID FOR SCHOOL BASED SERVICES AND TARGETED CASE MANAGEMENT

Sponsor GREEN

Requester SENATE (HES)

Component No. 2077

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (0)</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost:

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Department of Health and Social Services anticipates no fiscal impact from this legislation relating to Medicaid payments for rehabilitative services provided by school districts.

This legislation is necessary to clarify the statutory authority of the department to offer school-based rehabilitative services.

Prepared by: Sherry Hill, Special Assistant  
 Division: Office of the Commissioner  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency: Department of Health and Social Services

Phone 465-1618  
 Date/Time 01/28/2004  
 Date 01/28/2004

FEB 23 2004

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
 Bill Version: SB 285  
 ( S ) Publish Date: 2/11/04  
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title MEDICAID FOR SCHOOL BASED SERVICES AND TARGETED CASE MANAGEMENT

RDU Children's Services  
 Component Family Preservation

Sponsor GREEN

Requester SENATE (HES)

Component No. 1628

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**CAPITAL EXPENDITURES**

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**CHANGE IN REVENUES (0)**

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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 The proposed legislation will expand Medicaid options to fund family preservation services through Targeted Case Management for children who are subject to, or at the risk of abuse and neglect. This offers the best long-term prospects for sustaining or building these services over time. The 2003 Office of Children's Services Federal Review Program Improvement Plan (PIP) submitted by the Office of Children's Services speaks directly to the need for additional support services for families, and this is one avenue for addressing this need.

Prepared by: Sherry Hill, Special Assistant Phone 465-1610  
 Division Office of the Commissioner Date/Time 01/28/2004  
 Approved by: Joel S. Gilbertson, Commissioner Date 01/28/2004  
 Agency Department of Health and Social Services

COMMITTEE COPY

FISCAL NOTE

FN # 2

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. SB 285

ANALYSIS CONTINUATION

Initially this option proposes to address funding for tribal partners, but is likely to be utilized with a broader group of services providers in following years. The three largest family preservation service grantees, Kawerak, Maniilaq and Tlingit/Haida, are all tribally affiliated organizations. The Targeted Case Management will first be implemented in the tribal agencies that are currently receiving general funds.

This legislation may result in a savings of \$270.0 in General fund and it is reflected in the FY 2005 Governor's Budget request.

# ALASKA STATE LEGISLATURE



*Interim:*  
600 East Railroad Avenue  
Wasilla, Alaska 99654  
(907) 376-3370  
(907) 376-3157 Fax

*Session:*  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-6600  
(907) 465-3805 Fax

## SENATOR LYDA GREEN SENATE DISTRICT G

### Sponsor Statement for SB285

*"An Act Providing for Medicaid coverage for certain case management services; relating to payment under the Medicaid program for certain rehabilitative services furnished or paid for by a school district for eligible children; and providing for an effective date."*

#### **Targeted Case Management**

Targeted case management services are those which assist individuals in gaining access to needed medical, social, educational and other services. It allows the state to reach out beyond the bounds of the Medicaid program to coordinate a broad range of activities and services necessary to the optimal functioning of a Medicaid client. Medicaid allows states the option to cover targeted case management services. Current Alaska law restricts these targeted groups to substance abusers, chronically mentally ill adults, and severely emotionally disturbed children. The proposed change would let the Alaska Medicaid Program offer targeted case management to various groups of Medicaid recipients, potentially refinancing existing general fund expenditures.

The Department of Health and Social Services would begin by using targeted case management to fund family preservation services for children who are subject to, or at risk of, abuse and neglect. Further expansion of the service would be contingent on successful implementation of family preservation services.

#### **School-Based Rehabilitative Services**

In 2002, the Alaska Legislature amended the state Medicaid statute to allow school districts to enroll as Medicaid providers and offer rehabilitative and other services. The Department of Health and Social Services is unable to reimburse school districts for rehabilitative services due to the restrictive definition of rehabilitative services in 47.07.900, which limits providers to community mental health centers and drug and alcohol treatment centers.

By clarifying and making the definition of rehabilitative services as inclusive as the federal definition, this legislation will allow school districts to bill Medicaid for more of the services they provide to children with Individual Education Plans (IEPs).

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/28/04

FURTHER: Finance

Date of 5-Day Notice: 2/5/04  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2.90.04

Health, Education and Social Services Committee considered SENATE BILL NO. 285

### SB 285 MEDICAL ASSISTANCE COVERAGE

"An Act relating to medical assistance coverage for targeted case management services and for rehabilitative services furnished or paid for by a school district on behalf of certain children; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	1/28			✓	1
HSS	1/28			✓	2

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
Green <i>Lyle Green</i>	✓			
Wilken <i>Cory Wilken</i>	✓			
Dyson CHAIR: <i>Paul Dyson</i>	✓			

SENATE FINANCE COMMITTEE

SIGN - IN

SB 285-MEDICAL ASSISTANCE COVERAGE



NAME: Jon Sherwood Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: DHSS Phone: 415-5820

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

**SB**

**286**

**HFIN**

**FILE**



# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSSB 286(L&C)  
(S) Publish Date: 2/18/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Direct Marketing Fisheries Business RDU Revenue Programs & Services  
Component Tax Division  
Sponsor Sen. Stedman/ Salmon Taskforce  
Requester Senate Labor and Commerce Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services		24.6	49.2	49.2	49.2	49.2
Travel						
Contractual						
Supplies		0.5	1.0	1.0	1.0	1.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>		<b>25.1</b>	<b>50.2</b>	<b>50.2</b>	<b>50.2</b>	<b>50.2</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	**	**	**	**	**	**
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		25.1	50.2	50.2	50.2	50.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>		<b>25.1</b>	<b>50.2</b>	<b>50.2</b>	<b>50.2</b>	<b>50.2</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time		1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

\*\* See page 2

Prepared by: Chuck Harlamert  
Division: Tax Division  
Approved by: Steve Porter, Deputy Commissioner  
Agency: Department of Revenue

Phone 465-2320  
Date/Time 2/10/04 8:05 AM  
Date 2/10/2004

## FISCAL NOTE #1

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. CSSB 286(L&C)

### ANALYSIS CONTINUATION

#### Revenue Analysis

##### Fisheries Business Tax

We estimate that during the calendar year 2002 there were 120 fisheries business taxpayers who would have operated under the direct marketing fisheries business license authorized by the bill. Together this group reported taxable value of just over \$2.4 million with a combined tax liability of just over \$120,000 at current rates. Existing rates for floating processors are 5% for established species and 3% for developing species. Based on their 2002 activity, the tax liability of this group would be approximately \$70,000 at the 3% and 1% rates established by this bill. The impact of the lower tax rates, standing alone, would have been to decrease revenue to the state and local governments by approximately \$50,000. Nevertheless we expect the overall revenue impact of the bill to be neutral or positive.

We believe that the impact of the rate reductions will be offset by the effect of other provisions within the bill. The "exclusion" under AS 43.75.017 is not in fact an exclusion from taxation. The "exclusion" merely transfers the responsibility for the tax to the licensed fisheries business who purchase processed fish from the fisherman. By making the exclusion mandatory the bill will reduce confusion over who is the taxpayer under the law. We expect that the definition of taxable value will be perceived by the affected taxpayers as more fair than existing law. The bill also simplifies enforcement of the complex issue of taxable value. These factors strongly influence tax compliance, accordingly we expect revenue from improved compliance to offset the reduced tax rates.

##### Salmon Enhancement & Marketing Taxes

Current law places the burden for collection of salmon enhancement and marketing taxes solely on the buyer. Buyers in casual sales are often unaware of the requirement which is impractical to enforce. The bill addresses this issue by requiring fishermen who sell salmon to unlicensed buyers to pay their salmon enhancement and marketing taxes directly on a single annual return. We expect between 300 and 400 additional returns as a result of this change but are unable to estimate associated revenues.

##### Cost Analysis

For 2003 we issued 310 fisheries business licenses to fishermen who we believe will qualify for the direct marketing fisheries business license under this bill. Many of these fishermen did not engage in taxable activity, but obtained the license in the event that an opportunity or need to process or export their catch arose during the year. Of these 310 licensees, 194 provided security for estimated tax totaling just over \$129,000. This data implies that direct marketing activity in 2003 was higher than in 2002. We expect that the bill will further increase the number of fishermen who participate in processing and direct marketing activity. The number of license applications and fisheries business tax returns will increase proportionately.

The bill authorizes direct marketers to report taxable value at the prevailing price in the region or market area. The prevailing price is used to prevent the taxation of value added by the direct marketer and thus to measure their tax base consistent with the rest of the industry. The bill provides the department with authority to restate taxable value consistent with market transactions in the market area where the reported value is inconsistent with values reported by other taxpayers. The department must compare values reported by these taxpayers to those reported in arms length transactions within the area to ensure compliance.

The overall number of fishermen who are responsible for filing returns will increase by three to four hundred based on 2003 Catcher Seller permits issued by ADF&G. Existing direct marketers will file fewer returns. We estimate that the net increase in salmon enhancement and marketing tax returns will be between 150 to 250 annually based on current activity.

We request funding of a Tax Technician II position beginning the second half of FY06 representing the combined efforts for licensing, compliance, and return processing under the bill.

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSSB 286(L&C)  
(S) Publish Date: 2/18/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
Title Relating to direct marketing fisheries RDU Commercial Fisheries  
businesses, to the fisheries business tax Component \_\_\_\_\_  
Sponsor Senator Stedman  
Requester Senate Labor & Commerce Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
Passage of this legislation would have no fiscal impact.

Prepared by: Sarah Gilbertson Phone 465-6137  
Division Legislative Liaison Date/Time 2/6/04 12:56 PM  
Approved by: Commissioner Kevin Duffy Date 2/6/2004  
Agency Alaska Department of Fish & Game

# ALASKA STATE LEGISLATURE

## SESSION

State Capitol, Rm 30  
Juneau, Alaska 99801-1182  
(907) 465-3873 Phone  
(907) 465-3922 Fax  
(877) 463-3873 Toll Free  
Senator\_Bert\_Stedman@legis.state.ak.us



## INTERIM

50 Front Street  
Ketchikan, AK 99901-6442  
Phone (907) 225-8088  
Fax (907) 225-0713

## SENATOR BERT K. STEDMAN

---

### SPONSOR STATEMENT

#### SB 286

#### **"An Act relating to direct marketing fisheries businesses"**

Senate Bill 286, recommended by the Joint Legislative Salmon Industry Task Force, will provide fairness in the taxation of small-business commercial fishermen.

In today's marketplace of lower salmon prices and a demand for high-quality product, many fishermen are choosing to sell their catch directly to restaurants, grocery stores and consumers. In doing so, these entrepreneurial fishermen often freeze or otherwise process their fish, thus adding value to Alaska's fishery resources. Unfortunately, Alaska's current tax structure actually penalizes this market-driven business decision. The Fisheries Business Tax, or FBT (AS 43.75.015), requires small boat fishermen who process only their own catch to pay a 5% tax, the same tax rate as large industrial-scale floating processors that process a much higher volume of fish.

Furthermore, the current structure taxes small boat fishermen at an improperly high point of sale. Shore-based processors pay their FBT at 3% of the "grounds price" which is the price paid to fishermen for raw fish delivered to the processor. However, a small direct marketer must now pay their 5% FBT based on the price at their first point of sale which is usually much higher because it is a wholesale or retail price. In effect, this means that Alaska currently penalizes "value adding" to our fishery resources when done by small catcher/processors and direct marketers.

By creating a "Direct Marketing Fisheries Business License," SB 286 recognizes the important distinction between large and small floating processors and will end the disincentive Alaska currently places on direct marketers. The bill is unanimously supported by the Joint Legislative Salmon Industry Task Force and will provide fair tax relief to these Alaskan small businessmen.

#### DISTRICT A

*Ketchikan • Sitka • Petersburg • Wrangell*

*Pelican • Elfm Cove • Port Alexander • Saxman • Meyers Chuck • Thorne Bay • Coffman Cove • Hollis*

# ALASKA STATE LEGISLATURE

## SESSION

State Capitol, Rm 30  
Juneau, Alaska 99801-1182  
(907) 465-3873 Phone  
(907) 465-3922 Fax  
(877) 463-3873 Toll Free  
Senator\_Bert\_Stedman@legis.state.ak.us



## INTERIM

50 Front Street  
Ketchikan, AK 99901-6442  
Phone (907) 225-8088  
Fax (907) 225-0713

SENA

K. STEDMAN

## SECTIONAL ANALYSIS

### SB 286

### "An Act relating to direct marketing fisheries businesses"

- Sec. 1** Extends Fisheries Business Tax Exclusion. In existing law, FBT must be paid by a person who first processes the fish. An exemption exists for fishermen who freeze fish onboard but who then sell the product to a processor. This exemption was tailored to trollers whose fishing operations often demand that they freeze at-sea even though they are not direct marketing their product. Sec. 1 of this bill extends this exemption to all vessels that process at-sea then sell to a processor. The Department of Revenue asked for this clarification of tax responsibility. Nothing in this section will affect state revenue.
- Sec. 2** Reduces the Fisheries Business Tax rate for direct marketers from 5% to 3%. Also allows Department of Revenue to establish the market value of fish products for taxation of direct marketers based on average prices paid by processors in the region.
- Sec. 3** Related to Sec. 1. Would allow fishermen who do some processing on board their vessel, but who then sell it to a processing company rather than direct marketing it, to be exempt from the Fisheries Business Tax. The "licensed fisheries business," meaning the processor, will pay the tax. As in Section 1, the department asked that tax liability in this production scenario be clarified and state revenue is unaffected.
- Sec. 4** Provides for a new Direct Marketing Fisheries Business License to be issued by the Department of Revenue. This will allow fishermen who own or lease a vessel of 65 ft. or less to catch, process and sell both processed or unprocessed fish products in Alaska or out-of-state.

Direct Market businesses would be prohibited from buying and processing fish from other fishermen under this license. A fisherman who wishes to participate in these types of activities still has the ability to become a buyer or processor under the current regulations.

#### DISTRICT A

Ketchikan • Sitka • Petersburg • Wrangell  
Pelican • Elfin Cove • Port Alexander • Saxman • Meyers Chuck • Thorne Bay • Coffman Cove • Hollis

Identifies tax liabilities and establishes an annual application fee of \$25 and reporting requirements.

- Sec. 5** Defines "value" for taxation purposes as the prevailing price paid by processors for a given product in the same region or market area. This is a key section of the bill in that it means direct marketers will be taxed at the "grounds price" rather than having to base their taxes on wholesale and retail prices. Section 5 corrects the existing problem whereby direct marketers are paying higher taxes for adding value to fisheries resources.
- Sec. 6-15** Provides for a more user-friendly payment system by collecting all fisheries taxes for direct marketing fisheries businesses by April 1 each year. In addition to the fisheries business tax, these may include the salmon enhancement tax, salmon marketing tax, dive fishery assessment, salmon fishery assessment, and permit buy-back assessment. Currently, monthly payments that inconvenience fishermen during the harvesting season are required for the hatchery and marketing taxes.
- Sec. 16-18** Establishes effective dates for January 1, 2005.

## SHORT DEFINITIONS OF TERMS

### SB 286 / HB 444

**Direct Marketer** - In the fishing industry, direct marketers are fishermen who catch and sell their own products. The products may be frozen, filleted or processed in other ways, or may simply be fresh seafood. Direct marketing entails selling to the public, to distributors, restaurants or grocery stores.

**Catcher/Seller** - This is a type of direct marketing operation. Catcher/sellers get a license at no cost from ADF&G that allows them to sell unprocessed product directly off their vessel at the dock to the general public. SB 286 / HB 444 will close a loophole in existing law that allows catcher/sellers to avoid taxation.

**Catcher/Processor** - There are many kinds of catcher/processors in the Alaska commercial fishing industry. A simple definition is a vessel that is capable of both catching fish and processing on board. This bill will affect catcher/processors of 65 feet and less such as some trollers and shrimpers who freeze product on board.

**Floating processor** - Also known as "floaters," these are large ships, essentially mobile fish plants, with on board processing lines. While the sponsor in no way means to disparage this type of business, the intent of SB 286/HB 444 is to reform state taxation to recognize the differences between floaters and small direct marketing vessels. There is no distinction in current tax law.

**Exporter** - A direct marketer who exports unprocessed fishery resources from Alaska. An example might be a Dungeness crab fisherman who ships his crab live by airfreight to markets on the west coast. Such an exporter is currently already paying 3% fisheries business tax but will benefit from SB 286/HB 444 through the clarification of the value he pays that 3% on.

**Fisheries Business Tax (FBT)** - The oldest tax in the state, imposed in 1913, when the Territorial Legislature decided to tax salmon canneries. Currently, the tax rate is 3% on shore-side processors and 5% on "floating fisheries businesses," including small direct marketers. This bill will clarify the FBT tax picture for direct marketers.

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES



# UNITED FISHERMEN OF ALASKA

February 16, 2004

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

Representative Paul Seaton  
Chair, House Special Committee on Fisheries  
Alaska State Legislature  
State Capitol (Mail stop 3100)  
Juneau, AK 99801-1182

Dear Representative Seaton,

United Fishermen of Alaska supports HB444 relating to the Direct Marketing Fishery Business Tax. Direct marketing is a progressive approach to revitalizing the seafood industry, and HB 444 provides a much needed for the clarification of the tax situation for direct marketers and parity with shore-based processors. Fishermen all over the state are discovering new and innovative ways of promoting their product directly at a higher market value, thus providing local economic growth and increased state revenue. Direct marketing also creates new marketing channels as more people are given the opportunity to sample and purchase the highest quality seafood in the world. If we are going to turn this industry around, it's vital that we pave the way for independent innovative fishermen that seek change and are willing take risks for the greater good of Alaska.

HB 444 and its companion bill SB 286 are the result of many years of effort by innovative fishermen dedicated to the opportunity to increase the value of their catch. The proposed changes required the input and coordination with the Alaska Department of Fish and Game, Department of Revenue, Department of Environmental Conservation, and consideration of the requirements of the U.S. Environmental Protection Agency. We feel that HB 444 and SB 286 represent a finely tuned balance within these agencies' requirements to best benefit fishermen and the State of Alaska.

United Fishermen of Alaska represents 33 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support HB 444 and thank you for your attention to this matter.

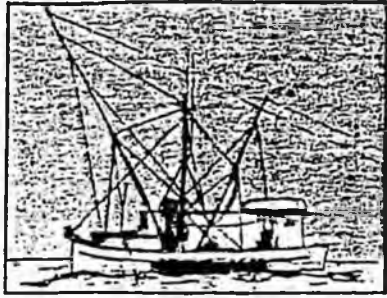
Sincerely,

Bob Thorstenson, Jr.  
President

CC: Representative Peggy Wilson

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong Keta • At-sea Processors Association  
Bristol Bay Reserve • Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cordova District Fishermen United  
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association  
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Pacific Scallop Cooperative • Northern Southeast Regional Aquaculture Association  
Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association  
Seafood Producers Cooperative • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Catcher Boats • United Salmon Association • United Southeast Alaska Fishermen's Association



# Alaska Trollers Association

130 Seward St., No. 211  
Juneau, Alaska 99801  
(907) 586-9400  
(907) 586-4473 Fax

February 16, 2004

Representative Paul Seaton, Chairman  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, AK 99801

Dear Representative Seaton:

The Alaska Trollers Association supports HB 444, which seeks to provide tax equity and clarity for commercial fishermen who direct market seafood products.

In these challenging price times, more commercial fishermen are choosing to market all or part of their catch directly to the consumer, as a means to add value to their businesses. Direct marketing is an increasingly important option for small boat fishermen, many of whom have lost markets in recent years. However, the current tax structure discourages efforts to add value to seafood products sold by individuals. Furthermore, the regulatory and administrative processes for direct marketing are cumbersome and do not quite fit the nature of these small operations.

By supporting cooperative efforts to correct problem areas, and adopting some relatively simple changes, the state of Alaska can take positive action to support small business; reduce agency staff time and state spending; promote market diversification of Alaskan seafood; and, bolster Alaska's economy, particularly in rural communities.

As you know, the Salmon Legislative Task Force has been working to encourage small business development and create new seafood marketing opportunities. To that end, the Salmon Task Force Marketing Committee appointed a subcommittee to develop ideas and legislation to better accommodate the specific needs and circumstances of individual permit holders who direct market seafood.

The subcommittee met via statewide teleconference and in working groups for nearly two years. Advice was sought from direct marketers, the processing sector, DOR, ADFG, and DEC. Many administrative and legislative tasks have been identified. HB 444 is a direct result of this work. If passed, it will go a long way towards resolving imbalances that exist in our tax program. For instance, a small operator who freezes salmon at sea pays 5% fisheries business tax, just like the big, offshore fish processors. The product is not only taxed at a rate 2% higher than what shorebased processors pay, but the tax is calculated on the processed value of the product. In

contrast, a shorebased processor pays 3% fisheries business tax based on the exvessel (raw fish) value of the product they purchased. ATA believes this tax inequity must be resolved.

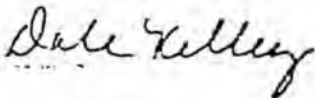
In addition to the rate of tax paid, the bill also clarifies who pays taxes and under what circumstances. This has been a confusing matter for all involved.

The bill establishes an annual timeframe for taxation, which will be extremely convenient for both fishermen and DOR. A primary goal of the Marketing Subcommittee is to streamline process for everyone involved, which should mean reduced cost and workload for fishermen and agency staff. Committee members have expressed an interest in continuing the project until all legislative and administrative tasks are complete.

There are many tasks ahead to develop a well-articulated direct marketing program and passage of HB 444 will be a critical component. Hopefully you agree with us and will lend your support to this bill, as well as future actions to improve the direct marketing program and the relationship between industry and the state.

If I can provide information or perspective on this and other matters of importance to the seafood industry, please don't hesitate to call.

Best regards,



Dale Kelley  
Executive Director



FEB 13 2004

## United Southeast Alaska Gillnetters

P.O. Box 23378, Ketchikan, AK 99901

Phone &amp; Fax (907) 247 2471

Email: usa\_gillnetters@oll.net

February 13, 2004

The Honorable Paul Seaton, Chair  
House Special Committee on Fisheries  
Alaska State Capitol, Room 428  
Juneau, AK 99801

Send Via Fax: 465-3472

Dear Representative Seaton,

The United Southeast Alaska Gillnetters Association (USA<sup>G</sup>) represents about 150 small business owners who catch salmon by drift gillnetting in Southeast Alaska and market salmon throughout the United States. Many of our members participate in other fisheries such as crab, shrimp, longline, and dive fisheries. We strongly support House Bill 444 that will create a "direct marketing fisheries business license." In this era of low salmon prices, fishermen must be permitted to increase the value of their catch by dressing, processing and marketing it to create added value to the product resulting in increased income for the fisherman. This legislation is important as it puts the direct marketing fisherman on a level field with other businesses processing and marketing salmon and seafood products. It does this by defining the basis of the "value" of their catch in section .290(7)(A). The practical result of this value definition will be that the direct marketing fisherman will be taxed on the grounds price of the fish he has caught, not on the elevated value his/her fish are sold for which includes the extra effort and risk the fisherman has undertaken in processing and marketing his product. The direct market fisherman will still pay a three percent processing tax on the value of his/her catch, as defined in section .015(d)(2) of this proposed legislation, as well as any applicable enhancement or marketing taxes.

In summation, this bill is very important for individual fishermen who market their own catch and USAG supports its passage and urges the House Special Committee on Fisheries to approve it. We also want to express our appreciation to Representative Wilson for introducing this legislation in the House.

Yours truly,

Kenneth Duckett  
Executive Director

cc: Representative Wilson Via Fax: 465-3175

## Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway  
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: [seafa@gci.net](mailto:seafa@gci.net)

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February 18, 2004

Honorable Paul Seaton, Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
State Capitol, Mail Stop 3100  
Juneau, AK 99801

RE: HB 444- Direct Marketing Fisheries Businesses

Dear Representative Seaton,

The Southeast Alaska Fishermen's (SEAFA) Alliance fully supports HB 444. The Southeast Alaska Fishermen's Alliance (SEAFA) is a non-profit fishing organization formed in 2000 to represent our members involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska. We have been actively working on direct marketing issues since SEAFA was formed and our Executive Director and many members have been working on direct marketing issues for 8+ years. We believe that this legislation will have the most direct economic benefit to fishermen that comes out of the salmon industry task force.

This legislation was worked on two years in a sub-committee of the salmon task force marketing committee with industry, agencies and any public who wished to be involved. To get legislation that was workable and made sense, compromises were made on all sides of the issues and we came out with legislation that the majority approves of. Dept of Revenue especially worked hard on this legislation to come up with a workable solution and deserves recognition for their work on this and the other administrative changes they have made that improves the business climate for direct marketers.

HB 444 clarifies tax issues and provides equity to fishermen marketing their own products. This legislation corrects a large disadvantage that direct marketers were faced with under the current tax structure. These fishermen have paid their fisheries business tax (FBT) after value was added at 5% vs. a shore side processor who paid a 3% tax on the resource on an ex-vessel (grounds price) value. The small catcher/processor or direct marketer paid 5% because they were considered a floating processor. A higher tax rate was devised for floating processors because the large floating processor would anchor off shore, pay no property taxes, or use support services by State businesses. This is not true of the direct marketer. As we are a small boat fleet predominantly Alaskan based, we purchase our fuel, groceries, fishing gear and boat work etc. from the communities that we work out of and live in and should not be considered the same as a large floating processor that is like a small self-contained community.

HB 444 identifies value as the equivalent of grounds price (ex-vessel for your gear type, region and for like product) unless you sell to a licensed fishery business (processor) and then the value is what you received for the product even if value is added such as a frozen product.

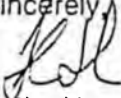
As this legislation was being worked on, industry leaders felt that as we fought for a fair tax basis that we also needed to work on being sure that all taxes are collected from fishermen. Under current tax law, salmon fishermen acting as catcher sellers (fishermen selling unprocessed fish from their vessel) did not pay the harvesters ASMI 1% marketing tax (SMT) and hatchery enhancement tax (SET) in those regions where it is collected because the buyer was responsible for the collection and remittance of these taxes and not the fisherman being ultimately responsible. This legislation will correct this loophole and make the fisherman responsible for the taxes if they are not selling salmon to a licensed fishery business and correct this issue on other possible taxes or assessments that may be implemented in sections 6 - 15 of the bill.

This legislation addressed processors concerns on who would qualify for a direct marketer license by very tightly defining who would qualify for this license. A direct marketer can not buy or purchase fishery resource, can not custom process fishery resources for another fisherman, must own or lease a vessel 65 feet or less. The 65-foot vessel length matches Dept of Environmental Conservation's regulation for a direct marketer. If a commercial fisherman wishes to pursue any of the activities listed above such as buying additional product they can set themselves up by meeting the requirements currently in statute that will continue to be available for someone wishing to become a fish buyer or processor. This legislation was designed to specifically deal with the commercial fisherman and their own catch.

Another aspect of this legislation allows the direct marketer to pay all their taxes (FBT, SET, & SMT) once a year rather than trying to pay the SET & SMT taxes monthly as you are trying to fish.

We understand that this legislation can be very confusing and we would be available to meet with you at anytime to discuss the issues individually or in committee. We hope that you understand that this legislation simply deals with correcting an un-equitable tax situation.

Sincerely,



Kathy Hansen  
Executive Director



# Southeast Conference

P.O. Box 21989 Juneau Alaska 99802-1989 Tel (907) 463-3445 Fax (907) 463-5670

February 16, 2004

Representative Paul Seaton  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

RE: Support HB 444 – Direct Marketers Legislation

Dear Representative Seaton,

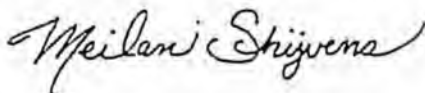
Southeast Conference supports HB 444 that corrects the inequities in the current tax structure for the individual fisherman working to market their own catch. Southeast Conference is the State-designated Alaska Regional Development Organization (ARDOR), the federally-designated Economic Development District (EDD), and the federally-designated Resource Conservation and Development Council (RC&D) for Southeast Alaska. The mission of Southeast Conference is to undertake and support activities that promote strong economies, healthy communities, and a quality environment in Southeast Alaska. Our over 130 Southeast Alaska members include nearly every community in the region, every chamber of commerce, every major economic development organization, 20 transportation organizations, 10 Alaska Native organizations, and more than 50 other organizations.

Direct marketing is very important to a segment of the commercial fishing industry in Southeast Alaska. Individual fishermen direct marketing their products are producing high quality products that enhance the value of Alaska's seafood in the market. A lot of the direct market products from Southeast Alaska enter the fresh market or the frozen at sea marketplace.

This legislation will provide a fair tax basis for the direct marketer, which is strictly defined as a fisherman marketing their own catch – they cannot buy or custom process for another fisherman and must be on a vessel 65 feet or less in length. This legislation does not prevent a fisherman from pursuing these activities under current regulations and statutes they just would not qualify as a direct marketer.

The Southeast Conference recognizes that this legislation is legislation that was worked on by a committee representing various interests and agencies and that they all support HB 444 as a good and fair piece of legislation for all involved. We encourage you to pass this legislation out of committee. Thank you for your interest and support of the commercial fishing industry.

Sincerely,



Mellani Schijvens  
Southeast Conference Executive Director

Cc: Senator Stedman; Representative Wilson

SB 286 : re direct marketing fisheries businesses

(Sen. Stedman)

CS SB 286(FIN)

Companion: HB

FN # 1	\$	+ <u>Indeterminate</u>	REV/Tax	<u>2476</u>	2.18.04
FN # 2	∅		DFG/Comm Fish	—	2.18.04

**SB**

**286**

SFIN

FILE

## SENATE FINANCE COMMITTEE REPORT

DATE: 2/18/04

REPORTED OUT  
MAR 24 2004  
SENATE FINANCE  
COMMITTEE  
~~SENATE BILL NO. 286~~

FURTHER:

DATE TURNED  
IN TO OFFICE: March 24, 2004

Finance Committee considered

### SB 286 DIRECT MARKETING FISHERIES BUSINESS

"An Act relating to direct marketing fisheries businesses, to the fisheries business tax, and to liability for payment of taxes and assessments on the sale or transfer of fishery resources; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 286 (FIN)
- adopt previous \_\_\_\_\_ C: ESL FORTHO COMING (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

Senate Bill:  
 Same Title  
 New Title

House Bill:  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero.	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
DFEG	2/16/04			✓	2
DOR	2/10/04		✓		1.

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

# FISCAL NOTE

REPORTED OUT

MAR 24 2004

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number:  
Bill Version:  
(S) Publish Date:

1 SENATE FINANCE  
 COMMITTEE  
 CSSB 280(L&C)  
 2/18/04

Revision Date/Time (Note if correction):	Dept. Affected: Revenue
Title <u>Direct Marketing Fisheries Business</u>	RDU <u>Revenue Programs &amp; Services</u>
Sponsor <u>Sen. Stedman/ Salmon Taskforce</u>	Component <u>Tax Division</u>
Requester <u>Senate Labor and Commerce</u>	Component No. <u>2476</u>

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services		24.6	49.2	49.2	49.2	49.2
Travel						
Contractual						
Supplies		0.5	1.0	1.0	1.0	1.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>		<b>25.1</b>	<b>50.2</b>	<b>50.2</b>	<b>50.2</b>	<b>50.2</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	**	**	**	**	**	**
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		25.1	50.2	50.2	50.2	50.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>		<b>25.1</b>	<b>50.2</b>	<b>50.2</b>	<b>50.2</b>	<b>50.2</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time		1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

\*\* See page 2

Prepared by: <u>Chuck Harlamert</u>	Pl. one <u>465-2320</u>
Division: <u>Tax Division</u>	Date/Time <u>2/10/04 8:05 AM</u>
Approved by: <u>Steve Porter, Deputy Commissioner</u>	Date <u>2/10/2004</u>
Agency: <u>Department of Revenue</u>	