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City of Unalaska Legislative Report **4/10/23**

We are almost to the 90th day of the legislative session without an operations budget passed over to the Senate. Most committee meetings on the House side were canceled last week due to several days of deliberation on the House Floor.

The House adjourned Thursday for Easter break and will reconvene today (Monday, April 10, 2023).

The key issues now in focus: education spending; the deficit and the Permanent Fund Dividend. One other larger issue is pension reform, the consensus is that this will likely hold over to next year so that the Legislature has time to get an actuarial analysis of creating a new defined benefits (traditional pension) plan in addition to the current defined contributions (401-k) type pension.

Last week, the Senate Judiciary committee took up the Sen. Kaufman's Spending Cap package.

The carbon storage and credit bills, **HB 49**, and **HB 50**, are advancing slowly, they are scheduled this week in the House Finance Committee. It is anticipated that if the bills don't make it by mid-May, some say we could lose a year in the five-year window for very generous federal tax credits supporting carbon projects.

The Governor introduced **SB 125** and **HB 154** last week creating a new state financing entity for renewable energy efficiency and storage projects. The legislation would have the state's Alaska Housing Finance Corp. create a subsidiary to fund projects, which could include related infrastructure. The bills limit financing to \$20 million without legislative approval. They are similar to the governor's "Green Bank" bills from last year which reached advanced stages of passage in both the House and Senate but failed to make it.

HB 62, PCE Extension extends the Power Cost Equalization, or PCE, program, which subsidizes rural residential electricity with earnings from a \$1 billion state



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endowment. **HB 62** has passed the House and moved from Senate Finance Committee last week and is now in Senate Rules.

SB 74, SB 75, the professional licensing bills deal with Alaska joining multi-state licensing compacts. **SB 74** deals with physical therapy licensing; **SB 75** deals with audio and speech therapy licensing. Both bills, by Senator Wilson, moved out of Senate Labor and Commerce Committee and are in the Senate Finance Committee.

Upcoming Schedule

Description	Date, Time & Location
BARNES 124 -HOUSE COMMUNITY & REGIONAL AFFAIRS + Presentation: Department of Corrections by TELECONFERENCED Commissioner Jennifer Winkelman, and Deputy Commissioner and Legislative Liaison April Wilkerson += HB70 MUNICIPAL PROPERTY TAX EXEMPTIONS TELECONFERENCED -- Testimony -- *+ HB134 PROPERTY TRANSFER TAX; MUNI TELECOMM TAX TELECONFERENCED + SB77 MUNI PROP TAX EXEMPTION/TAX BLIGHTED PROP TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED **Streamed live on AKL.tv**	Thu 4/13/23 8:00 AM

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) LABOR & COMMERCE at 03:15 PM BARNES 124 (4/12) 04/12/23 3:15 PM in BARNES 124	
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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



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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 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. PASSED BOTH BODIES.

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) CRA RPT RECD W/CS AWAIT TRANSMITTAL NXT (4/7)	
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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.

HB 70	Municipal Property Tax Exemptions	TO-MASZEWSKI	(H) -- Testimony <Invitation Only> -- (4/13) 04/13/23 8:00 AM in BARNES 124	
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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;



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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	(H) EFFECTIVE DATE(S) OF LAW 4/1/23 (4/3)	
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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."

HB 133	Municipal Service Area Board Meetings	SUMNER	(H) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (3/27)	
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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	COULOMBE	(H) COMMUNITY & REGIONAL AFFAIRS at 08:00 AM BARNES 124 (4/13) 04/13/23 8:00 AM in BARNES 124	
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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) Heard & Held -- Delayed to 6:20 PM -- (3/29)	
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HB 142 levies a 2% sales tax on the purchase or lease of personal property, and the sale services.

There are several exemptions, including: financial and lending services; sales to or from the US or State Government; municipalities are exempt*except for sales by utilities; wages and services between employers and employees and services contracted within a company/business are exempt as well. Transactions between business partners or holders of joint interests are exempt, as well as, the sale, lease and/or construction of real property (more exemptions can be found in the key provisions.)

This bill authorizes entering into the “Streamlined Sales and Use Tax Agreement” or SSUTA. SSUTA is used by 44 states and helps to “simplify and make more uniform the sales and use tax collection and administration for retailers and states.” In addition to administrative services the program assists remote sellers selling over the internet and by mail to collect taxes.

Section 43.44.250 (page 12) the bill provides that the revenue generated by the sales tax would be put into the general fund, but that the legislature may appropriate half to municipalities.

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.

SB 14	Rip For Public Employees/teachers	KAWASAKI	(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	KAWASAKI	(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) -- Testimony <Invitation Only> -- (4/12) 04/12/23 3:30 PM in BUTROVICH 205	
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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	(H) <Pending Referral> (4/13) 04/13/23 8:00 AM in BARNES 124	
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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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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.

SB 88	Retirement Systems; Defined Benefit Opt.	GIESSEL	(S) Heard & Held (3/29)	
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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.