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City of Unalaska Legislative Report

5/3/24

As legislators navigate the final weeks of the session, we are likely to see the consolidation of multiple related bills into a single omnibus bill, which is a common strategy to streamline the legislative process and expedite the passage of complex or interconnected policy measures. Particularly with a focus on prioritizing key policy areas, such as energy, education, and election-related matters. The rationale behind this approach is to bundle together various provisions on related topics under one comprehensive piece of legislation, thereby facilitating quicker consideration and decision-making.

While the omnibus bill strategy can help address multiple issues efficiently, it also raises concerns about transparency, accountability, and the potential for logrolling – where separate measures are combined to secure support for less popular provisions. This method can complicate the legislative process by making it harder for lawmakers and the public to fully understand and assess the individual components of the bill and result in unintended consequences. We saw that last week, particularly with the multiple energy bills.

Many uncontroversial bills, such as those that rename bridges or extend state boards, are expected to pass before lawmakers adjourn, but when it comes to big policy changes, legislators say, there's not much certainty.

The Senate transmitted its version of the operating budget to the House last week for a concurrence vote which failed with a vote of 36-0. Unless the Senate recedes from its changes, which is not likely, a conference committee will be appointed to meet and reconcile the differences between the two bills.

Additional powers can be granted to the committee if both bodies grant them. However, the committee is generally limited to making changes based only on items in one of the bill versions. The committee can eliminate an item even if it appears in both budgets at different funding levels, but traditionally, they land on a funding level between one or the other.

While the conference committee reviews the operating budget, the House will finish its work on the capital budget. Capital spending has grown significantly during the session. Over \$237 million of projects have been added between the two bodies.

On Friday, Senate Finances amended HB 50, the Governors Carbon Storage bill



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Over the final days expect to see a heavy focus on the energy and education bills.

At the risk of making this report extremely long, the recent outline of the House's version of the Capital Budget is worth including.

The House Finance Committee introduced a committee substitute for the capital budget. Their version adds \$103.7 million UGF to the Senate's version. This comes primarily in the form of in-district projects for the majority members of the committee but almost half covers statewide projects like school major maintenance.

After hearing additional amendments, the House Finance Committee passed the capital budget out of committee this afternoon. It will be subject to additional floor amendments before it is returned to the Senate for concurrence - which is the plan per their budget agreement.

Notable highlights include:

Named Recipient Grants

- \$1 million UGF for Renovations of a tribal advocate facility in Akiachak for domestic violence safe rooms
- \$2.8 million UGF for a residential expansion project with Alaska Addiction Rehabilitation Services
- \$1 million UGF for the Ship Creek Trail, Arctic to Indian section of the Alaska Long Trail. This is double the level included by the Senate
- \$1.6 million UGF for Arctic Slope Native Association to acquire patient imaging equipment
- \$300,000 UGF for snowmaking infrastructure at the Skeetawk ski resort run by Hatcher Alpine Xperience
- \$4.5 million UGF to the Interior Gas Utility for a natural gas main extension
- \$1.5 million UGF to Palmer Emergency Food and Community Services for construction of a new facility
- \$3.5 million UGF to the Southcentral Foundation for a new crisis center
- \$1 million UGF to the Municipality of Anchorage to purchase a cemetery in Eagle River
- \$1 million UGF to the Fairbanks North Star Borough for maintenance of the Horseshoe Downs Road Service Area
- \$2.5 million UGF to the Mat-Su Borough for flood and erosion mitigation
- \$2.5 million UGF to the Mat-Su Borough to enhance local fisheries



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Statewide Priority Lists and Grant Programs

- \$26.6 million UGF for school major maintenance grants managed by DEED. This adds to the \$36.2 million included by the Senate in the supplemental budget and funds down to [project 26 on the list](#).
- \$10.3 million UGF for Round 16 of the Renewable Energy Project Grant program. This program provides small grants to projects and used to be funded with a deposit into the renewable energy fund from excess earnings of the power cost equalization (PCE) fund. The Senate included \$4 million, coming from the renewable energy fund the House version uses UGF and increases the amount available.

Other State Agency Projects

- \$7.5 million UGF for a new Permanent Fund Dividend application system. The Governor requested this project using funding from the dividend fund. The Governor's initial funding source was in line with statutory direction to use the dividend fund for the operation of the dividend program.
 - The current system recently had a software conversion completed and, per budget documents, they moved the ongoing operating costs of the system from the previous capital project into the base operating budget last year.
- \$3 million UGF was added to the Alaska Housing Finance Corporation (AHFC) Weatherization program bringing total UGF to \$10 million
- \$1 million UGF was added to the AHFC statewide housing development program
- \$1 million UGF was added for DOT to add a flashing light at the intersection in Kasilof
- \$1.2 million UGF was added for the University of Alaska Anchorage (UAA) for Mat-Su campus mechanical, electrical, and interior systems
- \$1 million UGF was added for the UAA Prince William Sound Campus mechanical, electrical, fire, roof, and interior systems
- The committee adjusted funding for year three of the University drone program to be fully supported, \$10 million, by UGF rather than 50% tuition receipts.
- \$2.2 million UGF was added for University of Alaska Fairbanks for a carbon capture and sequestration project
- \$4.9 million UGF was added for an expansion to the Palmer courthouse.

Upcoming Schedule



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Description	Date, Time & Location
GRUENBERG 120 -HOUSE STATE AFFAIRS -- Subcommittee on Retirement and Benefits Legislation -- += SB88 RETIREMENT SYSTEMS; DEFINED BENEFIT OPT. TELECONFERENCED -- Testimony -- Invited Testifiers: Ryan Frost, Reason Foundation and Alexei Painter, Director, Legislative Finance	Tue 5/7/24 6:00 PM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
HB 3	Gold And Silver Specie As Legal Tender	MCCABE	(S) REFERRED TO FINANCE (4/24)	

Gold and silver coins would be legal currency in Alaska, and local governments would be forbidden from taxing the buying and selling of gold and silver coins, if to be used as legal tender.

HB 18	Fishery Development Assoc.; Assessments	STUTES	(H) REFERRED TO FISHERIES (1/19)	
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The state would help create nonprofit regional fishing cooperatives intended to develop new fisheries in the state. These would be funded by fees paid by fishermen in the area.

HB 21	School/university Employee Health Insur	VANCE	(H) Minutes (HFIN) (5/8)	
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This Bill amends current statute to create the opportunity for school districts, the University of Alaska, and governmental units such as cities and boroughs to optionally participate in AlaskaCare: state employee healthcare program. These entities would have the choice to opt into the pool as an entire entity, enabling Alaska's Department of Administration to negotiate a better cost of healthcare. Local governments and school districts would be able to join the state's health insurance program.

HB 22	Peace Officer/firefighter Retire Benefits	JOSEPH-SON	(H) -- Please Note Time & Location Change -- (3/23)	
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The state would create a pension program for police and firefighters.

HB 63	Repeal Workers' Comp Appeals Commission	RAUSCHER	(H) REFERRED TO FINANCE (2/2)	
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HB 63 - is suggested to save \$433,000 per year by repealing the Alaska Workers' Compensation Appeals Commission. HB 63 will return jurisdiction over appeals of Workers' Compensation Board decisions to the Superior Court. Currently the Appeals Commission handles these cases, and their decisions can be appealed to the Supreme Court.



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HB 70	Municipal Property Tax Exemptions	TO-MASZEWSKI	(H) Heard & Held (4/13)	
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This bill would include the following to the properties exempt from general taxation:

A parking lot owned by an organization incorporated under state law that is exempt from taxation and used for parking or another use as long as the parking or other use is permitted without charge;

Real and personal property of a store operated by an organization incorporated under state law that is exempt from taxation under 26 U.S.C. 501(c) if the store deals exclusively in donated inventory that is distributed without cost as part of a program to provide needy persons with food, shelter, clothing, or health care without charge or sells merchandise below market value to support a literacy program or a program to provide needy persons with food, shelter, clothing, or health care without charge.

HB 74	Geothermal Resources	RULES	(H) Heard & Held (4/19)	
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This bill removes obstacles for exploration and development of Alaska's geothermal resources. The bill updates the definition of "geothermal resources" to allow for modern uses. The bill also increases the time available for exploration from three years to five years.

HB 84	Muni Prop Tax Exemption/tax Blighted Prop	SUMNER	(H) Minutes (HCRA) (3/21)	
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SB 77 Companion Bill

HB 100	Paid Family Leave	ARM-STRONG	(H) REFERRED TO FINANCE (2/2)	
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HB 133	Public Meetings: Exempt Muni Svc Area Bds	SUMNER	(H) Heard & Held (4/2)	
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This bill primarily removes the capitalize words in section (8)'s exemptions of open meetings act, -meetings of municipal service area boards established under AS 29.35.450 - 29.35.490 [WHEN MEETING SOLELY TO ACT ON MATTERS THAT ARE ADMINISTRATIVE OR MANAGERIAL IN NATURE].

HB 134	Property Transfer Tax; Muni Telecomm Tax	COU-LOMBE	(H) Scheduled but Not Heard (4/23)	
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A borough may not levy or collect a sales or use tax on the transfer of real property. This subsection applies to home rule and general law municipalities.

HB 142	State Sales And Use Tax	CARPENTER	(H) DISCHARGE FROM W&M RULE 48 FAILED Y17 N23 (4/11)	
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HB 142 levies a 2% sales tax on the purchase or lease of personal property, and the sale services.



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HB 156	Income Tax	GALVIN	(H) DISCHARGE FROM W&M RULE 48 FAILED Y20 N20 (4/11)	
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HB 156 – There would be a state income tax of \$20 for people earning less than \$200,000 per year, and anyone earning more than that would also pay 2% of their earnings above \$200,000.

HB 170	Misuse Of Pub. Officer Official Position	CRONK	(H) Minutes (HJUD) (1/29)	
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HB 173	Public Construction Contracts Wage Rates	MCCABE	(H) REFERRED TO FINANCE (4/18)	
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HB 173 would change the threshold that applies to a public construction contracts which exceed \$150,000.

HB 180	Commercial Salmon Fishery Closure	CRONK	(H) REFERRED TO FISHERIES (4/26)	
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HB 185	Income Tax Equal To Dividend	FIELDS	(H) -- MEETING CANCELED -- (5/16)	
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HB 185 – The state would have an income tax equal to the amount of the year’s Permanent Fund dividend, with the income tax on nonresidents and Alaskans with incomes above \$75,000 for individuals and \$150,000 for couples.

HB 193	Internet For Schools	HOUSE FINANCE	(H) EFFECTIVE DATE(S) OF LAW 3/28/24 (3/28)	
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HB 200	Gaming; Electronic Pull-tabs	RULES	(H) REFERRED TO FINANCE (4/1)	
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HB 203	Payment Of Wages; Payroll Card Account	SUMNER	(S) <Pending Referral> (5/6) 05/06/24 1:30 PM in BELTZ 105 (TSBldg)	
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HB 333	Tax Credit Child Care/utility/house/food	RULES	(H) Heard & Held (3/6)	
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HB 347	Property Assessment	COULOMBE	(S) COMMUNITY & REGIONAL AFFAIRS at 01:30 PM BELTZ 105 (TSBldg) (5/7) 05/07/24 1:30 PM in BELTZ 105 (TSBldg)	
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HJR 16	Jones Act Waiver: Transport Oil Rigs	MCKAY	(H) REFERRED TO TRANSPORTATION (1/16)	
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SB 11	Teachers & Pub Employee Retirement Plans	KIEHL	(S) REFERRED TO LA- BOR & COMMERCE (1/18)	
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All public employees would be enabled to choose between the state's existing 401k-style retirement program or a new pension program.

SB 14	Retire Incen Prog: Pub Employees/teachers	KAWA- SAKI	(S) REFERRED TO LA- BOR & COMMERCE (2/22)	
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School districts would be able to create incentive programs to encourage employees to retire early in order to cut staff.

SB 20	Appropriation Limit; Gov Budget	KAUF- MAN	(S) REFERRED TO FI- NANCE (4/17)	
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SB 20 - The state's statutory spending cap would be set to an average of 11.5% of the state's gross domestic product over the preceding five years.

SB 35	Peace Officer/firefighter Retire Benefits	KAWA- SAKI	(S) REFERRED TO LA- BOR & COMMERCE (1/18)	
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The state would create a pension program for police and firefighters.

SB 39	Disclosure Of Wage Infor- mation	DUNBAR	(S) REFERRED TO LA- BOR & COMMERCE (1/18)	
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SB 39- An employer would be required to post the wage, salary, or salary range of a job when they advertise a vacancy and seek to hire someone.

SB 69	Geothermal Resources	RULES	(S) Moved CSSB 69(RES) Out of Committee (5/1)	
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This bill removes obstacles for exploration and development of Alaska's geothermal resources. The bill updates the definition of "geothermal resources" to allow for modern uses. The bill also increases the time available for exploration from three years to five years.

SB 77	Muni Prop Tax Exemp- tion/tax Blighted Prop	DUNBAR	(H) RETURNED TO RULES COMMITTEE (4/24)	
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The House companion is HB 84 by Rep.Sumner. That bill is in the House C&RA committee also, but since the senate bill came first it is now the primary vehicle. Both bills have bipartisan cosponsors and Rep. McCabe developed a definition in the House committee, now in SB 77 as



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an amendment, of what constitutes “blight.” Witnesses in hearings said the term needs definition because without it municipalities will set differing standards to the disadvantage of property owners. A city or borough would be able to tax properties that it deems “blighted.”

SB 79	Reclassification Of First Class Cities	BISHOP	(S) Minutes (SCRA) (4/25)	
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Notwithstanding AS 29.04.040, a first class city with a population of less than 400 persons based on the most recent decennial census conducted by the United States Bureau of the Census may be reclassified as a second class city if the council submits a written request to the Local Boundary Commission.

SB 88	Retirement Systems; Defined Benefit Opt.	GIESSEL	(H) -- Testimony <Invitation Only> -- (5/7) 05/07/24 6:00 PM in GRUENBERG 120	
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The new version has changes to the original SB 88, one being increasing the range of employee cost share from 8 percent to 12 percent if the pension portfolio underperforms in returns. Other changes are mainly technical in resolving transition problems from the current Defined Contribution 401(k) type, or DC plan to the option of a DB plan for traditional pensions.

SB 107	Permanent Fund Dividend; Pomv Split	SENATE FINANCE	(H) REFERRED TO RULES (4/11)	
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SB 107 – There would be a new formula for setting the Permanent Fund dividend; 25% of the annual transfer from the Permanent Fund to the state treasury would be reserved for dividends, and the other 75% would be reserved for services. The Senate passed this in 2023, but the House has not passed it.

SB 128	Commercial Salmon Fishery Closure	OLSON	(S) Minutes (SJUD) (5/12)	
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SB 140	Edu: Internet/charter/transp./funding/bsa	HOFFMAN	(S) RETURNED TO THE GOVERNOR FOR PERMANENT FILING (3/20)	
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SB 146	Gaming; Electronic Pull-tabs	RULES	(S) Heard & Held (4/22)	
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SB 158	School Grants And Bond Debt Reimbursement	MYERS	(S) Heard & Held (4/10)	
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SB 167	Municipal Property Tax Exemptions	MYERS	(S) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (1/16)	
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SB 179	Property Transfer Tax; Muni Telecomm Tax	BJORK- MAN	(H) REFERRED TO RULES (4/26)	
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SB 186	Approp: Operating Budget; Cap; Supp; Am	RULES	(S) FINANCE at 01:00 PM SENATE FINANCE 532 (2/22)	
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SB 186 – This is the Senate version of the state’s annual operating budget.

SB 187	Approp: Cap; Reapprop; Supp	RULES	(H) -- Please Note Time Change -- (5/6) 05/06/24 9:00 AM in AD- AMS 519	
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SB 187 – This is the Senate version of the state’s annual capital construction and renovation budget.

SB 200	Trs Contr Rate; Pers Soc Security Or Sbs	STEDMAN	(S) Heard & Held (3/25)	
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SB 237	Tax Credit Child Care/utility/house/food	RULES	(S) REFERRED TO FI- NANCE (4/17)	
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SB 242	Property Assessment	KIEHL	(S) <Above Item Re- moved from Agenda> (3/12)	
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SJR 4	Const. Am: Approp Limit	KAUF- MAN	(S) REFERRED TO FI- NANCE (4/17)	
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SJR 4 - The Alaska Constitution’s spending limit would be tightened.