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City of Unalaska Legislative Report **3/26/23**

We are past the halfway mark and based on the news this week the Legislature will have to be very creative to balance the budget while attempting to meet the many needs of the State.

The Department of Revenue (DOR) released its annual [Spring Revenue Forecast](#) last week, showing lower than anticipated revenues largely associated with a decline in oil prices. In December, DOR projected an oil price of \$88.45 and \$81.00 a barrel for the FY2023 (current) and FY2024 (upcoming) fiscal years. This equates to unrestricted general fund revenue of \$7.2 billion and \$6.9 billion, respectively.

This new forecast estimates that prices will be \$85.25 for FY2023 and \$73.00 for FY2024 — equating to a loss of revenue of \$246 million and \$679 million respectively. It remains to be seen how the Legislature will address the issue.

A revised estimate by Alaska Department of Revenue projects that the massive Willow oil project will start paying off to the state treasury by 2030, years earlier than past analyses.

The new [analysis](#) presents a more positive picture for state revenues than did an [analysis issued by the department](#) three weeks ago. But the revised calculations find that rather than being \$1 billion in the hole in the first 10 years of Willow's life, the state will more than break even before the end of the first decade, according to testimony to the Senate and House Finance Committees.

Drawing plenty of propaganda last week was the report originally issued by the State Officer Compensation Commission which recommended salary increases for the Governor, Lt. Governor, and executive department heads. Subsequently, the legislature unanimously rejected the commission's recommended pay increases. Then, the Governor replaced all members of the commission, and the new commission rapidly voted to amend the report to include large legislative pay raises, at which point the governor then vetoed [SB 86](#) giving the legislature until March 25 to override the veto or the executive and legislative pay increases would be automatically adopted. After this week, it seems unlikely that the legislature has the votes to override the Governor's veto.



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The Legislature is preparing to examine two new tax proposals after the state revenue forecast showed significant long-term budget deficits even with a reduced Permanent Fund dividend.

One proposal, introduced Friday by Sen. Bill Wielechowski, would cut a popular oil production tax credit and close a loophole in the state’s corporate income tax. The second proposal, expected as soon as Monday from Rep. Ben Carpenter, would create a state sales tax.

The sales tax bill has already been scheduled for a hearing Wednesday night in the House Ways and Means Committee, which Carpenter chairs. The oil tax bill has been scheduled for a hearing Friday in the Senate Finance Committee.

Public testimony was heard on several bills this week, the topics drawing the most attention from the public included education funding, defined benefits and the operating budget.

Upcoming Schedule

Description	Date, Time & Location
SENATE FINANCE 532 -SENATE FINANCE *+ HB79 APPROP: SUPPLEMENTAL TELECONFERENCED -- Invited & Public Testimony -- Overview: Governor's Amendments to FY24 Operating & FY23 Supplemental + Bills Previously Heard/Scheduled TELECONFERENCED	Mon 3/27/23 9:00 AM
ADAMS 519 -HOUSE FINANCE += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Mon 3/27/23 9:00 AM
ADAMS 519 -HOUSE FINANCE += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Mon 3/27/23 1:30 PM
ADAMS 519 -HOUSE FINANCE += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Tue 3/28/23 9:00 AM



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Description	Date, Time & Location
GRUENBERG 120 -HOUSE MILITARY & VETERANS' AFFAIRS + HB85 PROFESSIONAL LICENSING; TEMP PERMITS TELECONFERENCED -- Invited & Public Testimony -- **Streamed live on AKL.tv**	Tue 3/28/23 1:00 PM
ADAMS 519 -HOUSE FINANCE += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Tue 3/28/23 1:30 PM
BELTZ 105 (TSBldg) -SENATE COMMUNITY & REGIONAL AFFAIRS *+ SB103 PEER SUPPORT COUNSELING PROGRAM TELECONFERENCED -- Invited & Public Testimony -- += SB77 MUNI PROP TAX EXEMPTION/TAX BLIGHTED PROP TELECONFERENCED **Streamed live on AKL.tv** + Bills Previously Heard/Scheduled TELECONFERENCED	Tue 3/28/23 1:30 PM
ADAMS 519 -HOUSE FINANCE += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Wed 3/29/23 9:00 AM
ADAMS 519 -HOUSE FINANCE += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Wed 3/29/23 1:30 PM
BELTZ 105 (TSBldg) -SENATE LABOR & COMMERCE += SB83 PROFESSIONAL LICENSING; TEMP PERMITS TELECONFERENCED -- Public Testimony -- + Bills Previously Heard/Scheduled: TELECONFERENCED += SB93 FISHERMEN'S FUND: VESSEL OWNER CLAIMS TELECONFERENCED += SB88 RETIREMENT SYSTEMS; DEFINED BENEFIT OPT. TELECONFERENCED -- Public Testimony -- **Streamed live on AKL.tv**	Wed 3/29/23 1:30 PM
ADAMS 519 -HOUSE FINANCE -- Please Note Time Change -- += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Sat 4/1/23 10:00 AM



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Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
HB 18	Fishery Development Assoc.; Assessments	STUTES	(H) REFERRED TO FISHERIES (1/19)	

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) -- Public Testimony <Time Limit May Be Set> -- (3/27) 03/27/23 8:00 AM in DAVIS 106	
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Local governments and school districts would be able to join the state's health insurance program.

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

HB 54	Approp: Supplemental; Reapprop; Amending	RULES	(H) REFERRED TO FINANCE (2/1)	
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This is the state's \$105 million supplemental budget, making changes to the budget that lawmakers passed last year.

HB 63	Repeal Workers' Comp Appeals Commission	RAUSCHER	(H) FIN REFERRAL ADDED AFTER JUD (3/20)	
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House Bill 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.

HB 69	Reclassification Of First Class Cities	CRONK	(H) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (3/22)	
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1. 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.



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HB 70	Municipal Property Tax Exemptions	TO-MASZEWSKI	(H) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (2/13)	
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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) REFERRED TO FINANCE (3/15)	
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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 79	Approp: Supplemental	RULES	(S) -- Invited & Public Testimony -- (3/27) 03/27/23 9:00 AM in SENATE FINANCE 532	
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This is the governor's supplemental budget for the current fiscal year, covering urgent needs including SNAP benefits and public defenders.

HB 84	Muni Prop Tax Exemption/tax Blighted Prop	SUMNER	(H) Heard & Held (3/21)	
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A city or borough would be able to tax properties that it deems "blighted."

HJR 5	Alaska Fisheries; Troll Fisheries	HIM-SCHOOT	(H) AWAITING TRANSMITTAL TO GOV (3/22)	
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This is a ceremonial resolution stating that the federal government and state officials should defend the Southeast Alaska troll salmon fishery against a lawsuit filed by environmental groups in Washington state.

SB 11	Teachers & Pub Employee Retirement Plans	KIEHL	(S) REFERRED TO LABOR & 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.



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SB 14	Rip For Public Employees/teachers	KAWA-SAKI	(S) REFERRED TO LABOR & 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 35	Peace Officer/firefighter Retire Benefits	KAWA-SAKI	(S) REFERRED TO LABOR & COMMERCE (1/18)	
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The state would create a pension program for police and firefighters.

SB 39	Disclosure Of Wage Information	DUNBAR	(S) REFERRED TO LABOR & COMMERCE (1/18)	
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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) REFERRED TO RESOURCES (2/15)	
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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 Exemption/tax Blighted Prop	DUNBAR	(S) COMMUNITY & REGIONAL AFFAIRS at 01:30 PM BELTZ 105 (TSBldg) (3/28) 03/28/23 1:30 PM in BELTZ 105 (TSBldg)	
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A city or borough would be able to tax properties that it deems "blighted."

SB 79	Reclassification Of First Class Cities	BISHOP	(S) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (2/24)	
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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.



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<u>SB 88</u>	Retirement Systems; De- fined Benefit Opt.	GIESSEL	(S) LABOR & COM- MERCE at 01:30 PM BELTZ 105 (TSBldg) (3/29) 03/29/23 1:30 PM in BELTZ 105 (TSBldg)	
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SB 88 establishing a new defined benefit retirement plan for police officers and firefighters, teachers, and all other public employees. The lack of a Defined Benefit plan is said to be making Alaska uncompetitive with other states, causing outmigration of families and our workforce.