

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3164

46

1 to comply with AS 45.48.500 include

2 (1) implementing and monitoring compliance with policies and  
3 procedures that require the burning, pulverizing, or shredding of paper documents  
4 containing personal information so that the personal information cannot practicably be  
5 read or reconstructed;

6 (2) implementing and monitoring compliance with policies and  
7 procedures that require the destruction or erasure of electronic media and other  
8 nonpaper media containing personal information so that the personal information  
9 cannot practicably be read or reconstructed;

10 (3) after due diligence, entering into a written contract with a third  
11 party engaged in the business of record destruction to dispose of records containing  
12 personal information in a manner consistent with AS 45.48.500 - 45.48.590.

13 **Sec. 45.48.520. Due diligence.** In AS 45.48.510(3), due diligence ordinarily  
14 includes performing one or more of the following:

15 (1) reviewing an independent audit of the third party's operations and  
16 its compliance with AS 45.48.500 - 45.48.590;

17 (2) obtaining information about the third party from several references  
18 or other reliable sources and requiring that the third party be certified by a recognized  
19 trade association or similar organization with a reputation for high standards of quality  
20 review; or

21 (3) reviewing and evaluating the third party's information security  
22 policies and procedures, or taking other appropriate measures to determine the  
23 competency and integrity of the third party.

24 **Sec. 45.48.530. Policy and procedures.** A business or governmental agency  
25 shall adopt written policies and procedures that relate to the adequate destruction and  
26 proper disposal of records containing personal information and that are consistent with  
27 AS 45.48.500 - 45.48.590.

28 **Sec. 45.48.540. Exemptions.** (a) A business or a governmental agency is not  
29 required to comply with AS 45.48.500 - 45.48.530 if federal law requires that the  
30 business or governmental agency act in a way that does not comply with AS 45.48.500  
31 - 45.48.530.

1 (b) A business is not required to comply with AS 45.48.500 - 45.48.530 if

2 (1) the business is subject to and in compliance with the Gramm-  
3 Leach-Bliley Financial Modernization Act; or

4 (2) the manner of the disposal of the records of the business is subject  
5 to 15 U.S.C. 1681w of the Fair Credit Reporting Act and the business is complying  
6 with 15 U.S.C. 1861w.

7 **Sec. 45.48.550. Civil penalty.** (a) An individual, a business, or a governmental  
8 agency that knowingly violates AS 45.48.500 - 45.48.590 is liable to the state for a  
9 civil penalty not to exceed \$3,000.

10 (b) In this section, "knowingly" has the meaning given in AS 11.81.900.

11 **Sec. 45.48.560. Court action.** An individual who is damaged by a violation of  
12 AS 45.48.500 - 45.48.590 may bring a civil action in court to enjoin further violations  
13 and to recover for the violation actual economic damages, court costs allowed by the  
14 rules of court, and full reasonable attorney fees.

15 **Sec. 45.48.590. Definitions.** In AS 45.48.500 - 45.48.590,

16 (1) "business" means a person who conducts business in the state or a  
17 person who conducts business and maintains or otherwise possesses personal  
18 information on state residents; in this paragraph,

19 (A) "conducts business" includes engaging in activities as a  
20 financial institution organized, chartered, or holding a license or authorization  
21 certificate under the laws of this state, another state, the United States, or  
22 another country;

23 (B) "possesses" includes possession for the purpose of  
24 destruction;

25 (2) "dispose" means

26 (A) the discarding or abandonment of records containing  
27 personal information;

28 (B) the sale, donation, discarding, or transfer of

29 (i) any medium, including computer equipment or  
30 computer media, that contains records of personal information;

31 (ii) nonpaper media, other than that identified under (i)

1 of this subparagraph, on which records of personal information are  
2 stored; and

3 (iii) equipment for nonpaper storage of information;

4 (3) "governmental agency" means a state or local governmental  
5 agency, except for an agency of the judicial branch;

6 (4) "personal information" means

7 (A) an individual's passport number, driver's license number,  
8 state identification number, bank account number, credit card number, debit  
9 card number, other payment card number, financial account information, or  
10 information from a financial application; or

11 (B) a combination of an individual's

12 (i) name; and

13 (ii) medical information, insurance policy number,  
14 employment information, or employment history;

15 (5) "records" means material on which information that is written,  
16 drawn, spoken, visual, or electromagnetic is recorded or preserved, regardless of  
17 physical form or characteristics, but does not include publicly available information  
18 containing names, addresses, telephone numbers, or other information an individual  
19 has voluntarily consented to have publicly disseminated or listed.

20 **Article 5. Factual Declaration of Innocence after Identity Theft; Right to File Police**  
21 **Report Regarding Identity Theft.**

22 **Sec. 45.48.600. Factual declaration of innocence after identity theft.** (a) A  
23 victim of identity theft may petition the superior court for a determination that the  
24 victim is factually innocent of a crime if

25 (1) the perpetrator of the identity theft was arrested for, cited for, or  
26 convicted of the crime using the victim's identity;

27 (2) a criminal complaint was filed against the perpetrator of the  
28 identity theft; and

29 (3) the victim's identity was mistakenly associated with a record of a  
30 conviction for a crime.

31 (b) In addition to a petition by a victim under (a) of this section, the

1 department may petition the superior court for a determination under (a) of this  
2 section, or the superior court may, on its own motion, make a determination under (a)  
3 of this section.

4 **Sec. 45.48.610. Basis for determination.** A determination of factual  
5 innocence under AS 45.48.600 may be heard and made on declarations, affidavits,  
6 police reports, or other material, relevant, and reliable information submitted by the  
7 parties or ordered to be made a part of the record by the court.

8 **Sec. 45.48.620. Criteria for determination; court order.** (a) A court may  
9 determine that a petitioner under AS 45.48.600 is factually innocent of a crime if the  
10 court finds beyond a reasonable doubt that

11 (1) the petitioner is a victim of identity theft;

12 (2) the petitioner did not commit the offense for which the perpetrator  
13 of the identity theft was arrested, cited, or convicted;

14 (3) the petitioner filed a criminal complaint against the perpetrator of  
15 the identity theft; and

16 (4) the petitioner's identity was mistakenly associated with a record of  
17 conviction for the crime.

18 (b) If a court finds under this section that the victim is factually innocent of a  
19 crime, the court shall issue an order indicating this determination of factual innocence  
20 and shall provide the victim with a copy of the order.

21 **Sec. 45.48.630. Orders regarding records.** After a court issues an order under  
22 AS 45.48.620, the court may order the name and associated personal information of  
23 the victim of identity theft that is contained in the files, indexes, and other records of  
24 the court that are accessible by the public labeled to show that the name and personal  
25 information of the victim of identity theft is incorrect.

26 **Sec. 45.48.640. Vacation of determination.** A court that has issued an order  
27 under AS 45.48.620 may, at any time, vacate the order if the petition, or any  
28 information submitted in support of the petition, is found to contain a material  
29 misrepresentation, omission, or false information.

30 **Sec. 45.48.650. Court form.** The supreme court of the state may develop a  
31 form to be used for the order under AS 45.48.620.

1           **Sec. 45.48.660. Data base.** The department may establish and maintain a data  
2 base of individuals who have been victims of identity theft and who have received an  
3 order under AS 45.48.620. The department shall provide a victim or the victim's  
4 authorized representative access to a data base established under this section to  
5 establish that the individual has been a victim of identity theft. Access to the data base  
6 established under this section is limited to criminal justice agencies, victims of identity  
7 theft, and individuals and agencies authorized by the victims.

8           **Sec. 45.48.670. Toll-free telephone number.** The department may establish  
9 and maintain a toll-free telephone number to provide access to information in a data  
10 base established under AS 45.48.660.

11           **Sec. 45.48.680. Right to file police report regarding identity theft.** (a) Even  
12 if the local law enforcement agency does not have jurisdiction over the theft of an  
13 individual's identity, if an individual who has learned or reasonably suspects the  
14 individual has been the victim of identity theft contacts, for the purpose of filing a  
15 complaint, a local law enforcement agency that has jurisdiction over the individual's  
16 actual place of residence, the local law enforcement agency shall make a report of the  
17 matter and provide the individual with a copy of the report. The local law enforcement  
18 agency may refer the matter to a law enforcement agency in a different jurisdiction.

19           (b) This section is not intended to interfere with the discretion of a local law  
20 enforcement agency to allocate its resources to the investigation of crime. A local law  
21 enforcement agency is not required to count a complaint filed under (a) of this section  
22 as an open case for purposes that include compiling statistics on its open cases.

23           **Sec. 45.48.690. Definitions.** In AS 45.48.600 - 45.48.690,

24           (1) "crime" has the meaning given in AS 11.81.900;

25           (2) "department" means the Department of Law;

26           (3) "perpetrator" means the person who perpetrated the theft of an  
27 individual's identity;

28           (4) "victim" means an individual who is the victim of identity theft.

29           **Article 6. Truncation of Card Information.**

30           **Sec. 45.48.750. Truncation of card information.** (a) A person who accepts  
31 credit cards or debit cards for the transaction of business may not print more than the

1 last four digits of the card number or the expiration date on any receipt or other  
2 physical record of the transaction provided at the point of the sale or transaction.

3 (b) This section applies only to receipts that are electronically printed and does  
4 not apply to transactions in which the sole means of recording a credit card or debit  
5 card account number is by handwriting or by an imprint or copy of the card.

6 (c) A person may not sell a device that electronically prints more than the last  
7 four digits of a credit card or debit card number or expiration date on a consumer  
8 receipt for a business transaction or on a copy retained by a business person for a  
9 business transaction.

10 (d) An individual may bring a civil action in court against a person who  
11 knowingly violates (a) of this section and may recover actual economic damages,  
12 court costs allowed by the rules of court, and full reasonable attorney fees.

13 (e) A person who knowingly violates this section is liable to the state for a  
14 civil penalty not to exceed \$3,000.

15 (f) In this section,

16 (1) "credit" means the right granted by a creditor to a debtor to defer  
17 payment of debt, to incur debts and defer payment of the debt, or to purchase property  
18 or services and defer payment of the purchase; in this paragraph, "creditor" means a  
19 person who regularly extends, renews, or continues credit, a person who regularly  
20 arranges for the extension, renewal, or continuation of credit, or an assignee of an  
21 original creditor who participates in the decision to extend, renew, or continue credit;

22 (2) "credit card" means a card, plate, coupon book, or other credit  
23 device existing for the purpose of obtaining money, property, labor, or services on  
24 credit;

25 (3) "debit card" means a card issued by a financial institution to a  
26 consumer for use in initiating an electronic fund transfer from the account of the  
27 consumer at the financial institution for the purpose of transferring money between  
28 accounts or obtaining money, property, labor, or services;

29 (4) "knowingly" has the meaning given in AS 11.81.900.

30 **Article 7. General Provisions.**

31 **Sec. 45.48.990. Definitions.** In this chapter, unless the context indicates

1 otherwise.

2 (1) "consumer" means an individual;

3 (2) "consumer credit reporting agency" means a person who, for  
4 monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or  
5 in part in the practice of assembling or evaluating consumer credit information or  
6 other information on consumers for the purpose of furnishing credit reports to third  
7 parties;

8 (3) "credit report" means a consumer report that a consumer reporting  
9 agency furnishes to a person that the consumer credit reporting agency has reason to  
10 believe intends to use the consumer report as a factor in establishing the consumer's  
11 eligibility for credit to be used primarily for personal, family, or household purposes;  
12 in this paragraph, "consumer report" has the meaning given to "consumer report" in 15  
13 U.S.C. 1681a(d)(Fair Credit Reporting Act), except that "consumer reporting agency"  
14 in 15 U.S.C. 1681a(d) is to be read as "consumer credit reporting agency";

15 (4) "Fair Credit Reporting Act" means 15 U.S.C. 1681 - 1681x;

16 (5) "Gramm-Leach-Bliley Financial Modernization Act" means 15  
17 U.S.C. 6801 - 6827;

18 (6) "identity theft" means the theft of the identity of an individual;

19 (7) "information system" means any information system, including a  
20 system consisting of digital data bases and a system consisting of pieces of paper;

21 (8) "person" has the meaning given in AS 01.10.060 and includes a  
22 state or local governmental agency, except for an agency of the judicial branch;

23 (9) "state resident" means an individual who satisfies the residency  
24 requirements under AS 01.10.055.

25 **Sec. 45.48.995. Short title.** This chapter may be cited as the Alaska Personal  
26 Information Protection Act.

27 \* **Sec. 4.** AS 45.50.471(b) is amended by adding a new paragraph to read:

28 (53) an information collector, other than a governmental agency,  
29 violating AS 45.48.010 - 45.48.090 (breach of security involving personal  
30 information); in this paragraph,

31 (A) "governmental agency" has the meaning given in

1 AS 45.48.090;

2 (B) "information collector" has the meaning given in  
3 AS 45.48.090.

4 \* Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to  
5 read:

6 INDIRECT COURT RULE AMENDMENTS. (a) AS 45.48.640, enacted by sec. 3 of  
7 this Act, has the effect of changing Rule 60(b), Alaska Rules of Civil Procedure, by allowing  
8 a court to vacate an order on its own motion and at any time and by establishing a specific  
9 criterion for vacating the order under AS 45.48.640.

10 (b) AS 45.48.200(a), 45.48.480(b), 45.48.560, and 45.48.750(d), enacted by sec. 3 of  
11 this Act, have the effect of changing Rule 82, Alaska Rules of Civil Procedure, by changing  
12 the criteria for determining the amount of attorney fees to be awarded to a party in an action  
13 under AS 45.48.200(a), 45.48.480(b), 45.48.560, or 45.48.750(d).

14 \* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 TRANSITION: REGULATIONS. A state agency may proceed to adopt regulations  
17 necessary to implement this Act. The regulations take effect under AS 44.62 (Administrative  
18 Procedure Act), but not before the effective date of the law implemented by the regulation.

19 \* Sec. 7. AS 45.48.470, enacted by sec. 3 of this Act, takes effect immediately under  
20 AS 01.10.070(c).

21 \* Sec. 8. Section 6 of this Act takes effect immediately under AS 01.10.070(c).

22 \* Sec. 9. Except as provided by secs. 7 and 8 of this Act, this Act takes effect July 1, 2009.

SENATE FINANCE COMMITTEE  
HB 65-PERSONAL INFORMATION & CONSUMER CREDIT  
SIGN-IN

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Do you wish to testify?  Yes  No  Respond To Questions

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Do you wish to testify?  Yes  No  Respond To Questions

NAME: Marie Darlin  
Dept./Company: HAARP Title: \_\_\_\_\_  
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## REPRESENTATIVE JOHN COGHILL

### SECTIONAL

SENATE CS FOR CS FOR HB 65 (JUD) 25-LS0311NR

*"An Act relating to the disclosure of permanent fund dividend applicant records, breaches of security involving personal information, credit report and credit score security freezes, protection of social security numbers, care of records, disposal of records, identify theft, credit cards, and debit cards, and to the jurisdiction of the office of administrative hearings; amending Rules 60, and 82 Alaska Rules of Civil Procedure; and providing for an effective date."*

**Section 1** AS 40.21.110 Care of records – this sets out the ownership of public records and how they are to be managed from creation to disposal.

**Section 2** AS 44.64.030(a) adds a new paragraph (4) AS 45.48.080(c) which is part of the new Chapter 48 Personal Information Protection Act.

**Section 3** AS 45 is amended by adding a new chapter Personal Information Protection Act. This new chapter contains a total of seven (7) Articles with individual sections.

#### Article 1.

#### Breach of Security Involving Personal Information

Sec. 45.48.010 Disclosure of breach of security.

Describes what a person who owns or uses personal information must do in case of a breach of information.

Sec. 45.48.020 Allowable delay in notification.

Describes reasons for delaying notification of a breach of information.

Sec. 45.48.030 Methods of notice.

Describes the methods to be used to notify a person that there has been a breach of information. Lists exceptions to the methods of notification based on cost and number of consumers to be notified.

Sec. 45.48.040 Notification of certain other agencies.

Describes when it is necessary to notify other consumer reporting agencies about a breach. Exceptions to these requirements are set out.

Sec. 45.48.050 Exception for employees and agents.

Lists exceptions for acquisition of personal information by an employee or agent of an information collector.

Sec. 45.48.060 Waivers.

No waivers of these sections are allowed.

Sec. 45.48.070 Treatment of certain breaches.

A breach of information by an information recipient must be reported to the information distributor so they can comply with the notification requirements if the breach occurred to an information system maintained by the information distributor.

Sec. 45.48.080 Violations.

Sets out fines for violations of 45.48.010-45.48.090 by a governmental agency that is an information collector, and information collectors who are not governmental agencies.

Sec. 45.48.090 Definitions.

Defines the following terms: breach of the security; radio frequency identification device, covered person, governmental agency, information collector; information distributor; information recipient; and personal information.

## **Article 2.**

### **Credit Report and Credit Score Security Freeze**

Sec. 45.48.100 Security freeze authorized.

Rights of consumers to prohibit release of their personal information.

Sec. 45.48.110 Placement of security freeze.

Sets out procedures for a consumer to request a consumer credit reporting agency to freeze their information.

Sec. 45.48.120 Confirmation of security freeze.

Describes the responsibility of the consumer credit reporting agency to notify the consumer when a security freeze has been placed.

Sec. 45.48.130 Access and actions during security freeze.

Describes how a consumer can allow access to their information by a third party when a security freeze is in place; how an insurer is to treat a consumer's application if a security freeze prevents access to the consumer's information, and what changes are allowed when a security freeze is in place, and notification requirements. Defines "official information" and "technical change".

**Sec. 45.48.140 Removal of security freeze.**

Sets out procedure for removing a security freeze, how the request for the freeze is to be made, how the consumer credit reporting agency shall respond, and what identifiers are necessary to remove the freeze.

**Sec. 45.48.150 Prohibition.**

Sets out guidelines for reporting to third parties when a security freeze is in place.

**Sec. 45.48.160 Charges.**

Charges to a consumer regarding placing and lifting a security freeze.

**Sec. 45.48.170 Notice of rights.**

Additional notices to be given when a consumer is provided a summary of rights under the Fair Credit Reporting Act (FCRA).

**Sec. 45.48.180 Notification after violation.**

Describes the notice required if a consumer credit reporting agency violates a security freeze.

**Sec. 45.48.190 Resellers.**

Requires that a consumer credit reporting agency acting as a reseller honor a security freeze that is placed by another consumer reporting agency.

**Sec. 45.48.200 Violations and penalties.**

Describes the rights of a consumer who suffers damages as a result of a breach of their personal information.

**Sec. 45.48.210 Exemptions.**

Lists exemptions to the use of credit information when a security freeze is in place.

**Sec. 45.48.290 Definitions.**

Defines the following terms: account review, consumer, consumer credit reporting agency, reseller of consumer information, security freeze, and third party.

**Article 3.**

**Protection of Social Security Number**

**Sec. 45.48.400 Use of social security number.**

Sets out guidelines for handling a person's social security number.

**Sec. 45.48.410 Request and collection.**

Sets out prohibitions and exemptions for requesting or collecting an individual's social security number.

**Sec. 45.48.420 Sale, lease, loan, trade, or rental.**

Prohibitions and exemptions regarding third party use of social security numbers.

**Sec. 45.48.430 Disclosure.**

Prohibitions and exemptions regarding disclosure of social security numbers to third parties.

Sec. 45.48.440 Interagency disclosure.  
Describes when and to whom disclosure is authorized.

Sec. 45.48.450 Exception for employees, agents, & independent contractors.  
Describes when and to whom disclosure is authorized.

Sec. 45.48.460 Employment-related exception.  
Describes when use of a social security number should not be restricted.

Sec. 45.48.470 Agency regulations.  
Procedures for adopting regulations necessary for a state agency to carry out their duties and responsibilities.

Sec. 45.48.480 Penalties.  
Rights of the state and individuals against persons that knowingly violate these sections and what damages and attorney fees may be recovered.

#### **Article 4. Disposal of Records**

Sec. 45.48.500 Disposal of records.  
This sets out the measures to be followed when disposing of records which contain personal information.

Sec. 45.48.510 Measures to protect access.  
Describes the measures that may be taken to comply with Sec. 45.48.500 (above).

Sec. 45.48.520 Due diligence.  
Lists procedures that if performed show due diligence.

Sec. 45.48.530 Policy and procedures.  
A business or governmental agency shall adopt written policies and procedures relating to records disposal.

Sec. 45.48.540 Exemptions.  
Compliance to these sections is not required if a government agency or business is required by federal law to act in another way, or the business is subject to and in compliance with GLBA, or FCRA.

Sec. 45.48.550 Civil penalty.  
Liability to the state by an individual, business, or governmental agency for violations of these sections.

Sec. 45.48.560 Court action.  
An individual damaged by a violation of these sections may file a civil action.

Sec. 45.48.590 Definitions.  
Defines the following terms: business; conducts business; possesses; dispose; governmental agency; personal information; records.

**Article 5.**  
**Factual Declaration of Innocence after Identify Theft,**  
**Right to file Police Report Regarding Identity Theft**

Sec. 45.48.600 Factual declaration of innocence after identity theft.

Describes the conditions that should exist in order for an individual to petition the superior court for a determination of innocence of a crime involving the theft of their identity.

Sec. 45.48.610 Basis for determination.

Lists the type of information that may be made part of the record for the court to make a determination of factual innocence.

Sec. 45.48.620 Criteria for determination; court order.

Sets the criteria that the court may use to determine a victim's factual innocence.

Sec. 45.48.630 Orders regarding records.

Describes what the court may order regarding the disposition of incorrect records regarding a victim of identity theft.

Sec. 45.48.640 Vacation of determination.

States that a court order may be vacated if there has been a misrepresentation of the material.

Sec. 45.48.650 Court form.

Development of a form to be used under 45.48.620

Sec. 45.48.660 Data base.

This section allows the establishment and maintenance of a data base of victims of identity theft, and who has authorization to the information.

Sec. 45.48.670 Toll-free telephone number.

Establishes a toll-free number that accesses the information in the data base established in 45.48.660.

Sec. 45.48.680 Right to file police report regarding identity theft.

Sets out rights of an individual to file a police report if they suspect they are a victim of identity theft, and the responsibility of a law enforcement agency to make the report even if they do not have jurisdiction.

Sec. 45.48.690 Definitions.

Defines the following terms: crime, department, perpetrator, and victim.

**Article 6.**  
**Truncation of Card Information**

Sec. 45.48.750 Truncation of card information.

Describes limits on a business regarding the printing of credit or debit card numbers and the exceptions depending on whether the receipt is produced electronically or is handwritten or imprinted. Provides definitions and an effective date.

**Article 7.**  
**General Provisions**

Sec. 45.48.990 Definitions.

Provides definitions of consumer, consumer credit reporting agency, credit report, Fair Credit Reporting Act, Gramm-Leach-Bliley Financial Modernization Act, identity theft, information system, person, and state resident.

Sec. 45.48.995 Short Title.

Alaska Personal Information Protection Act.

**Section 4** AS 45.50.471(b) is amended by adding a new paragraph (53) (A) and (B).

**Section 5** The uncodified law of the State of Alaska is amended by adding a new section to read: INDIRECT COURT RULE AMENDMENTS and lists out those amendments to Rule 60(b) and 82.

**Section 6** The uncodified law is amended by adding a new section TRANSITION; REGULATIONS that will take effect under AS 44.62.

**Section 7** Provides an effective date for AS 45.48.470 enacted by Sec. 3.

**Section 8** Provides an effective date for AS 01.10.070(c) Sec. 6.

**Section 9** Provides for an effective date with exceptions in Secs. 7 and 8.

The logo for NewsBank, featuring the word "NewsBank" in a bold, sans-serif font with a stylized "N" and "B".

America's Newspapers

**ID thieves may have hit Alaska - CHOICEPOINT: Information clearinghouse breach could have compromised privacy of 251.**

Anchorage Daily News (AK) - February 24, 2005

Author: RICHARD RICHTMYER Anchorage Daily News ; Staff

Identity thieves who scammed information clearinghouse ChoicePoint Inc. may have obtained the personal information – including names, addresses and Social Security numbers – of 251 Alaskans. The security breach, which ChoicePoint has known about since last fall but made public only this month, involves more than 145,000 consumers nationwide, the company said.

The scope of the fraud and the lapse in ChoicePoint's security underscore how vulnerable consumers are and highlight weaknesses in Alaska laws to protect against identity theft, said Steve Cleary, executive director of the Alaska Public Interest Research Group.

State lawmakers are considering toughening identity-theft penalties. Cleary's group is urging them to go even further to help Alaskans guard against being ripped off when their personal information falls into the wrong hands.

ChoicePoint is sending letters to all the affected consumers, notifying them they may be at risk. They should all be delivered within 10 days, said Chuck Jones, a spokesman for the Georgia-based company.

The company will offer affected consumers free credit reports and credit-monitoring service for a year, and it is setting up a single point of contact where they can place security alerts on their credit files maintained by all three major credit reporting companies: Experian, Trans-Union and Equifax, Jones said.

Identity theft occurs when someone steals your personal information, such as a Social Security number and date of birth, and uses it to commit fraud.

There has been one confirmed case of identity theft resulting from the incident, and Jones said investigators have determined that the suspects have tried to defraud at least 750 others. He would not say where they live, referring specific questions about the investigation to officials at the Los Angeles County Sheriff's Department, who did not return phone calls Wednesday.

ChoicePoint was formed in 1997 as a spin-off of Equifax. It makes money by selling information in its massive database of personal information to a wide range of businesses, including corporations conducting pre-employment background checks and insurance companies assessing the risk of potential clients.

The company discovered last fall that it had opened up portions of its database to scam artists in the Los Angeles area who were posing as legitimate businesses. ChoicePoint alerted the county sheriff's department, which began an investigation. It delayed notifying consumers at the request of authorities, who didn't want to jeopardize their investigation, Jones said.

News of the security breach broke last week as some 35,000 Californians began receiving notification that their personal information might have been compromised. That is the only state that requires such notification, according to the U.S. Public Interest Research Group.

The company began notifying the rest of the affected consumers after the attorneys general of dozens of other states, including Alaska, jointly sent a letter to ChoicePoint's top lawyer demanding that the company notify potential victims in their states as well.

Jones said the company initially notified Californians only because it thought the fraud had been isolated to that state, not because of the state law requiring it to do so.

AKPIRG's Cleary didn't buy that argument. "It just doesn't seem plausible," he said.

State lawmakers this session already are considering a bill that would make identity theft in Alaska a felony rather than a misdemeanor offense.

AkPIRG is urging them to add two measures to that bill that would protect Alaskans against identity theft if a security breach similar to the one that happened at ChoicePoint happens again, Cleary said.

The group has submitted legislation, modeled on other state laws, to members of the House Judiciary Committee, which is working on the identity-theft bill.

It would require companies that keep personal information on file to notify consumers if it knows their information is at risk of being compromised, similar to the requirement in California's law. It also would allow consumers more control over who can access their credit reports, which the group said is similar to laws in California, Louisiana, Texas and Vermont.

Staff members for Rep. Tom Anderson, R-Anchorage and the bill's sponsor, and Judiciary Committee chairwoman Lesil McGuire, R-Anchorage, said they hadn't had a chance to review AkPIRG's proposal, which they received Wednesday morning, and couldn't comment on its merits.

Daily News reporter Richard Richtmyer can be reached at [rrichtmyer@adn.com](mailto:rrichtmyer@adn.com) or 257-4344.

**PROTECT YOURSELF:** Learn how to get your free credit report and avoid identity theft at

[www.adn.com](http://www.adn.com)

#### Identity crisis?

If you think you might be a victim of identity theft, the best way to check is to look at your credit report.

\* A recent change in federal laws requires that each of the major credit reporting bureaus provide free of charge one credit report per year to any consumer who asks for it. They're available at [www.annualcreditreport.com](http://www.annualcreditreport.com), or by phone, toll-free, at 1-877-322-8228.

\* A quick review of your credit report will enable you to detect fraudulent credit-card accounts and loans taken out by identity thieves. If you find something amiss on any one of the three reports, contact the credit reporting bureau and place a security alert on your file. That will warn the bureaus to look for fraudulent credit applications submitted in your name and require lenders to contact you personally before extending any credit.

\* Here are the toll-free numbers of the major credit reporting bureaus to call if you suspect you're an identity theft victim: Equifax: 1-800-525-6285 Experian: 1-888-397-3742 TransUnion: 1-800-680-7289

**Caption:** Photo 2: purple\_heart2.sj\_022405.jpg Graphic 1: Weblink CMYK\_022405.eps

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January 23, 2008

The Honorable Mike Chenault, Co-Chair  
House Finance Committee  
Alaska State Capitol, Room 505  
Juneau, AK 99801-1182

The Honorable Kevin Meyer, Co-Chair  
House Finance Committee  
Alaska State Capitol, Room 515  
Juneau, AK 99801-1182

HB 65 (Coghill and Gara)—Support

Dear Co-Chairs Chenault and Meyer:

On behalf of the members of AARP in Alaska, we urge you and your colleagues on the House Finance Committee to support HB 65, authored by Representative John Coghill and Representative Les Gara and co-sponsored by your Committee members Representative Mike Hawker and Kurt Olson and Representatives Lynn, Samuels, Ramras, Fairclough, Kawasaki, Kerttula, Gatto, Neuman. This bill builds on much of the excellent work done in a previous session by Senators Gene Therriault and Gretchen Guess.

As you can see, addressing the issue of identity theft has always been and still is a bipartisan issue.

AARP believes HB 65 will be one of the most comprehensive identity theft bills in the United States. It should be. The Legislature should provide our citizens with effective protections against the unauthorized dissemination of information about their use of financial, credit, retail, and communications services. HB 65 will accomplish this.

Obviously, an issue that has attracted much attention is the unauthorized acquisition of, or access to, records containing the sensitive personal information of an individual as the result of a security break.

In 2006, AARP analyzed 244 publicly disclosed security breaches and found that, between January 1, 2005 and May 26, 2006, the names of 89.8 million people were potentially exposed to identity theft as a result of security breaches.

We also found that older users of the Internet were much less likely to participate in on-line commercial activities. Forty-three percent of our younger members, aged 50 to 64

do "not at all" trust companies providing information or services on the Internet; only nineteen percent indicated they "mostly" or "completely" trust such companies.

The widespread use of Social Security numbers in both the public and private sectors has raised important concerns about the ability of identity thieves to gain access to people's Social Security numbers. Many public records that contain SSNs are available on the Internet. A 2004 federal Government Accountability Office report estimates that up to 48 percent of our nation's population lives in a county that makes SSNs contained in public records accessible via the Internet.

You have all heard the horror stories of identity theft victims. How long it takes to clear their records, how much they have to spend in the process, the credit problems they often face for years. I'll give you another one that I hope will convince you to support HB 65: older identity theft victims have higher mortality rates than non-victims.

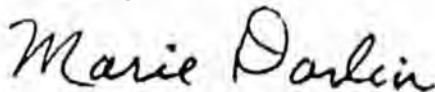
Will HB 65 solve all identity theft problems? No. Will it help? Yes. Should you support it? If you care to join in the fight against identity thieves, if you care about protecting yourselves, your families, and your constituents, we certainly hope so.

AARP strongly recommends an "AYE" vote on HB 65.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator  
AARP Capital City Task Force  
415 Willoughby Avenue, Apt. 506  
Juneau, AK 99801  
586-3637 (voice)  
463-3580 (fax)

CC: Vice-Chair Bill Stoltze  
Representative Richard Foster  
Representative Mike Hawker  
Representative Bill Thomas  
Representative Harry Crawford  
Representative Les Gara  
Representative Reggie Joule  
Representative Mike Kelly

Representative Mary Nelson  
Representative Kurt Olson  
Representative John Coghill  
Senator Gene Therriault



# AKPIRG

ALASKA ALASKA PUBLIC INTEREST RES ALASKA PUBLIC INTEREST RESEARCH

PO Box 101093 • Anchorage, Alaska 99510-1093 • Ph: (907) 278-3661 • Fax: (907) 278-9300 • email: akpirg@akpirg.org

## AkPIRG Supports HB 65 – Identity Theft Protections for Alaskan Consumers

AkPIRG urges support for HB 65. Identity Theft is an increasing problem, particularly in Alaska. This bill's bi-partisan co-sponsorship shows the importance of this issue and AkPIRG is pleased that members of both parties are working to protect Alaskans from Identity Theft.

According to the Privacy Rights Clearinghouse, over 100 million data records of U.S. residents have been exposed due to security breaches since February 2005. Alaska topped the nation in fraud complaints in 2005: 249 per 100,000 people, according to the Federal Trade Commission (FTC). Identity theft topped the list of nationwide complaints for the sixth year in a row, according to the FTC's annual report. Alaskans lost an average of \$1,062. According to the Privacy Rights Clearinghouse, the average consumer spends 175 hours clearing their name after an identity theft. Identity Theft also costs businesses, large and small, an incredible amount each year.

HB 65 will help Alaskan consumers better protect themselves. The two most important measures of HB 65 will mandate that consumers be notified after a security breach and will allow consumers to freeze their credit reports.

Twenty-five states currently have laws allowing consumers to restrict access to their credit reports, with more states taking this necessary step to protect consumers. This security freeze allows consumers to stop identity thieves before they can set up new accounts in the consumer's name without the consumer's knowledge. Alaskans deserve this protection.

Mandatory notification after a security breach has passed in at least 34 states. Indeed, it was the fact that California had such a law in place in early 2005 that Choicepoint Inc. put security breaches on all of our radar.

It is time for Alaska to take these steps to better protect Alaskan consumers. Other provisions in HB 65 will further shield consumers from identity thieves by protecting private information and assuring that victims of identity theft will be treated fairly in their attempts to clear their name.

Thank you for your attention to this matter and for doing what you can to pass Identity Theft protection legislation as soon as possible.

Thank you for your support of HB 65.  
Sincerely,

Steve Cleary  
AkPIRG Director

## HB 65 LIABILITY ISSUES

The Department of Law does not oppose the concept behind HB 65, which will add significant protections for consumers against identity theft. The state does, however, oppose provisions in the bill that will impose liability on the state and its agencies.

The section that causes the Department the most concern is in Article 4 (protection of social security numbers) at Sec. 45.48.480 (penalties) beginning on page 21 of the bill. This section allows the recovery of *actual damages or \$5,000*, whichever is greater, for knowing violations of AS 45.48.400 – 45.48.430. The state's monetary exposure under this section could be enormous. The Department believes this exposure is completely unnecessary:

\* This penalty provision will not change the states conduct, and will not further any goals of this bill. The state is committed to securing all of the personal information it must collect and maintain, and has spent millions of dollars upgrading its systems. This effort will continue regardless of HB 65.

\* The requirement that the violation be a "knowing" violation does not protect the state. The definition of "knowing" in AS 11.81.900 is broad, and includes only that you be "aware" of your conduct.

\* No other state has imposed this kind of liability on its state agencies for these kinds of violations. And for good reason. There is no reason to expose state coffers to billions of dollars in potential damage awards.

\* Removing the state from these penalty provisions WILL NOT create a "double standard" between private business and state government for a variety of reasons:

1. Unlike private business, the state does not profit from the sale or use of personal information.
2. Unlike private business, the state is **REQUIRED** to perform specific statutory duties under state law that require the use, disclosure, and sharing of personal information.
3. Unlike private business, the state cannot insure itself against a potential loss resulting from an inadvertent disclosure of a SSN. Private industry can build these risks into its business plan, and price its products accordingly.

From:

Ed Sniffen  
Dept of Law  
4/20/2007

4. The state is routinely treated differently than private business when liability is concerned. For example, the state enjoys "discretionary function" immunity for certain tort actions (AS 09.50.250); and state employees have qualified immunity for performing duties required by statute. The state is also exempt of punitive damage awards. The policy behind treating the state differently is clear, and does not create a "double standard."

\* HB 65 will, therefore, create liability where none currently exists, and will have the effect of amending state law that currently provides immunity to the state.

\* The state is always an attractive target for litigation. If the legislature creates state liability through this bill, the state will get sued. Regardless of the merit of any lawsuit, it will take significant resources to defend the lawsuit.

\* Because the state must utilize, process, and maintain records that can contain personal information on hundreds of thousands of state residents, just one breach of the requirements in HB 65 could result in billions of dollars of exposure.

\* The state has no objection to requiring its agencies to comply with the provisions of HB 65. But failure to comply should be addressed through the political process, not the legal process.

The Department of law proposes the following amendment to Sec. 45.48.480(b) and (c):

(b) An individual may bring a civil action in court against a person, other than a governmental agency, who knowingly violates AS 45.48.400 – 45.48.430 and may recover actual damages or \$5,000, whichever is greater, and court costs and attorney fees allowed by the rules of court.

(c) A person, other than a governmental agency, who knowingly violates AS 45.48.400 – 45.48.430 is guilty of a class A misdemeanor.

These changes will address the Department's concerns with liability.

January 18, 2008

The Honorable John Coghill  
State Capitol, Room 214  
Juneau, AK 99801-1182

Dear Representative Coghill:

We are writing to express our opposition to HB 65, which would impose security breach notification requirements and Social Security Number use restrictions that significantly diverge from laws enacted in other states. HB 65 would impose significant new compliance burdens on businesses without providing tangible benefits to the security and confidentiality of consumers' personal information.

The security breach notification provisions under HB 65 are vastly different from those imposed under similar state laws.

- **Overly Broad Definition of "Personal Information":** The bill would require notification for data elements that are not sensitive. Telephone numbers and addresses, for example, are not the types of sensitive data elements that would render an Alaska resident susceptible to identity theft, fraud, or financial harm. Additionally, in the absence of a financial account number, "account passwords or personal identification numbers" would not facilitate access to an individual's financial account, and thus would pose no risk of identity theft, fraud, or financial harm. Moreover, in requiring notification under circumstances where account passwords have been compromised, notifying entities would be unwittingly tipping off hackers and spammers who may have been responsible for compromising the e-mail or other Internet accounts of Alaskan residents, complicating efforts to identify and prosecute criminals. We urge you to eliminate these features of the definition of "personal information" to make it consistent with the definition of "personal information" found in almost all of the 39 existing state security breach laws.
- **Definition of "Personal Information" Does Not Exempt Publicly Available Records:** The definition of "personal information" does not exempt information that is lawfully made available in public records. This exception exists in almost all of the existing 39 state security breach laws. The exception recognizes the fact that because this information is already publicly available, its breach poses minimal risk.
- **Application to Both Electronic Data and Paper Records:** The security breach provisions in HB 65 apply to personal information "in any form". Identity thieves target databases that contain personal information about consumers because they present a rich and large universe of personal information. The same is not true with respect to paper records, which require physical theft and rarely provide identity thieves with easily ascertainable, sensitive personal information concerning a wide swath of individuals. The current version of the bill would likely require businesses to notify consumers if a

paper file or slip of paper was missing, which happens commonly even if there was no risk of harm to the consumer.

- **Notification Is Not Tied to a Risk of Harm:** Under the bill, businesses must notify consumers of any security breach, even where there is no risk of identity theft, fraud, or financial harm. Without a nexus to risk of harm, however, the bill would result in over-notification of consumers where no risk exists at all. A requirement to notify Alaska residents of security breaches in the absence of a risk of harm may have the unintended consequence of encouraging individuals to disregard notices after they receive several security breach notifications where there is no risk. A risk of harm standard ensures that Alaska residents are notified in instances when they should act on the notice -- where a security breach may cause monetary loss.
- **Enforcement Provisions Would Encourage Costly Litigation:** HB 65 provides that a failure to notify affected residents of a security breach constitutes an unfair or deceptive act or practice. Alaska residents may enforce violations of the unfair and deceptive acts or practices law through class action lawsuits with statutory damage awards of at least \$500 per violation. Statutory damages are entirely inappropriate for violations of this law because nearly all security breaches result in no harm to consumers whatsoever. The only beneficiary of this provision would be the plaintiff's bar, which would extract large settlements from Alaska businesses without showing any actual harm to consumers.
- **Notification by E-Mail Not Authorized:** E-mail is often the exclusive means by which Internet companies communicate with consumers. Customers of Amazon or eBay, for example, would expect to receive a security breach notification via e-mail. The current version of the bill, however, only permits e-mail notice in accordance with the E-SIGN law, which requires businesses to obtain customers' express consent to e-mail notice *prior to the onset* of this breach. This is simply not practicable in many instances. Moreover, the vast majority of state security breach notification laws either implicitly or explicitly authorize notification by e-mail.

HB 65 would also impose restrictions on the use or disclosure of Social Security Numbers (SSNs) that far exceed those imposed by other state laws. Although several exemptions are provided for under the bill, businesses could be prohibited from using third party authentication services to verify the identity of SSNs of individuals who furnish such information. This would actually weaken businesses' efforts to reduce the incidence of identity theft and fraud. Other legitimate business purposes for the disclosure of SSNs would be barred by the blanket prohibition language in the bill.

For all of these reasons, we strongly oppose HB 65. Thank you for your time and consideration.

Sincerely,

AOL  
Google  
Monster.com  
NetChoice  
Reed Elsevier  
Verizon  
Yahoo!

Good morning Chairman Olson and other members of the committee

My name is Craig Dahl and I am the President & CEO for Alaska Pacific Bank, which is headquartered here in Juneau. Alaska has been my home for more than 45 years, which includes 34 years of community banking. I am a member and past president of the Alaska Bankers Association and a member of the American Bankers Association Government Relations Council for the past 18 years.

I am here this morning representing the Alaska Bankers Association and my comments will be made in reference to HB 65.

You should have all received a copy of a letter written to chairman Coghill by David Lawer, who is the current President of the Alaska Bankers Association but I would like to reinforce the message contained in Mr. Lawer's letter.

The Alaska Bankers Association, which represents all 9 banks in the state, supports the intention of HB 65 to protect customers' financial information, recognizing the legislature's desire to address these critical issues.

At the same time, we believe it is in the best interest of the bill itself to track as close to federal regulations as possible, and where appropriate, clearly acknowledge the federal preemption for those operating under those regulations.

Our industry already operates under more than 20 federal regulations all intended to address the issues surrounding the transfer and protection of customer information. The most prominent ones for the banks are:

- **Gramm-Leach-Bliley Act of 1999**
- **Fair and Accurate Credit Transactions Act of 2003**
- **Fair Credit Reporting Act**
- **The Electronic Fund Transfer Act**
- **The Right to Financial Privacy Act**
- **The Telephone Consumer Protection Act**

This binder is one of our desk references for "Safeguarding Customer Information"

Most relevant to the discussion on HB65 is **Section V of the Gramm-Leach-Bliley Act**, and the **Fair and Accurate Credit Transactions Act..or FACT Act**.

The **FACT Act** was a complex piece of federal legislation passed in November of 2003 that involved the efforts of the American Bankers Association, The Credit Union National Association, the Federal Reserve, The Securities and Exchange Commission and the Federal Trade Commission. This ACT addressed several key issues:

- Provided for the full and permanent reauthorization of seven existing key national uniformity provisions
- Added two national uniformity provisions for identity theft prevention measures
- Established permanent preemption of state law related to the nine uniformity provisions which were:
  - Fraud alerts
  - Red flag guidelines
  - Blocking of information resulting from identity theft
  - The truncation of credit card and debit card account numbers
  - The truncation of Social Security Numbers
  - Prohibition of the sale or transfer of debt caused by identity theft
  - Notice by debt collectors of fraudulent information
  - Coordination of identity theft complaint investigations
  - Prevention of re-pollution of consumer reports
- The Act also acknowledged the states' ability to address matters outside of these nine areas of national uniformity such as laws governing the sale or use of SSN's, alerts for database hacking and increased penalties for identity theft.

The point to be made is simply to assure the committee and those working on this bill, that the financial services industry is fully engaged in this process. At the very core of our industry is "customer confidence" with a common commitment to our customers to protect their financial resources and their privacy while meeting their expectations for service.

The Alaska Bankers Association has reviewed HB 65, and reduced our recommended changes to three amendments as outlined in Mr. Lawer's letter. We believe these changes will enable financial institutions to protect the privacy of our customers without inhibiting our ability to provide our customers with the benefits resulting from the responsible transfer of information – i.e. fraud protection, quick credit approvals and convenient ATM services

The first amendment addresses the need for consistent security breach requirements;

- On page 2, line 13, after "breach," insert:  
"made a reasonable determination as to whether misuse of the information has occurred or is likely to occur, and if so,"
- On page 3, strike lines 23 and 24 in their entirety
- On page 3, line 25, strike "(d)" and insert "(c)" in its place.
- On page 6, between lines 14 and 15, insert an entirely new section as follows:  
"Sec. 45.48.095. Exemption. This chapter does not apply to an information collector who is subject to 15 U.S.C. 6801-6827 (Gramm-Leach-Bliley Financial Modernization Act)."

The second amendment suggests language so that restrictions on the use of the SSN# would not inadvertently inhibit an institution to protect the customer;

- On page 19, strike lines 24 – 31 in their entirety.
- On page 20, strike lines 1- 18 in their entirety.
- In their place insert the following:

Sec. 45.48.420. Sale, lease, loan, trade, rental or disclosure. A person may not sell, lease, loan, trade, rent or otherwise intentionally disclose an individual's social security number to a third party unless (i) the person or entity has the written consent to the disclosure from the individual, or (ii) the disclosure is required or authorized by federal or state law. Nothing in this paragraph prohibits the sale,

transfer or disclosure of an individual's Social Security number to a third party if the sale, transfer or disclosure has no independent economic value and is incidental to a larger transaction and is necessary for the purpose of verifying the identity of the individual.

**The third amendment** offers language to conform this section to federal law and other state laws to prevent abuse of this provision.

On page 17, replace lines 25-26 with the following:

'...immediately (1) initiate an investigation in to the accuracy of such information, (2) indicate that the accuracy of such information has been disputed in any subsequent consumer report containing such information pending completion of the reinvestigation; and, if such information cannot be reverified within thirty days, correct or delete such information in any subsequent consumer reports."

So on behalf of the Alaska Bankers Association, I would urge the committee to consider these amendments as presented.

Thank you for the opportunity to comment on this bill.

Craig E. Dahl, President & CEO  
Alaska Pacific Bank

790-5101

1/23/08

My name is Lori Davey and I am the owner of Motznik Information Services. I am testifying in favor HB 65. This bill finally defines what constitutes Personal Information and the legal recourse for those who are negligently careless or criminally intent on mis-using a person's information and re-authorizes the use of only PFD mailing addresses and year of birth for legitimate business purposes. The mailing address and year of birth is not considered private information alone as described by this bill.

As you may recall, we lost access to the PFD mailing addresses in 2005. The bill was supposedly to stop stalkers from finding victims using the PFD mailing addresses and passed very late in the session. It wasn't understood by the legislators at the time that this would eliminate access for the PFD mailing addresses for everyone but government agencies. After the session, I received letters from several legislators apologizing for voting for this bill saying that they didn't realize they were turning off all access to Motznik and legitimate business purposes when they voted for this bill.

When we lost this file, we lost the best source for a comprehensive file of all Alaskans. Title companies do not have access to the best last known address to notify property owners prior to foreclosure. It is now very difficult to differentiate criminals from non-criminals with common names. Criminals do not necessarily vote, register their vehicles, purchase hunting and fishing licenses, or own property.... But they do get the PFD check. Criminal records contain name and date of birth.

The Pilgrim family moved to Alaska because the 15 PFD checks bought them their land outside of Wrangell. The PFD program is easy free money and can attract unsavory folks to our state. When this happens they are very hard to track down. This is about accountability and ensuring the average Alaska citizen maintains their personal rights in society.

The Voter Registration file has recently been updated with the PFD file mailing addresses – therefore becoming public for 80% of Alaskans. The only people we are protecting with the current law are the criminals who do not want to be found and fail to register to vote, register their vehicles, purchase hunting and fishing licenses, or own property. The voter registration file has both the mailing and residential addresses, but you can opt out of your residential address being made public.

This PFD access language uses the DMV and the Do Not Call exemptions. This new limited access version of the PFD file will be administered in much the same way as we currently manage the DMV file. By re-authorizing access for legitimate business purposes, you will ensure that Alaskans are not erroneously denied employment or credit due to a lack of verification procedures.

Victims of identity theft or mistaken identity have little resources to differentiate themselves from criminals or other individuals. It is normal practice for employers and creditors to run a background check on individuals. The Criminal file has names and date of birth. A series of public files are used to cross-reference and differentiate individuals with common names to compare to the records in the Civil, Criminal, Bankruptcy, and Records Office files. The best match is when you can corroborate a name and date of birth.

Re-authorizing access to the PFD file in a limited format ensures records are properly matched to the individual and only those with a “need to know” will have access.

The cost to provide the PFD information will be born by the requestors.

**Consumers  
Union**Nonprofit Publisher  
of Consumer Reports

1/23/08

**Testimony of Gail Hillebrand in Support of HB 65  
House Finance Committee**

Thank you for the opportunity to support HB 65. I am Gail Hillebrand, Financial Services Campaign Manager for Consumers Union. In the past three years, our campaign has worked with state legislators, AARP chapters, and State Attorneys General staff to develop and pass security freeze and other anti-identity theft protections. The three year process of seeking this legislation has improved HB 65 with much of what has been learned in those other states.

Consumers Union urges you to enact this measure, and to resist changes that, while appearing technical, could have the effect of undermining the operation of the bill.

Alaska ranks 31<sup>st</sup> among states in the Federal Trade Commission's identity theft statistics on a per capita basis, a rate twice as high as Vermont's. Nationwide, identity theft strikes 8.3 million U.S. adults, plus uncounted children, every year. This translates into 15 new ID theft victims every minute.

HB 65 has at its heart three elements:

Prevention (through the security freeze)

Information (through the notice of breach)

Reduction of sensitive information (through the provisions on SSN use, collection and sale, and the disposal rules.)

I caution that restrictions that might appear to be technical could in fact undermine the measure by creating large new exemptions.

On the notice of breach, you've been asked by industry to be "consistent" with other state laws. However, even if you want consistency, your policy choice would be whether to select consistency with strong state laws or with weak ones. Consumers Union recommends that Alaska follow the "no loophole," "no risk trigger" approach which is already found in HB 65. These states use a no loophole, no risk trigger approach - California, New York, Texas and Illinois. We ask you to refuse to water down the notice of breach section and instead to reject requests to excuse notice when there has been a breach. Alaskans who receive the notice can decide for themselves what steps they wish to take in response. If the Legislature were to add a risk trigger or risk loophole, Alaskans would never receive the notice, and so have no opportunity to make this personal choice.

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On the security freeze, HB 65 is consistent with the better state laws which have been enacted since the California law was first enacted. On fees, the \$10 plus two lifts followed by a \$2 lift fee is in the middle of fee structures of already enacted laws. For example, Indiana consumers pay no fees, and Montanans pay no more than \$3 per step to place and lift. Consumers in New York and Colorado pay no fee for the first placement, and some jurisdictions set the fee at \$5.

On the issue of the Social Security number, Consumers Union's polling data shows a strong desire on the part of the public for restrictions. A summary of those poll results in the form of our news release is attached. I caution against broad exemptions which simply refer to federal statutes, such as the Fair Credit Reporting Act or the Gramm Leach Bliley Act. Those federal statutes were crafted for much different purposes than restricting the collection, use, or sale of SSNs. Further, those federal statutes apply to highly regulated entities, so that there is other law which addresses some aspects of the conduct of those entities. Exemptions that are tied to the purposes of those other statutes, but not to specific identified uses and entities that are governed by those statutes, would create large loopholes. In the area of SSNs collection, use and sale, it would be all too easy for an apparently technical change to create a large exemption.

Consumers Union looks forward to working with the author and the Committee to ensure that any amendments which are accepted are those which support the purpose of the bill and which do not create loopholes that will undermine its operation.



### Consumer Reports Poll: Americans Are Concerned About the Widespread Use of Social Security Numbers & Want Lawmakers to Restrict the Practice

Consumer Reports National Research Center found that 88 percent of Americans want lawmakers to restrict the use and availability of Social Security numbers by businesses and government agencies. The poll, released Sept. 6, 2007, found that consumers are routinely asked to provide their Social Security numbers and that requests come from a wide variety of businesses, many of which have no clear need to collect these numbers. The poll found that:

87 percent of consumers have been asked in the past year to provide their Social Security number in whole or in part by a business or government agency.

- In the past year, 60 percent of consumers have been asked by a financial institution or retailer issuing credit to provide their Social Security number, while 49 percent have been asked to disclose their number to health care providers.
- Consumers also reported being asked to provide their Social Security number in the past year to a wide variety of other entities, including: employers or potential employers (44%); insurance companies (36%); government agencies other than the IRS or a state tax body (32%); college or other school (28%); service provider such as cable TV or cell phone carrier (26%); utilities (17%), and merchant or retailer (16%).
- More than four in ten Americans (42%) have been asked to provide their full or partial Social Security number on the phone or internet to access goods or services or to verify their identity to customer service representatives.
- One in seven Americans (14%) had received postal mail (other than tax documents) bearing their own or a family member's Social Security number in the past year.
- Fifty two percent of Americans carry a card in their wallets that has their number on it.

The *Consumer Reports* poll found that nearly one-quarter of adults (23%) have been victims of identity theft themselves or have a family member whose identity has been stolen in the past five years. Americans are concerned about the widespread availability of Social Security numbers and how businesses are using them:

- 78 percent would prefer not to provide their number, but are concerned about the consequences of refusing to do so.
- 81 percent agreed they are more vulnerable to identity theft when a business has their number.
- 89 percent agreed that companies should stop using Social Security numbers to identify customers.
- 96 percent agreed that companies should not be able to sell SSNs.

An overwhelming majority of Americans want to be notified when their Social Security number has been involved in a data security breach. Ninety eight percent agreed that companies and

government agencies should always be required to notify them if a database containing their Social Security number has been compromised.

Virtually all Americans (97%) believe they should be provided with remedies to help thwart potential fraud if their Social Security number is involved in a data security breach. Among them:

- 68 percent agreed that they should be given the ability to freeze access to their credit files at no charge to stop new accounts from being opened unless they unlock the credit file with a PIN.
- Only 12 percent preferred free credit monitoring when Social Security numbers have been involved in breaches, which is the remedy often provided by companies that fail to keep sensitive files protected.

Independently of whether their sensitive information has been involved in data security breach, 97 percent of Americans want the ability to freeze access to credit files to prevent thieves from opening fraudulent accounts.

Consumers Union recommends that the sale and purchase of Social Security numbers be tightly restricted, that laws should prohibit using Social Security numbers on identification cards, and that businesses should be prohibited from soliciting Social Security numbers except where required by law or where needed for credit, employment, tax compliance, or investment purposes.

For a copy of Consumers Union's model Social Security number privacy bill, see:

[http://www.consumersunion.org/pub/core\\_financial\\_services/004800.html](http://www.consumersunion.org/pub/core_financial_services/004800.html)

To find out what some states already have done with Social Security number use, see:

<http://www.consumersunion.org/finance/StateSSNProtections.htm>

To find out if your state already has a security freeze, and how to use it, see:

<http://www.consumersunion.org/finance/SecurityFreeze.htm>

**Methodology of the Consumer Reports Poll:** The Consumer Reports National Research Center conducted a telephone survey using a nationally representative probability sample of telephone households. 1,016 interviews were completed among adults aged 18+. Interviewing took place over August 16-19, 2007. The margin of error is +/- 3.1% at a 95 percent confidence level.

For more information on the Consumer Reports Social Security number poll, contact Gail Hillebrand (415-431-6747) or Jeannine Kenney (202-462-6282).

**HB**

**67**

**HFIN**

**FILE**



# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 67(CRA)  
(H) Publish Date: 2/21/07

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
Title: Muni Prop Tax Exemption For Police Homes RDU: Community Assist & Ec Dev (405)  
Component: Community Advocacy  
Sponsor: Chenault, Gruenberg, Lynn  
Requester: House Community & Regional Affairs Component No.: 2703

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

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
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						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**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 (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation permits a municipality by ordinance to offer an optional exemption, not to exceed \$150,000 of the assessed value of real property, from municipal property taxes on certain residences of law enforcement officers. This legislation has no impact on the operations of the division.

Prepared by: Mike Black, Director  
Division: Community Advocacy  
Approved by: Emil Nottl, Commissioner  
Agency: Commerce, Community, and Economic Development

Phone: (907) 269-4535  
Date/Time: 2/5/07 11:17 AM  
Date: 2/5/2007

**MEMORANDUM OF AGREEMENT  
BETWEEN  
ALASKA PACIFIC UNIVERSITY  
AND  
304 ASSOCIATES, LLC**

WHEREAS, pursuant to the space lease ("Space Lease") between Alaska Pacific University, (hereinafter "APU" or "Lessor") and 304 Associates, LLC (hereinafter "Lessee") the use of the lease premises furthers APU's educational mission, and

WHEREAS, the educational mission of APU is centered in the concept of "active learning" and inclusion of students in "real world" projects, both in courses and in the requirements for graduation, and

WHEREAS, the space lease requires that Lessor and Lessee enter into an agreement regarding use of the premises in connection with the Lessor's educational mission, and

WHEREAS, APU is establishing and expanding undergraduate and graduate programs in health services administration (HSA) and hiring faculty members for such programs, and

WHEREAS, such programs require instructional practitioners and sites at which students can carryout the active learning components of their curriculum, and

WHEREAS, APU is planning to offer additional health profession related courses and events in the general curriculum of the university,

APU and Lessee agree:

1. Lessee will use the lease premises to compliment the educational mission of APU.
2. The parties shall from time to time mutually establish a curriculum which may include, among other things, Lessee and its sublessees providing the following educational resources to APU, as long as to do so does not violate any regulation, statute, or agreement Lessee or any of its sublessees must adhere to:
  - a. Adjunct faculty to teach courses at APU, including courses that can be taught through APU's Rural Alaska Native Adult program (RANA).
  - b. "Experts" in health related subjects to lecture APU students. The experts will acquaint students with how issues and policies in HAS are handled in the real world and what are model practices.
  - c. Acquainting students with the administrative processes, architecture, and equipment relevant to a career in HSA.

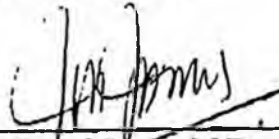
- d. Expert members of student project committees for graduate students and undergraduate students.
  - e. Internships and practicums for APU students, including worksite supervisors for the practicums.
  - f. Use of appropriate areas of the leased premises for APU courses in health related subjects.
  - g. Use of appropriate areas of the leased premises for recruiting sessions for health related programs at the Alaska Spine Institute.
  - h. Use of appropriate areas of the leased premises for receptions and exhibits of student work at the Alaska Spine Institute.
3. APU will provide Lessee proof of general liability insurance, naming Lessee and its sublessees as additionally insured.
  4. Lessee will provide APU proof of general liability insurance, naming APU as additionally insured.
  5. APU will hold Lessee and its sublessees harmless for damages or injuries that may occur through negligent actions.
  6. Lessee will hold APU harmless for damages or injuries that may occur through negligent actions on the part of Lessee.
  7. The parties shall enter into a further agreement further describing and defining the parties' obligations and responsibilities based on each curriculum.
  8. Nothing contained herein shall be construed as amending or modifying the Space Lease and to the extent of any conflict between the terms of the Space Lease and this Agreement, the terms of the Space Lease shall govern.

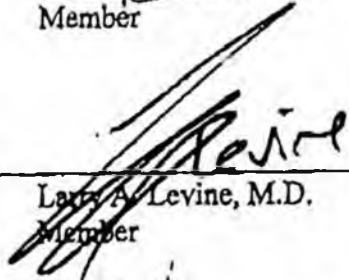
AGREED this 21<sup>st</sup> day of February, 2007.

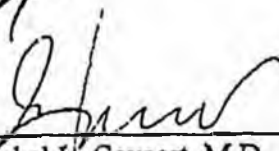
ALASKA PACIFIC UNIVERSITY

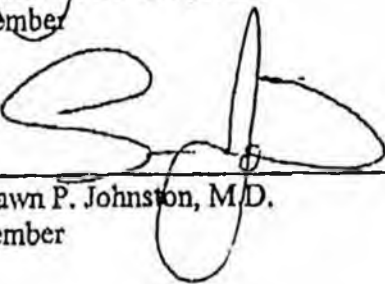
By: Douglas North  
 Douglas M. North  
 Its: President

304 ASSOCIATES, LLC

By:   
\_\_\_\_\_  
J. Michael James, M.D.  
Its: Member

By:   
\_\_\_\_\_  
Larry A. Levine, M.D.  
Its: Member

By:   
\_\_\_\_\_  
Michel L. Gevaert, M.D.  
Its: Member

By:   
\_\_\_\_\_  
Shawn P. Johnston, M.D.  
Its: Member

T388701\AGRmem

Member

*Standing Committees:*

Judiciary  
State Affairs

*House Special Committee:*

Ways & Means

*Finance Subcommittees:*

Administration  
Courts

# Alaska State Legislature

## House of Representatives



**Representative Max F. Gruenberg, Jr.**  
**House District 20**

Anchorage (Mountain View, Russian Jack, East Anchorage)  
House Minority Assistant Floor Leader


*Interim:*  
716 W 4<sup>th</sup> Avenue, Rm 350  
Anchorage, Alaska 99501-2133  
*Phone:* (907) 269-0123  
*Fax:* (907) 269-0124

*Session:*  
Alaska State Capitol, Rm 110  
Juneau, Alaska 99801-1182  
*Phone:* (907) 465-4940  
*Toll Free:* (866) 465-4940  
*Fax:* (907) 465-3766

*Email:*  
rep.max.gruenberg@legis.state.ak.us

February 13, 2007

To: Representative Anna Fairclough, Co-Chair  
Representative Gabrielle LeDoux, Co-Chair  
House Community and Regional Affairs Committee

From: Representative Max Gruenberg 

Subject: HB 67

Thank you for hearing HB 67 in the House Community and Regional Affairs Committee. I am providing to you answers to your questions concerning four aspects of the bill. My responses are found below:

1. What is the state's definition of "law enforcement officer"?

My intention is to include the definitions of "peace officer" in AS 01.10.060(7) and "police officer" in AS 18.65.290(7) within the definition of "law enforcement officer." I will draft an amendment for the committee to consider that will include this new definition. The amendment will give the municipality the authority to include any or all of those categories. (The definitions are attached on page 3 of this memorandum.)

2. How is the exemption spread geographically? (How are the boundaries drawn?)

Either 1) it is an area that fits within a federal program for special assistance for urban development, neighborhood revitalization, or law enforcement, whether or not it is receiving federal funding for this reason, or 2) an area with a statistically higher level of crime than the municipality as a whole. Either or both would be sufficient.

3. Does the committee agree with two exemptions per household?

The sponsors suggest that two exemptions per residence is appropriate, because 1) it provides more of an incentive for married officers or others sharing a residence to participate in the programs, 2) it does not penalize two eligible law enforcement officers who are married from losing an exemption for a residence that they own together, and 3) it limits the financial impact to the municipality and the potential for abuse.

4. What is the fiscal note to local communities?

The Alaska Municipal League placed a zero fiscal on the bill, because the program is discretionary with each municipality. If a municipality implements the program, the number of officers taking advantage of it would probably be less than 10. Multiplying this by the cost, approximately \$2,200 per exemption in Anchorage, for example, the impact would probably be less than \$25,000. This pales in comparison to the benefits that could result from lower crime in high crime areas.



# Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 <http://www.mooni.org>

*Mayor Mark Begich*

**Office of the Mayor**

February 2, 2007

The Honorable Max Gruenberg  
Alaska State House  
State Capitol, Room 110  
Juneau, AK 99801-1182

Dear Max,

Thank you for your introduction of House Bill 67, which seeks to improve public safety in Alaska communities where high rates of crime may occur. I understand this bill duplicates a similar measure you introduced two years ago.

My administration and the Municipality applaud the intent behind this legislation and will continue to work with you and your colleagues in the Legislature to make Anchorage and other communities safer. As you know, Anchorage already encourages police officers to drive their police cruisers home to increase the physical presence of police officers on our neighborhood streets.

We were pleased the bill expands the potential tax credit to \$150,000 and makes it subject to local approval.

Again, thank you for working to make our neighborhoods safer.

Sincerely,

Mark Begich  
Mayor

*Community, Security, Prosperity*



# MUNICIPAL FISCAL NOTES

Title: MUNI PROP TAX EXEMPTION FOR POLICE HOMES

Sponsor: Gruenberg

Bill Version: HB 67

Publish Date: 01/16/2007

Effect on Municipalities:

Operating Expenditures: (0)

Operating Revenues: (0)

Capital Expenditures: (0)

Capital Revenues: (0)

Change in Revenues: (0)

Analysis:

This legislation would allow municipalities to exempt, through ordinance, an area within its boundaries that meets eligibility requirements (is eligible under a federal program of special assistance for urban development, neighborhood revitalization, or law enforcement, or has a statistically higher occurrence of crime than the municipality as a whole) from taxation of up to \$150,000 per residence on a residence owned and occupied as the primary place of residence by a law enforcement officer. Up to two exemptions (\$300,000) may be granted if two law enforcement officers occupy the same residence.

The Alaska Municipal League does not oppose optional property tax exemptions. HB 67 will only affect those municipalities that choose to participate in this optional program.

**Public Safety Employees Association, Inc.**  
***"Representing Alaska's Finest"***

**HB 67 – Optional exemption from municipal property taxes**

HB 67 gives municipalities, by ordinance, an option to offer a property tax exemption as one means to attract law enforcement officers to reside in areas of a community where there is a higher occurrence of crime than is found in the municipality as a whole.

The municipality must by ordinance adopt the tax exemption and define law enforcement officer.

If the municipality adopts an ordinance, it exempts from taxation an amount not to exceed \$150,000 of assessed value of real property for an officer who owns in whole or in part and occupies in whole or part a primary permanent residence in a designated area.

HB 67 gives communities a tool for use in attracting law enforcement officers and their families to areas of a community where crime is more prevalent.

The bill offers an incentive for an officer and his or her family to consider living in a designated area where there is a higher incident of crime.

Providing an incentive in the form of tax relief may help attract families of peace officers to neighborhoods where crime is an issue. If the quid pro quo is a neighborhood that is safer, the incentive will have been worth that, and much more.

2/6/07



# Alaska State Legislature

Please enter into the record my testimony to the House Finance  
committee name

Committee on HB 67, dated 4-10-07  
bill # / subject public hearing date

On behalf of the administration of the Kenai Peninsula Borough, we do not support HB 67 despite having an optional exemption available to Peace Officers. It is an additional available exemption that puts political pressure on the municipality to adopt at a time when budgets are hard pressed.

Additionally, we do not support the mandatory exemption amendment allowing University of Alaska leasehold interests to be exempt. Currently, the Kenai Peninsula Borough has \$493,100 in taxable assessed value or approximately \$6,000 in taxes that would escape taxation.

Lastly, we do not support the exemption of fraternal organizations that do require membership or to be present with a member in order to participate in their luncheons, dinners, or social events. The Kenai Peninsula Borough currently has \$2,100,000 in taxable assessed value for the various Moose, Elks and Eagle organizations, which equates to approximately \$25,200 in taxes that would be exempted.

The timing of such a Bill and its amendments do impact the preparation of local budgets as we prepare for FY 2008. The Kenai Peninsula Borough does offer the optional Community Purpose exemption for which one may apply and potentially be granted if found to serve a Community Purpose - one that is open to the public and serves the community at-large. Additionally, this legislation sets the stage for these organizations to potentially purchase property as a result of their exempt status, which comes off the tax rolls, and thus places an unfair burden on all other taxable property owners. There can be broad and far-reaching implications in future years if this legislation takes effect.

Signed: Shane Horan  
Testifier  
Assessor for the Kenai Peninsula Borough  
Representing (optional)  
144 N Binkley Soldotna, AK 99669  
Address  
(907) 262-8614  
Phone number

**Norman Cohen**

---

**From:** Everett Robbins [president@apdea.org]  
**Sent:** Monday, February 05, 2007 1:54 PM  
**To:** Norman Cohen  
**Subject:** RE: HB 67 - Municipal Property Tax Exemption for Law Enforcement Officers

Rep. Max Gruenberg  
State Capitol, Room 110  
Juneau, AK 99801

Dear Representative Gruenberg:

I am writing in support of the municipal tax exemption for law enforcement officers (House Bill 67). This legislation would allow a municipality to enact an ordinance designating eligible parcels of property exempt from taxation up to \$150,000 of the assessed value of the property. Eligible parcels of property are those (1) that are owned by and constitute the primary residence of a law enforcement officer; (2) that meet the eligibility requirements under a federal program of special assistance; and (3) that have a statistically higher occurrence of crime than the municipality as a whole.

We believe this bill would be instrumental in helping to reduce crime throughout Anchorage while also recognizing the contributions that law enforcement officers make in our communities. This bill would help to foster the concept of community policing by providing an incentive for law enforcement officers to work and live in neighborhoods most in need of police interaction and intervention. This bill may well help to relieve the economic costs to the municipalities, as well as private employers and individuals, that are generally associated with high-crime neighborhoods by encouraging law enforcement officers to insert themselves into their communities and assume a personal stake in the future of the neighborhood. The bill is also an important recognition of the services provided by individual law enforcement officers. In short, we believe this bill would be beneficial from both the public's perspective and any individual law enforcement officer who participates in the program.

Thank you for introducing this bill into the Alaska legislature. If it passes, Alaska will lead the way in recognizing the contributions that law enforcement officers make in our communities and the benefit that can be derived from permitting a property exemption for those officers who demonstrate their commitment to community policing. Please convey my wholehearted support for its passage to the relevant legislative committees and leaders of each chamber.

Sincerely,

Everett Robbins  
President  
Anchorage Police Department Employee's Association

2/5/2007

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education & Early Development  
State of Alaska

**Norman Cohen**

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Sincerely,

Everett Robbins  
President  
Anchorage Police Department Employee's Association

2/5/2007

AS 01.10.060. Definitions.

(7) "peace officer" means

- (A) an officer of the state troopers;
- (B) a member of the police force of a municipality;
- (C) a village public safety officer;
- (D) a regional public safety officer;
- (E) a United States marshal or deputy marshal; and
- (F) an officer whose duty it is to enforce and preserve the public peace;

AS 18.65.290(7) "police officer" means

(A) a full-time employee of the state or a municipal police department with the authority to arrest and issue citations; detain a person taken into custody until that person can be arraigned before a judge or magistrate; conduct investigations of violations of and enforce criminal laws, regulations, and traffic laws; search with or without a warrant persons, dwellings, and other forms of property for evidence of a crime; and take other action consistent with exercise of these enumerated powers when necessary to maintain the public peace;

(B) an officer or employee of the Department of Transportation and Public Facilities who is stationed at an international airport and has been designated to have the general police powers authorized under AS 02.15.230(a);

(C) a University of Alaska public safety officer with general police powers authorized under AS 14.40.043;

There were no other changes to the bill in House Community and Regional Affairs Committee.

Held 3/4/07

AMENDMENT 1

TO: CSHB 67 (CRA)

BY: CHENAULT

Page 1, line 8

Delete: ",in whole or ~~in~~ part,"



# Alaska State Legislature

Please enter into the record my testimony to the \_\_\_\_\_ House Finance  
committee name

Committee on \_\_\_\_\_ HB 67 \_\_\_\_\_, dated \_\_\_\_\_ 4-10-07  
bill # / subject public hearing date

On behalf of the administration of the Kenai Peninsula Borough, we do not support HB 67 despite having an optional exemption available to Peace Officers. It is an additional available exemption that puts political pressure on the municipality to adopt at a time when budgets are hard pressed.

Additionally, we do not support the mandatory exemption amendment allowing University of Alaska leasehold interests to be exempt. Currently, the Kenai Peninsula Borough has \$493,100 in taxable assessed value or approximately \$6,000 in taxes that would escape taxation.

Signed: \_\_\_\_\_ Shane Horan  
Testifier

\_\_\_\_\_ Assessor for the Kenai Peninsula Borough  
Representing (optional)

\_\_\_\_\_ 144 N Binkley Soldotna, AK 99669  
Address

\_\_\_\_\_ (907) 262-8614  
Phone number

*adopted  
4-11-07*

25-LS0314F  
Cook  
4/10/07

**CS FOR HOUSE BILL NO. 67( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES GRUENBERG AND CHIENAJLT, Lynn, Olson, Dahlstrom, Foster, Gara,  
Crawford, Thomas**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to a mandatory exemption from municipal property taxes for certain**  
2 **college property and to optional exemptions from municipal property taxes for property**  
3 **of certain fraternal organizations and for certain residences of law enforcement officers;**  
4 **and providing for an effective date."**

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

6 **\* Section 1. AS 29.45.030(a) is amended to read:**

7 (a) The following property is exempt from general taxation:

8 (1) municipal property, including property held by a public corporation  
9 of a municipality, state property, property of the University of Alaska, property of a  
10 private, nonprofit four-year college or university that is accredited by a regional  
11 or national accrediting agency recognized by the Council for Higher Education  
12 Accreditation or the United States Department of Education, or both, and [OR]  
13 land that is in the trust established by the Alaska Mental Health Enabling Act of 1956,  
14 P.L. 84-830, 70 Stat. 709, except that

1 (A) a private leasehold, contract, or other interest in the  
2 property is taxable to the extent of the interest; however, an interest created by  
3 a nonexclusive use agreement between the Alaska Industrial Development and  
4 Export Authority and a user of an integrated transportation and port facility  
5 owned by the authority and initially placed in service before January 1, 1999,  
6 is taxable only to the extent of, and for the value associated with, those specific  
7 improvements used for lodging purposes;

8 (B) notwithstanding any other provision of law, property  
9 acquired by an agency, corporation, or other entity of the state through  
10 foreclosure or deed in lieu of foreclosure and retained as an investment of a  
11 state entity is taxable; this subparagraph does not apply to federal land granted  
12 to the University of Alaska under AS 14.40.380 or 14.40.390, to other land  
13 granted to the university by the state to replace land that had been granted  
14 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the  
15 university under AS 14.40.365;

16 (C) an ownership interest of a municipality in real property  
17 located outside the municipality acquired after December 31, 1990, is taxable  
18 by another municipality; however, a borough may not tax an interest in real  
19 property located in the borough and owned by a city in that borough;

20 (2) household furniture and personal effects of members of a  
21 household;

22 (3) property used exclusively for nonprofit religious, charitable,  
23 cemetery, hospital, or educational purposes;

24 (4) property of a nonbusiness organization composed entirely of  
25 persons with 90 days or more of active service in the armed forces of the United States  
26 whose conditions of service and separation were other than dishonorable, or the  
27 property of an auxiliary of that organization;

28 (5) money on deposit;

29 (6) the real property of certain residents of the state to the extent and  
30 subject to the conditions provided in (e) of this section;

31 (7) real property or an interest in real property that is exempt from

1 taxation under 43 U.S.C. 1620(d), as amended;

2 (8) property of a political subdivision, agency, corporation, or other  
3 entity of the United States to the extent required by federal law; except that a private  
4 leasehold, contract, or other interest in the property is taxable to the extent of that  
5 interest unless the property is located on a military base or installation and the  
6 property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing  
7 Privatization Initiative), provided that the leaseholder enters into an agreement to  
8 make a payment in lieu of taxes to the political subdivision that has taxing authority;

9 (9) natural resources in place including coal, ore bodies, mineral  
10 deposits, and other proven and unproven deposits of valuable materials laid down by  
11 natural processes, unharvested aquatic plants and animals, and timber.

12 \* Sec. 2. AS 29.45.050 is amended by adding a new subsection to read:

13 (s) A municipality may by ordinance exempt from taxation the property of a  
14 fraternal society, order, or association that is exempt from federal taxes under 26  
15 U.S.C. 501(c)(8) or (10) (Internal Revenue Code) if the property is used  
16 predominantly for one or more of the following purposes:

- 17 (1) religious;  
18 (2) charitable;  
19 (3) scientific;  
20 (4) literary;  
21 (5) educational; or  
22 (6) fraternal.

23 \* Sec. 3. AS 29.45 is amended by adding a new section to read:

24 **Sec. 29.45.053. Exemption for certain residences of law enforcement**  
25 **officers.** (a) A municipality may, by ordinance, provide for the designation of areas  
26 within its boundaries that are eligible for tax exemptions on parcels of residential  
27 property. The amount of the tax exemption provided in the ordinance may not exceed  
28 \$150,000 of the assessed value of a parcel. The exemption may be granted for a parcel  
29 only if it is

- 30 (1) entirely within an eligible area;  
31 (2) primarily used for residential purposes; and

1 (3) owned and occupied as the primary place of abode by a law  
2 enforcement officer.

3 (b) Only one exemption may be granted for the same parcel under an  
4 ordinance adopted under (a) of this section, and, if two or more individuals are eligible  
5 for an exemption for the same parcel, the individuals shall decide between or among  
6 themselves who is to receive the benefit of the exemption.

7 (c) The municipality that adopts the ordinance under (a) of this section may  
8 not request state funds to cover any loss of revenue to the municipality caused by the  
9 ordinance.

10 (d) The ordinance adopted under (a) of this section must define "law  
11 enforcement officer" to include only some or all positions listed in the definition of  
12 "peace officer" in AS 01.10.060 or in the definition of "police officer" in  
13 AS 18.65.290. The ordinance may include other eligibility requirements for an area;  
14 however, an eligible area must

15 (1) meet the eligibility requirements under a federal program of special  
16 assistance for urban development, neighborhood revitalization, or law enforcement,  
17 without regard to whether an application for the federal assistance on behalf of the  
18 area has been made or whether the area has received or is receiving the federal  
19 assistance;

20 (2) have a statistically higher occurrence of crime than the  
21 municipality as a whole; the crime rate for an eligible area must be established in the  
22 ordinance; or

23 (3) meet the requirements of (1) and (2) of this subsection.

24 (e) The municipality may establish a specific area as an eligible area for  
25 purposes of this section only in the ordinance adopted under (a) of this section or by  
26 adopting a separate ordinance. The municipality is not required to establish as an  
27 eligible area for purposes of this section every area that meets the requirements of the  
28 ordinance that is adopted under (a) of this section.

29 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 DIRECTION TO REVISOR. The revisor of statutes shall harmonize the amendment

1 to AS 29.45.030(a) made in sec. 1 of this Act with the amendment made in sec. 3, ch. 117,  
2 SLA 2000.

3 \* Sec. 5. Sections 1 and 4 of this Act take effect January 1, 2008.

Adopted

HB 67

Conceptual Amendment 1

ADD to Section 2.

Incorporate language similar to that found in Sec. 29.45.050. (a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election.

This would incorporate the concept into the exemption taxation of the property of a fraternal society, order, or association that is exempt from federal taxes.

**HB**

**67**

**SFIN**

**FILE**

# FISCAL NOTE

**2008 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SCS CSHB67(CRA)  
 () Publish Date: \_\_\_\_\_

Identifier (file name): HB067SCSCS(CRA)-CED-CRA-02-15-08 Dept. Affected: DCCED  
 Title Municipal Property Tax Exemptions RDU Comm Asst & Ec Dev (405)  
 Component Community & Regional Affairs  
 Sponsor Cruenberg, Chenault, et al  
 Requester Senate Finance Component Number 2879

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

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
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>0.0</b>	<b>0.0</b>

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

<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 Interagency Receipts								
<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>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: 0.0

**POSITIONS**

Full-time								
Part-time								
Temporary								

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

This legislation provides for the exemption from taxation up to \$150,000 of the assessed value of real property for the widow or widower of a disabled veteran. It provides for an optional exemption not to exceed \$40,000 of the assessed value for any one residence if adopted by ordinance ratified by the voters at an election. It allows the optional exemption of property of certain private, nonprofit four-year colleges or universities. It allows voters to exclude or partially exempt from taxation the property of a fraternal organization that is used predominately for one or more of the following purposes: religious, charitable, scientific, literary, educational, or fraternal. It permits a municipality by ordinance to offer an exemption, not to exceed \$150,000 of the assessed value of real property, from municipal property taxes on certain residences of law enforcement officers. This legislation has no impact on the operations of the division.

Prepared by: Tara Jollie, Director  
 Division: Community and Regional Affairs  
 Approved by: Emil R. Noll, Commissioner  
Commerce, Community, and Economic Development

Phone: 907.269.7959  
 Date/Time: 2/15/08 7:39 PM  
 Date: 2/15/2008

Adopted  
2/21/08

25-LS0314U.2  
Cook  
2/19/08

AMENDMENT 1

Stedman

OFFERED IN THE SENATE

TO: SCS CSHB 67(CRA)

1 Page 1, line 1, following "Act":

2 Insert "authorizing a borough to charge a city for costs of collecting certain  
3 taxes;"

4

5 Page 1, following line 5:

6 Insert a new bill section to read:

7 "\* Section 1. AS 29.35.170(b) is amended to read:

8 (b) Except as provided in AS 29.45.700, taxes [TAXES] levied by a city in a  
9 borough shall be collected by the [A] borough and returned in full to the levying city.  
10 However, a borough may charge a city a fee for costs of collecting a tax that is not  
11 also levied by a majority of the cities in the borough or levied by the borough on  
12 an areawide basis. This subsection applies to home rule and general law  
13 municipalities."

14

15 Page 1, line 6:

16 Delete "Section 1"

17 Insert "Sec. 2"

18

19 Renumber the following bill sections accordingly.

20

21 Page 4, line 30:

22 Delete all material and insert:

23 "\* Sec. 7. Section 2 of this Act takes effect January 1, 2009."

Adopted  
2/21/08

25-LS0314V.2  
Cook  
2/19/08

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# Alaska State Legislature

## House of Representatives



Official Business

State Capitol  
Juneau, AK 99801-1182

**Representative Mike Chenault      Representative Max Gruenberg**

### Sponsor Statement and Sectional Analysis

#### CSHB 67 (CRA) – Municipal Property Tax Exemption

##### Sponsor Statement

The purpose of the bill is to encourage law enforcement officers to purchase homes and live in high crime areas. It allows a municipality to pass an ordinance giving an exemption up to \$150,000 of assessed valuation for a permanent residence owned and occupied by a law enforcement officer in a high crime area.

##### Sectional Analysis

The following are the changes that were made from the original filed bill and CSHB 67 (CRA).

Page 1, line 14 through page 2, line 2.

A definition of "law enforcement officer" was added to the bill to include "peace officers" as defined in AS 01.10.060 and "police officer" set out in AS 18.65.290. These two definitions include the following categories of law enforcement officers:

AS 01.10.060. Definitions.

- (7) "peace officer" means
- (A) an officer of the state troopers;
  - (B) a member of the police force of a municipality;
  - (C) a village public safety officer;
  - (D) a regional public safety officer;
  - (E) a United States marshal or deputy marshal; and
  - (F) an officer whose duty it is to enforce and preserve the public peace;

AS 18.65.290(7) "police officer" means

(A) a full-time employee of the state or a municipal police department with the authority to arrest and issue citations; detain a person taken into custody until that person can be arraigned before a judge or magistrate; conduct investigations of violations of and enforce criminal laws, regulations, and traffic laws; search with or without a warrant persons, dwellings, and other forms of property for evidence of a crime; and take other action consistent with exercise of these enumerated powers when necessary to maintain the public peace;

(B) an officer or employee of the Department of Transportation and Public Facilities who is stationed at an international airport and has been designated to have the general police powers authorized under AS 02.15.230(a);

(C) a University of Alaska public safety officer with general police powers authorized under AS 14.40.043;

There were no other changes to the bill in House Community and Regional Affairs Committee.



# Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

April 16, 2007

The Honorable Max Gruenberg  
Alaska State Legislature  
State Capitol, Room 110  
Juneau, AK 99801-1182

Dear Representative Gruenberg:

I understand your House Bill 67, which seeks to improve public safety in Alaska communities where high rates of crime may occur, has been referred to the House Rules Committee. As you know, the Municipality of Anchorage (MOA) supported the original version of HB67, which sought to improve public safety in Alaska communities. We were pleased the bill expands the potential tax credit to \$150,000 for police officers to locate in high crime neighborhoods, and makes it subject to local approval.

CSHB 67(FIN) also will affect municipal taxation of property owned by Alaska Pacific University. In addition, the new version of the bill grants tax exempt status to certain fraternal organizations, subject to local approval. The MOA has no objection to these provisions.

We appreciate the opportunity to comment on the latest version of HB 67 and are pleased to answer any questions the committee may have. Thank you for working on this legislation.

Sincerely,

Mark Begich  
Mayor

*Community, Security, Prosperity*



# Alaska Pacific University

**President:**  
Douglas M. North

**Chair:**  
John Niles Wanamaker

**Vice Chair:**  
Harry McDonald

**Secretary:**  
Trigg Davis

**Treasurer:**  
Jan Sieberts

David Beal  
Mary Bettis  
Carl Brady, Jr.  
Larry Cash  
Roger Chan  
Trigg Davis  
Kenneth Donajkowski  
I. k Gamble  
B. Gillam  
Katherine Gottlieb  
Robert Gottstein  
Lydia Hays  
Patricia Brown Heller  
Christopher Hodel  
Karen L. Hunt  
Francis T. Hurley  
Donald Keil, Jr.  
Shane Langland  
Bonnie Melner  
Teresa Nelson  
Liane Pelletier  
Edward Rasmuson  
Barbara Dadd Shaffer  
William Sheffield  
Rachel Lieder Simeon  
Mark Tabbutt  
Charles Totemoff  
George Walton  
Raf West  
Donald G. Wilson  
Eric E. Wohlferth

April 12, 2007

The Honorable Max Gruenberg  
Alaska State House of Representatives  
State Capitol, Room 110  
Juneau, AK 99801-1182

Dear Representative Gruenberg:

I am writing to express the support of Alaska Pacific University for CSHB67 (FIN). Enactment of this bill will place all of Alaska's accredited post-secondary educational institutions on a level playing field with the University of Alaska in the realm of property taxation and enable these institutions to improve the important educational services they provide to Alaskans. In addition, section one of the bill affords Alaska Pacific University the important benefit of fiscal predictability. Since APU's inception, forty seven years ago, APU campus property has never been taxed. Then, in 2006, the Municipality changed its interpretation of state law and sent tax assessments to APU respecting certain buildings on campus. CSHB67 (FIN) will resolve the interpretation issue, re-establish the status quo, and provide fiscal stability for APU.

It should be noted that the Municipality of Anchorage is in support of the bill as written because it provides the Municipality with the ability to tax the lessee on leasehold improvements. This provision ensures that the tax benefits are experienced only by the accredited educational institution and only for the purpose of enhancing their educational services.

We appreciate the opportunity to comment and strongly recommend passage of the bill.

With good wishes,

*Douglas North*  
Dr. Douglas M. North



# Alaska State Legislature

Please enter into the record my testimony to the House Finance  
committee name

Committee on HB 67, dated 4-11-07  
Bill # / subject public hearing date

On behalf of the KPB Administration, we are more comfortable with the current version of the bill that came out of the House Finance Committee on April 11<sup>th</sup>. We are pleased to see the mandatory exemption removed for the leasehold interest of University properties. In addition, we are also pleased to see that the fraternal organization exemptions would have to be approved by an ordinance ratified by the voters of a municipality. Finally, we feel more comfortable having an optional exemption available to peace officers.

While we are more comfortable with House Bill 67 and do not oppose its passage, we will monitor HB 67 as it continues through the legislative process and may provide further comment depending on the changes. We do oppose any amendments to House Bill 67 that would mandate exemptions contained in section two of the bill.

Signed: Shane Horan  
Testifier

Assessor for the Kenai Peninsula Borough  
Representing (optional)

144 N Binkley Soldotna, AK 99669  
Address

(907) 714-2231  
Phone number



# MUNICIPAL FISCAL NOTES

Title: MUNI PROP TAX EXEMPTION FOR POLICE HOMES

Sponsor: Gruenberg

Bill Version: HB 67

Publish Date: 01/16/2007

Effect on Municipalities:

Operating Expenditures: (0)

Operating Revenues: (0)

Capital Expenditures: (0)

Capital Revenues: (0)

Change in Revenues: (0)

Analysis:

This legislation would allow municipalities to exempt, through ordinance, an area within its boundaries that meets eligibility requirements (is eligible under a federal program of special assistance for urban development, neighborhood revitalization, or law enforcement, or has a statistically higher occurrence of crime than the municipality as a whole) from taxation of up to \$150,000 per residence on a residence owned and occupied as the primary place of residence by a law enforcement officer. Up to two exemptions (\$300,000) may be granted if two law enforcement officers occupy the same residence.

The Alaska Municipal League does not oppose optional property tax exemptions. HB 67 will only affect those municipalities that choose to participate in this optional program.

**Public Safety Employees Association, Inc.**  
*"Representing Alaska's Finest"*

**HB 67 – Optional exemption from municipal property taxes**

HB 67 gives municipalities, by ordinance, an option to offer a property tax exemption as one means to attract law enforcement officers to reside in areas of a community where there is a higher occurrence of crime than is found in the municipality as a whole.

The municipality must by ordinance adopt the tax exemption and define law enforcement officer.

If the municipality adopts an ordinance, it exempts from taxation an amount not to exceed \$150,000 of assessed value of real property for an officer who owns in whole or in part and occupies in whole or part a primary permanent residence in a designated area.

HB 67 gives communities a tool for use in attracting law enforcement officers and their families to areas of a community where crime is more prevalent.

The bill offers an incentive for an officer and his or her family to consider living in a designated area where there is a higher incident of crime.

Providing an incentive in the form of tax relief may help attract families of peace officers to neighborhoods where crime is an issue. If the quid pro quo is a neighborhood that is safer, the incentive will have been worth that, and much more.

2/6/07

Norman Cohen

---

From: Everett Robbins [president@apdea.org]  
Sent: Monday, February 05, 2007 1:54 PM  
To: Norman Cohen  
Subject: RE: HB 67 - Municipal Property Tax Exemption for Law Enforcement Officers

Rep. Max Gruenberg  
State Capitol, Room 110  
Juneau, AK 99801

Dear Representative Gruenberg:

I am writing in support of the municipal tax exemption for law enforcement officers (House Bill 67). This legislation would allow a municipality to enact an ordinance designating eligible parcels of property exempt from taxation up to \$150,000 of the assessed value of the property. Eligible parcels of property are those (1) that are owned by and constitute the primary residence of a law enforcement officer; (2) that meet the eligibility requirements under a federal program of special assistance; and (3) that have a statistically higher occurrence of crime than the municipality as a whole.

We believe this bill would be instrumental in helping to reduce crime throughout Anchorage while also recognizing the contributions that law enforcement officers make in our communities. This bill would help to foster the concept of community policing by providing an incentive for law enforcement officers to work and live in neighborhoods most in need of police interaction and intervention. This bill may well help to relieve the economic costs to the municipalities, as well as private employers and individuals, that are generally associated with high-crime neighborhoods by encouraging law enforcement officers to insert themselves into their communities and assume a personal stake in the future of the neighborhood. The bill is also an important recognition of the services provided by individual law enforcement officers. In short, we believe this bill would be beneficial from both the public's perspective and any individual law enforcement officer who participates in the program.

Thank you for introducing this bill into the Alaska legislature. If it passes, Alaska will lead the way in recognizing the contributions that law enforcement officers make in our communities and the benefit that can be derived from permitting a property exemption for those officers who demonstrate their commitment to community policing. Please convey my wholehearted support for its passage to the relevant legislative committees and leaders of each chamber.

Sincerely,

Everett Robbins  
President  
Anchorage Police Department Employee's Association

2/5/2007

The amendment added to HB 67 on the House floor is intended to correct a problem that has been an issue for disabled veterans since they were added to the exemption program many years ago.

The current statutory language in this exemption program recognizes that upon the death of a senior citizen, the widow or widower of the program participant, if aged 60 or older, can retain the exemption without having to attain the age of 65.

When disabled veterans were added to the exemption statute, no changes were made to allow for the exemption to pass to the widow or widower upon the death of the disabled veteran. The same "60 years of age" language was kept. However, most disabled veterans participating in the program are much younger than the seniors in the program and the widow/widowers clause does not fit.

The amendment made on the House floor corrects this oversight and allows a widow or widower of a disabled veteran to retain the exemption upon the death of the veteran.

Steve Van Sant  
State Assessor

**Norman Cohen**

---

**From:** Steve VanSant [steve\_vansant@commerce.state.ak.us]  
**Sent:** Tuesday, April 10, 2007 3:48 PM  
**To:** Michael L Black  
**Cc:** Sally A Saddler; Kathie Wasserman  
**Subject:** HB 67  
**Attachments:** steve\_vansant.vcf

As you know, HB 67 was withdrawn from hearing in House Finance today because the amended version was not ready. (?) I am not sure what they might be doing to it, but I thought that since I will be gone the rest of this week, I should write down my concerns in case it is brought up before I return next Tuesday.

We have worked with Rep. Gruenburg's staff on the exemption of homes for police officers who move into an area with statistical higher degree of crime and feel comfortable with that portion of the bill.

The amendment for any 4 year University including U. of A. and Alaska Pacific University, was amended which removed the total exemption of all that property and allowed a "possessory interest" assessment on any property which might be leased. The only problem, I have with this is that the language does two things. First, it exempts all university lands with the exception of leasehold interests. A.P.U. currently holds title to several pieces of property within the Mat-Su Borough located in Chase, Kroto Creek, Chickaloon and Caswell Lakes areas. Currently that property is on the tax roll as it is not used for "educational purposes." Under the proposed amendment that property would become exempt, simply because it belongs to the A.P.U. regardless of its use. Any property that someone chose to donate to the APU would also become exempt, if it wasn't leased to a third party.

Second, under current law, the assessor does not exempt leased property (such as the Alaska Spine Institute) located on APU property). The property is assessed and the assessment and tax bill go to the owner of the property, APU. If the taxes are not paid, the municipality may foreclose on the property. Under the amendment, any property leased by the APU could only have a possessory interest assessment made and the enforcement of the tax collection can only be made by taking personal action against the delinquent taxpayer as outlined in AS 29.45.320. While this may seem trivial, the fact is that the enforcement proceedings under this scenario could cost the more revenue.

The second amendment made to the bill would offer an optional exemption to municipalities for "fraternal organizations." The bill lists several uses that the property may be out to in order to receive the exemption and the last use is that of "fraternal." This exemption would apply to lodge organizations such as the Moose and Elks. These organizations are private

*membership only* organizations and the lodges are not open for use by the general public. In most, cases, these lodges compete with private enterprise by having a bar and restaurant, which are not open to the public-*members only*- and yet want to enjoy a tax exemption at the expense of the general public. I am not talking about all the public service these organizations donate to the community. These lodges are for a private use and should not gain an exemption at our cost. Some people mistaking believe that taxes are some sort of penalty for owning property when, in fact, taxes are simply payment by all property owners to share the cost of services provided, even to those who have been exempted.

There are many taxpayers who voice their opposition to paying more taxes and each exemption simply increases every other property owners share of the tax burden.

Steve

**Sec. 29.45.046. River habitat protection tax credit.** (a) Unless prohibited by a municipal charter, a municipality may by ordinance provide for a river habitat protection credit to be applied to offset a portion of the property taxes due on land, or an interest in land taxable under this chapter, upon which an improvement has been constructed and which receives public aids in

- (1) protecting a river from degradation of fish habitat due to public or private use;
- (2) restoring riparian fish habitat along or in a river that has been damaged by agricultural or other use practices.

(b) The amount of a river habitat protection credit shall be based upon a percentage of the verifiable costs of the improvement and may not exceed 50 percent of the total amount of taxes levied upon the land or upon the taxable interest in the land during a single year, but the credit may be granted for more than one year. If the credit is granted for more than one year and the land or taxable interest in the land is conveyed, the portion of the credit remaining is extinguished. The ordinance may limit the availability of the credit to some, but not all types of improvements for which a credit may be granted under this section and to some, but not all areas of the municipality. A credit may only be granted for an improvement that has been constructed in compliance with state or federal laws. A credit may not be granted for an improvement

- (1) required under state or federal law; or
- (2) located more than 150 feet from the mean high tide line or ordinary high water line. In this paragraph, "ordinary high water line" means that line on the shore of the non-tidal portion of a river or stream that reflects the highest level of water during an ordinary year and is established by fluctuations of water and indicated by physical characteristics such as a clear, natural line impressed on the bank, shelving, changes in the character of soil, destruction of terrestrial vegetation, the presence of litter and debris, or other appropriate means that consider the characteristics of the surrounding area.

(c) *[Repealed, § 3 ch 41 SLA 1995.]*

(d) Before an ordinance is adopted under (a) of this section, it must be approved by the commissioner of fish and game. The commissioner of fish and game shall approve a proposed ordinance if the improvements for which a credit is authorized aid in protecting or restoring habitat as required under this section without regard to the percentage of the total protection or restoration that could be achieved by ideal improvement measures. Within 60 days after receipt of a proposed ordinance, the commissioner of fish and game shall notify the municipality in writing as to whether the proposed ordinance is approved or disapproved and, if the proposed ordinance is disapproved, shall state the basis for the determination. (§ 1 ch 40 SLA 1994; am §§ 1 — 3 ch 41 SLA 1995; am § 1 ch 34 SLA 2000)

**Effect of amendments.** — The 1995 amendment, effective August 23, 1996, deleted "and certified by the Department of Fish and Game under (c) of this section" from the end of the next-to-last sentence in subsection (b); repealed former subsection (c), relating to criteria by the department in determining whether an improvement is effective in accomplishing the

purposes listed in (a)(1) or (a)(2); and added subsection (d).

The 2000 amendment, effective August 9, 2000, substituted "a river" for "the Kenai River or a tributary of the Kenai River" in paragraphs (a)(1) and (a)(2).

**Sec. 29.45.060. Optional exemptions and exclusions.** (a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of \$20,000 for any one residence.

- (b) A municipality may by ordinance
  - (1) classify and exempt from taxation

- (A) the property purposes and used of that property does
- (B) historic sites,
- (C) land of a non-subdivide the land and restricting use of the under this subparagraph 38.05.069(c);
- (D) all or any part written agreement with or the University of subparagraph for no 1 by ordinance adopted
  - (2) classify as to type property from ad valorem
  - (c) The provisions of
    - (1) a borough may, in to the property tax schedule excluding personal property redemption period;
    - (2) a home rule or first property from borough
    - (A) the exemptions of
    - (B) the city appropriate borough because of the by the assembly;
    - (3) a city in a borough in part to the property exempting or partially exempt
    - (d) Exemptions or exclusions municipality in addition effect on September 10, .
    - (e) A municipality may tax on privately owned or public recreation use tax exemption, or partial is automatically terminated than fee simple title to the that does not reflect the that, if the area subject to incompatible with the easement property, the owner must pay exempted, with interest.
    - (f) A municipality may be assessed value of improvement directly attributable to alteration, repair, or renovation of an improvement or renovation, when completed the land or structure. An exclusion construction of an improvement is to increase the assessed value of the structure or for the alteration

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.

(c) The provisions of (a) of this section notwithstanding,

(1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

(2) a home rule or first class city has the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes if

(A) the exemptions or exclusions have been adopted as to city taxes; and

(B) the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly;

(3) a city in a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.

(d) Exemptions or exclusions from property tax that have been granted by a home rule municipality in addition to exemptions authorized or required by law, and that are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter.

(e) A municipality may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. The easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant. The municipality may provide by ordinance that, if the area subject to the easement is sold, leased, or otherwise disposed of for uses incompatible with the easement or if the easement is conveyed to the owner of the property, the owner must pay to the municipality all or a portion of the amount of the tax exempted, with interest.

(f) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An

exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to a single-family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed, or from the date of approval of an application for the exemption by the assessor, whichever is later.

(h) A municipality may by ordinance partially or wholly exempt land from a tax for fire protection service and fire protection facilities and may levy the tax only on improvements, including personal property affixed to the improvements.

(i) A municipality may by ordinance approved by the voters exempt from taxation real property assessed value that exceeds \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is

- (1) 65 years of age or older;
- (2) a disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard; or
- (3) at least 60 years old and a widow or widower of a person who qualified for exemption under (1) or (2) of this subsection.

(j) A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to a processing site from up to 75 percent of the rate of taxes levied on other property in the taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration. In this subsection "taxing unit" means a municipality and includes

- (1) a service area in a unified municipality or borough;
- (2) the entire area outside cities in a borough; and
- (3) a differential tax zone in a city.

(k) A municipality may by ordinance approved by the voters exempt from taxation real property used for pollution control facilities that meet requirements of the United States Environmental Protection Agency or the Department of Environmental Conservation. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

(l) A municipality may by ordinance exempt from taxation an interest, other than a record ownership, in real property of an individual residing in the property if the property has been developed, improved, or acquired with federal funds for low-income housing and is owned or managed as low-income housing by the Alaska Housing Finance Corporation under AS 18.55.100 — 18.55.960 or by a regional housing authority formed under AS 18.55.996. However, the corporation may make payments to the municipality or political subdivision for improvements, services, and facilities furnished by it for the benefit of the housing project, and this subsection does not prohibit a municipality from receiving those payments or any payments in lieu of taxes authorized under federal law.

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for up to five years. The municipality may provide for renewal of the exemption under conditions established in the ordinance. However, under a renewal, a municipality that is a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school district. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for up to five years. The municipality may provide for renewal of the deferral under conditions established in the ordinance. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written

notice that the ordinance adopted requires a written notice of intent to convey economic development property conveyed under that

- (1) has not previously been used in a trade;
- (2) is used in a trade;
- (A) creates employment;
- (B) generates sales tax revenue for the municipality; or
- (C) materially reduces the assessed value of the property; and

(3) has not been used for six months before the date the exemption is filed; this section does not apply if the property annexed to the municipality exemption is filed; this section does not apply if the property is used for a purpose other than that specified in the ordinance.

(n) A municipality may by ordinance approved by the voters exempt real property outside the state and paid from taxation. The ordinance must specify the classification of inventory and specific eligibility requirements for each exemption.

(o) A municipality may by ordinance approved by the voters exempt from taxation deteriorated property from taxation if the property has a substantial rehabilitation structure on the property and the owner has made payment of taxes on all beginning on or any time a removal or replacement of ownership of property for payments deferred under this subsection if ownership of any part of the property is due. The amount deferred under this subsection and only one exemption may not be in effect on the date the ordinance adopted under this subsection and require a written application for "deteriorated property" means residential purposes or the rehabilitation of residential units, and that no

(1) within the last five years has been requiring environmental remediation, vacated, condemned, or demolished; or

- (2) has a structure on it that is being rehabilitated, renovated, or repaired as prescribed in the ordinance;
- (3) is located in a deteriorated area as determined by the municipality.

(p) A municipality may by ordinance approved by the voters exempt private leasehold, contract, or

notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 — 1629e (Alaska Native Claims Settlement Act), that

- (1) has not previously been taxed as real or personal property by the municipality;
- (2) is used in a trade or business in a way that
  - (A) creates employment in the municipality;
  - (B) generates sales outside of the municipality of goods or services produced in the municipality; or
  - (C) materially reduces the importation of goods or services from outside the municipality; and

(3) has not been used in the same trade or business in another municipality for at least six months before the application for deferral or exemption is filed; this paragraph does not apply if the property was used in the same trade or business in an area that has been annexed to the municipality within six months before the application for deferral or exemption is filed; this paragraph does not apply to inventories.

(n) A municipality may by ordinance classify as to type inventories intended for export outside the state and partially or totally exempt all or some types of those inventories from taxation. The ordinance may provide for different levels of exemption for different classifications of inventories. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application, which shall be a public document, for each exemption.

(o) A municipality may by ordinance partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal or replacement of any structure on the property begins. However, if the ownership of property for which a deferral has been granted is transferred, all tax payments deferred under this subsection are immediately due and the deferral ends, or, if ownership of any part of the property is transferred, all tax payments are immediately due. The amount deferred each year is a lien on that property for that year. Only one exemption and only one deferral may be granted to the same property under this subsection, and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection, "deteriorated property" means real property that is commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, and that meets one of the following requirements:

- (1) within the last five years, has been the subject of an order by a government agency requiring environmental remediation of the property or requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;
- (2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, demolition, removal, or replacement, subject to any conditions prescribed in the ordinance; or
- (3) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

(p) A municipality may by ordinance partially or totally exempt from taxation a private leasehold, contract, or other interest held by or through an applicant or proposed

applicant in any property, assets, project, or development project owned by the Alaska Industrial Development and Export Authority under AS 44.88. Nothing in this subsection prohibits a municipality from entering into an agreement and receiving payments in lieu of taxes authorized under AS 44.88.140(b).

(q) A municipality may by ordinance partially or totally exempt from taxation land from which timber is harvested that is infested by insects or at risk of being infested by insects due to an infestation in the area in which the land is located. A municipality may provide that an exemption for land under this subsection applies only to increases in assessed value that result from the timber harvest. A municipality may by ordinance partially or totally exempt from taxation improvements to real property, including personal property affixed to the improvements, if the improvements are

(1) located on land from which timber is harvested that is infested by insects or at risk of being infested by insects due to an infestation in the area in which the land is located; and

(2) used for or necessary to the harvest of the timber that is infested by insects or in danger of insect infestation.

(r) A municipality may by ordinance exempt from taxation an amount not to exceed \$10,000 of the assessed value of real property owned and occupied as a permanent place of abode by a resident who provides in the municipality volunteer (1) fire fighting services and is certified as a fire fighter by the Department of Public Safety, or (2) emergency medical services and is certified under AS 18.08.082. If two or more individuals are eligible for an exemption for the same property, not more than two exemptions may be granted. (§ 12 ch 74 SLA 1986; am § 1 ch 103 SLA 1985; am § 5 ch 70 SLA 1986; am § 1 ch 151 SLA 1988; am § 2 ch 73 SLA 1989; am § 1 ch 98 SLA 1989; am § 15 ch 93 SLA 1991; am § 107 ch 4 FSSLA 1992; am § 1 ch 66 SLA 1993; am § 1 ch 7 SLA 1994; am § 1 ch 65 SLA 1994; am § 1 ch 40 SLA 1995; am § 1 ch 70 SLA 1998; am §§ 1, 2 ch 8 SLA 1999; am § 4 ch 117 SLA 2000; am § 1 ch 54 SLA 2002; am § 1 ch 64 SLA 2002; am §§ 2, 3 ch 140 SLA 2004)

**Delayed repeal of subsection (o).** — Under sec. 2, ch. 8, SLA 1999, as amended by sec. 1, ch. 102, SLA 2002, and sec. 4, ch. 140, SLA 2004, subsection (o) is repealed July 1, 2010.

**Revisor's notes.** — Subsection (h) of this section was enacted as AS 29.63.025(h). Renumbered in 1985. Chapter 103, SLA 1985 also enacted, in § 2, AS 29.63.066, which provides an exemption identical to that set out in (h) of this section from taxes levied under former AS 29.63, repealed by § 88, ch. 74, SLA 1985. The provisions of former AS 29.63 were substantially incorporated in AS 29.45, and the addition of subsection (h) to AS 29.45.050 makes it unnecessary to codify § 2, ch. 103, SLA 1985 to achieve the legislature's purpose.

Subsection (r) was enacted as (q); relettered in 2002.

**Cross references.** — For authority to make an ordinance adopted under subsection (q) retroactive to January 1, 2001, see § 2, ch. 64, SLA 2002.

**Effect of amendments.** — The 1992 amendment, effective July 1, 1992, rewrote subsection (l).

The 1993 amendment, effective September 22, 1993, in subsection (n), deleted the former second and third sentences.

The first 1994 amendment, effective July 5, 1994, added paragraphs (b)(6)-(b)(9) and made a related stylistic change.

The second 1994 amendment, effective August 23, 1994, added former subparagraph (b)(2)(D).

The 1995 amendment, effective August 23, 1995, rewrote subsection (h).

The 1998 amendment, effective July 1, 1998, added subsection (o).

The 1999 amendment, effective July 1, 1999, in subsection (o), inserted "or totally" in the first sentence, inserted "beginning on or any time" in the first and second sentences, substituted "any" for "only", deleted "attributable to that part" following "tax payments" near the end of the third sentence, substituted "The amount deferred each year is a lien on that property for that year" for "and the deferral attributable to that part ends", added "and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time" at the end of the fifth sentence, and added the next-to-last sentence.

The 2000 amendment, effective July 1, 2000, added subsection (p).

The first 2002 amendment, effective January 1, 2003, added subsection (r).

The second 2002 amendment, effective June 20, 2002, added subsection (q).

The 2004 amendment, effective September 28, 2004, in subsection (a), inserted the second sentence, and substituted "subsection" for "section" and "\$20,000" for "\$10,000" in the last sentence; and, in subsection (o), substituted "10 years" for "five years" in the first sentence, inserted "demolition, removal" three times, added "meets one of the following requirements:" at the end of the introductory language, and inserted "within the last five years" and "environmental remediation of the property or requiring" in paragraph (1).

**Editor's notes.** — Section 3, ch. 64, SLA 2002, provides that subsection (q) is retroactive to January 1, 2001.

Legislative history letter of intent in

City may not exercise authority. - corporation to allow from taxation, unless very generally been seen, 38 F.2d 904 former, similar law. Ordinance definit

**Sec. 29.45.055.** ordinance levy a valorem taxes and property as to type type at a specific appeal the determination municipality may e

(b) Except as provided authority of a municipality personal property or property. (§ 2 ch 40

**Sec. 29.45.060.** Full unit and not dedicated of full and true value some other nonfarm both full and true value disposed of for uses in farm use by the owner at the current mill levy as though the land had shall be made to the state of this section for the part to the municipality.

(b) An owner of farm to the assessor before application shall be made local assessor, and must determine the entitlement; the applicant shall furnish the applicant shall furnish both lessee and lessor also the assessor a copy of the This subsection does not a state for agricultural use (c) In the event of a crop may submit an affidavit if was from farming.

(d) Subject to legislative borough or city, as appropriate of this section.

ALASKA  
STATE



ELKS ASSOCIATION

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09 May 2007

Representative Kurt Olson  
Representative Paul Seaton  
Senator Gary Stevens

**RE: HB 67: Municipal Property Tax Exemptions**

Dear Representatives Olson and Seaton & Senator Stevens,

As President of the Alaska State Elks Association I am transmitting this letter on behalf of the 7,000+ members of the Alaska State Elks Association and the 17 Elks Lodges located across our great state. Please accept this letter in support of the passage of HB 67.

As a non-profit organization, 501(c)8 & 501(c)3 our benevolent organization is dedicated to providing many worthwhile causes in communities throughout Alaska expending tens of thousands of dollars and thousands of hours of volunteer time in support of our Elk programs as well as supporting other established programs in our communities.

The local Elks Lodges as well as the Alaska State Elks Association provide and fund numerous charitable programs aimed at our youth such as Drug Awareness Education Programs, basketball & soccer programs, after school programs, Drug & Alcohol Free Teen Dances and Youth Patriotic Programs. Our Youth Scholarship Programs through the local lodges and state association total in excess of \$50,000 annually. Over the course of the year ending March 31, 2006, the Elks Lodges and members in Alaska collectively contributed \$556,561.00 in cash contributions and an additional \$84,424.00 in non-cash items. We traveled a total of 20,839 miles and volunteered a total of 695,099 man-hours.

When calculated, using the Federal Government's formulas of charitable work at \$18.04 per volunteer hour and \$0.45 per mile driven performing charitable works, the total contributions by the Alaska Elks is \$1,366,924.19. A considerable donation to our communities by 7,000 members belonging to 17 Elks Lodges in Alaska.

We are also dedicated to providing assistance to our nation's active military members, their families and our nation's veterans. Currently, as adopted at our Annual State Convention in Sitka, this past week, we have launched a partnership with the Wounded Warrior Project by which we will donate in excess of \$20,000 to support the rehabilitation of our wounded military members. One of our national mottos is, "So long as there are Veterans, the Elks will never forget them". We have been supporting our military and veterans since WWI when the Elks built and donated the first two military field hospitals on the front lines of France and financed, constructed and equipped the first 700 bed Veterans Rehabilitation Hospital located in Boston which was donated to the War Department in 1918. The Elks also provided 40,000

rehabilitation, vocational and educational loans to disabled veterans, the precursor to what was to become the federal GI Bill.

The Elks have been involved with our communities, our youth and our veterans since our founding in 1868 and remain an active and viable component of our communities today. The passage of this bill will help insure that the Elks Lodges in Alaska continue to financially survive and remain able to support our communities. Undoubtedly, any property tax relief that may be provided by means of HB 67 will find its way back into our communities.

On behalf of the Elks across Alaska and our communities we urge you to adopt HB 67.

Regards,

*Jan C. Jonker*

Jan C. Jonker, President  
Alaska State Elks Association  
*'Alaska Elks - Building Stronger Communities'*