



*Dianne Blumer*  
*6058 Azalea Dr.*  
*Anchorage, Alaska 99516*  
*907-575-2279*

## **City of Unalaska Legislative Report** **4/17/23**

The budget process has gone from overheated to a bit of a standstill in the House during the past week. It appears that they are holding off on a floor vote while they discuss an overall spending plan with key members of the Senate that addresses differences such as an education spending increase, the amount of the Permanent Fund Dividend and how to cope with a sizeable, expected deficit.

House leaders want to make sure that the Senate will send them the capital budget once the House passes the operating budget. Due to past actions, the House majority fears that if the Senate holds all the appropriation bills, they could send the House the capital, supplemental and operating budgets all merged into one document. This would force the House to take a yes or no vote on all three budgets at once, preventing them from writing their own capital budget that could be merged with the Senate version during the typical end-of-session negotiations.

Other tensions between the House and Senate persist over the Constitutional Budget Reserve, Alaska's last significant savings account. Based on the recent Spring Revenue Forecast, the House balances the budget with a large draw on the CBR, which holds just over \$2 billion. Senate leadership does not want to use savings in order to pay a large dividend.

The House Ways and Means Committee is scheduled to hold its first hearing tonight on the recently introduced **HB 156** which establishes a statewide, personal income tax. The bill has several components, but a brief overview shows it seeks to impose a 2% tax on an individual or individuals filing jointly earning \$200,000 or more annually.

The Senate Finance Committee introduced a committee substitute for SB114, the oil and gas tax bill, last week which removed the ring-fencing sections. A basic and simplistic explanation of ring-fencing means companies with oil production in current fields would be prevented from offsetting their costs for developing new fields by applying those costs against their total tax liability.

It is anticipated that the House may pass the operating budget to the Senate this week. Please see below for public testimony opportunities.

### **Upcoming Schedule**

<b>Description</b>	<b>Date, Time &amp; Location</b>
DAVIS 106 -HOUSE WAYS & MEANS *+ HB156 INCOME TAX TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Mon 4/17/23 6:00 PM



Dianne Blumer  
 6058 Azalea Dr.  
 Anchorage, Alaska 99516  
 907-575-2279

Description	Date, Time & Location
SENATE FINANCE 532 -SENATE FINANCE *+ HB54 APPROP: SUPPLEMENTAL; REAPPROP; AMENDING TELE- CONFERENCED  += SB54 APPROP: SUPPLEMENTAL; REAPPROP; AMENDING TELE- CONFERENCED Overview by Neil Steininger, Director, Office of Management and Budget += SB41 APPROP: CAPITAL/SUPPLEMENTAL TELECONFERENCED Overview by Neil Steininger, Director, Office of Management and Budget += SB29 CIVICS EDUCATION; EST AK CVCS ED COMM TELECON- FERENCED += SB87 LUMBER GRADING PROGRAM TELECONFERENCED += SB104 CIVIL LEGAL SERVICES FUND TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Tue 4/18/23 9:00 AM
ADAMS 519 -HOUSE FINANCE += HB40 APPROP: CAPITAL/SUPPLEMENTAL TELECONFERENCED + Presentation: Alaska Housing Finance TELECONFERENCED Corporation Housing Programs by Bryan Butcher, Chief Executive Officer, and James Wiedle, Budget Director + Bills Previously Heard/Scheduled TELECONFERENCED	Wed 4/19/23 1:30 PM
SENATE FINANCE 532 -SENATE FINANCE  For Juneau, Southeast, Prince William Sound, & Kodiak Please Sign Up By 10:15 am *+ HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELE- CONFERENCED  -- Public Testimony -- *+ HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED  -- Public Testimony -- += SB41 APPROP: CAPITAL/SUPPLEMENTAL TELECONFERENCED  + Bills Previously Heard/Scheduled TELECONFERENCED	Thu 4/20/23 9:00 AM
BELTZ 105 (TSBldg) -SENATE COMMUNITY & REGIONAL AFFAIRS + SB79 RECLASSIFICATION OF FIRST CLASS CITIES TELECONFER- ENCED -- Testimony -- Overview: ANCSA 14(c)(3) and the Municipal Lands Trustee Program + Bills Previously Heard/Scheduled TELECONFERENCED	Thu 4/20/23 1:30 PM



Dianne Blumer  
 6058 Azalea Dr.  
 Anchorage, Alaska 99516  
 907-575-2279

Description	Date, Time & Location
SENATE FINANCE 532 -SENATE FINANCE  For Nome, Bethel, Kotzebue, Utqiagvik, Unalaska, Dillingham & Offnets Please sign up by 10:15 am += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED  -- Public Testimony -- += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED  -- Public Testimony -- += SB41 APPROP: CAPITAL/SUPPLEMENTAL TELECONFERENCED -- Public Testimony -- + Bills Previously Heard/Scheduled TELECONFERENCED	Fri 4/21/23 9:00 AM
SENATE FINANCE 532 -SENATE FINANCE  For Anchorage, Matanuska Valley, Kenai Peninsula Please sign up by 2:45 pm += HB39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP TELECONFERENCED  -- Public Testimony -- += HB41 APPROP: MENTAL HEALTH BUDGET TELECONFERENCED  -- Public Testimony -- += SB41 APPROP: CAPITAL/SUPPLEMENTAL TELECONFERENCED -- Public Testimony -- + Bills Previously Heard/Scheduled TELECONFERENCED	Fri 4/21/23 1:00 PM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
<a href="#">HB 18</a>	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.

<a href="#">HB 21</a>	School/university Employee Health Insur	VANCE	(H) -- Public Testimony -- (4/14)	
-----------------------	---	-------	-----------------------------------	--

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.



Dianne Blumer  
6058 Azalea Dr.  
Anchorage, Alaska 99516  
907-575-2279

Local governments and school districts would be able to join the state's health insurance program.

<a href="#">HB 22</a>	Peace Officer/firefighter Retire Benefits	JOSEPH-SON	(H) -- Please Note Time & Location Change -- (3/23)	
-----------------------	---	------------	---	--

The state would create a pension program for police and firefighters.

<a href="#">HB 54</a>	Approp: Supplemental; Reapprop; Amending	RULES	(S) <Pending Referral> (4/18)	
-----------------------	--	-------	-------------------------------	--

This is the state's \$105 million supplemental budget, making changes to the budget that lawmakers passed last year. PASSED BOTH BODIES.

<a href="#">HB 63</a>	Repeal Workers' Comp Appeals Commission	RAUSCHER	(H) FIN REFERRAL ADDED AFTER JUD (3/20)	
-----------------------	---	----------	---	--

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.

<a href="#">HB 69</a>	Reclassification Of First Class Cities	CRONK	(H) VERSION: CSHB 69(CRA) (4/14)	
-----------------------	--	-------	----------------------------------	--

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.

<a href="#">HB 70</a>	Municipal Property Tax Exemptions	TO-MASZEWSKI	(H) Heard & Held (4/13)	
-----------------------	-----------------------------------	--------------	-------------------------	--

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.

<a href="#">HB 74</a>	Geothermal Resources	RULES	(H) REFERRED TO FINANCE (3/15)	
-----------------------	----------------------	-------	--------------------------------	--



Dianne Blumer  
 6058 Azalea Dr.  
 Anchorage, Alaska 99516  
 907-575-2279

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.

<a href="#">HB 79</a>	Approp: Supplemental	RULES	(H) EFFECTIVE DATE(S) OF LAW 4/1/23 (4/3)	
-----------------------	----------------------	-------	---	--

This is the governor's supplemental budget for the current fiscal year, covering urgent needs including SNAP benefits and public defenders.

<a href="#">HB 84</a>	Muni Prop Tax Exemption/tax Blighted Prop	SUMNER	(H) Heard & Held (3/21)	
-----------------------	---	--------	-------------------------	--

A city or borough would be able to tax properties that it deems "blighted."

<a href="#">HB 133</a>	Municipal Service Area Board Meetings	SUMNER	(H) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (3/27)	
------------------------	---------------------------------------	--------	---	--

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].

<a href="#">HB 134</a>	Property Transfer Tax; Muni Telecomm Tax	COU-LOMBE	(H) Heard & Held (4/13)	
------------------------	--	-----------	-------------------------	--

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.

<a href="#">HB 142</a>	State Sales And Use Tax	CARPENTER	(H) Heard & Held -- Delayed to 6:20 PM -- (3/29)	
------------------------	-------------------------	-----------	--	--

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.



Dianne Blumer  
 6058 Azalea Dr.  
 Anchorage, Alaska 99516  
 907-575-2279

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.

<a href="#">HJR 5</a>	Alaska Fisheries; Troll Fisheries	HIM-SHOOT	(H) AWAITING TRANSMITTAL TO GOV (3/22)	
-----------------------	-----------------------------------	-----------	--	--

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.

<a href="#">SB 11</a>	Teachers & Pub Employee Retirement Plans	KIEHL	(S) REFERRED TO LABOR & COMMERCE (1/18)	
-----------------------	--	-------	---	--

All public employees would be enabled to choose between the state's existing 401k-style retirement program or a new pension program.

<a href="#">SB 14</a>	Rip For Public Employees/teachers	KAWASAKI	(S) REFERRED TO LABOR & COMMERCE (2/22)	
-----------------------	-----------------------------------	----------	---	--

School districts would be able to create incentive programs to encourage employees to retire early in order to cut staff.

<a href="#">SB 35</a>	Peace Officer/firefighter Retire Benefits	KAWASAKI	(S) REFERRED TO LABOR & COMMERCE (1/18)	
-----------------------	---	----------	---	--

The state would create a pension program for police and firefighters.

<a href="#">SB 39</a>	Disclosure Of Wage Information	DUNBAR	(S) REFERRED TO LABOR & COMMERCE (1/18)	
-----------------------	--------------------------------	--------	---	--

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.

<a href="#">SB 69</a>	Geothermal Resources	RULES	(S) -- Invited & Public Testimony -- (4/17) 04/17/23 3:30 PM in BUTROVICH 205	
-----------------------	----------------------	-------	---	--

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.



Dianne Blumer  
 6058 Azalea Dr.  
 Anchorage, Alaska 99516  
 907-575-2279

<a href="#">SB 77</a>	Muni Prop Tax Exemption/tax Blighted Prop	DUNBAR	(H) -- Invited & Public Testimony -- (4/18) 04/18/23 8:00 AM in BARNES 124
-----------------------	---	--------	---

A city or borough would be able to tax properties that it deems “blighted.”

The Alaska Senate voted 13-6 on April 11th to pass a bill that would apply both a carrot stick for local governments to encourage the construction and maintenance of developments.

<a href="#">SB 79</a>	Reclassification Of First Class Cities	BISHOP	(S) -- Testimony <Invitation Only> -- (4/20) 04/18/23 1:30 PM in BELTZ 105 (TSBldg) 04/20/23 1:30 PM in BELTZ 105 (TSBldg)
-----------------------	--	--------	--

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.

<a href="#">SB 88</a>	Retirement Systems; Defined Benefit Opt.	GIESSEL	(S) Heard & Held (3/29)
-----------------------	--	---------	-------------------------

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.

<a href="#">SB 128</a>	Commercial Salmon Fishery Closure	OLSON	(S) -- Invited & Public Testimony -- (4/21) 04/21/23 1:30 PM in BUTROVICH 205
------------------------	-----------------------------------	-------	--