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City of Unalaska Legislative Report **5/7/23**

With just 10 days left until the constitutional session limit, there still appears to be no deal between the House and Senate on passing a budget.

The operating budget passed by the House remains in the Senate's possession, it has yet to move out of the Senate Finance Committee and the Senate is still holding the proposed capital budget. The two chambers' versions of the operating budget are not substantially different, other than the size of the dividend, a boost to schools spending and a proposal for the state to assume authority from the federal government over a key wetland permitting function, known as the 404 program.

The House budget has a 50/50 dividend, which costs the state about \$1.7 billion, and pays each Alaskan roughly \$2,600. The Senate's version, so far, includes a 25/75 dividend, which costs approximately \$850 million and pays \$1,300.

When the House passed their version of the operating budget, they failed to get the 30 votes needed to draw from the Constitutional Budget Reserve, leaving a \$400 million deficit in the spending plan. Senate members have indicated that they do not support drawing from the CBR to pay a larger dividend.

The Senate could send the operating budget back to the House next week. If the House fails to agree to the Senate's changes, the budget will go to a conference committee.

Time is running out. The Legislature must adjourn by midnight on May 17. If the Legislature cannot pass a budget by May 17, they have the option to extend by 10 days. But that requires a two-thirds vote by each body, which is unlikely in the House. Alternatively, Dunleavy can call a special session within one hour after adjournment for a date less than 30 days away. Normally, the governor must give a 30-day notice for a special session. A budget must be passed and enacted by July 1 to avoid a government shutdown.

Last week, [Senate Bill 107](#), passed the Senate. This legislation would permanently change the Permanent Fund dividend formula to 25/75, with a trigger for it to change to 50/50 if lawmakers agree to raise \$1.3 billion in new revenue and if the CBR holds at least \$3.5 billion by 2031. At this point it does not appear that the House Majority is supportive of this legislation.

The Senate Resources Committee heard multiple amendments Wednesday on [Senate Bill 48](#), Dunleavy's carbon credits bill. It passed out of the committee, and now goes to the finance committee. The S corporation tax was part of Senator Wielechowski's oil tax bill, but it was grafted onto [Senate Bill 122](#) – an internet tax bill – by the Senate Finance Committee on Wednesday.



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The House Finance Committee originally rejected Govender Dunleavy's request to take over 404 permitting from the federal government, but the proposal was put back in on the House floor. The cost is \$5 million, the Senate's current budget proposal does not include it. The construction and resource trade associations groups have teamed up and launched an extensive lobbying campaign for the Senate to fund primacy of the program.

Tuesday is the day for the Legislature to hold its joint session to vote on the governor's appointments to boards and commissioners.

Here's to a busy week so that we see adjournment on May 17th.

Upcoming Schedule

Description	Date, Time & Location
ADAMS 519 -HOUSE FINANCE + HB154 AK HOUSING FINANCE CORP: SUSTAIN ENERGY TELECONFERENCED + SB81 OFFICE VICTIMS' RIGHTS: COMP, APPTMT TELECONFERENCED + SB77 MUNI PROP TAX EXEMPTION/TAX BLIGHTED PROP TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Fri 5/5/23 1:30 PM
SENATE FINANCE 532 -SENATE FINANCE *+ SB140 INTERNET FOR SCHOOLS TELECONFERENCED -- Invited & Public Testimony -- -- -- + SB48 CARBON OFFSET PROGRAM ON STATE LAND TELECONFERENCED -- Invited & Public Testimony -- -- -- + Bills Previously Heard/Scheduled TELECONFERENCED	Mon 5/8/23 9:00 AM
ADAMS 519 -HOUSE FINANCE -- Please Note Time Change -- += HJR2 CONST. AM: APPROP LIMIT TELECONFERENCED += HB38 APPROPRIATION LIMIT; GOV BUDGET TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Mon 5/8/23 10:00 AM
DAVIS 106 -HOUSE WAYS & MEANS + Presentation: Economic Growth TELECONFERENCED + SB107 PERMANENT FUND DIVIDEND; POMV SPLIT TELECONFERENCED *+ HB190 ALASKA SUNSET COMMISSION TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Mon 5/8/23 6:00 PM



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Description	Date, Time & Location
ADAMS 519 -HOUSE FINANCE *+ HB193 INTERNET FOR SCHOOLS TELECONFERENCED + HB89 DAY CARE ASSIST./CHILD CARE GRANT PROGRAM TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Wed 5/10/23 1:30 PM
ADAMS 519 -HOUSE FINANCE + SB41 APPROP: CAPITAL/SUPPLEMENTAL TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Thu 5/11/23 1:30 PM
ADAMS 519 -HOUSE FINANCE += SB41 APPROP: CAPITAL/SUPPLEMENTAL TELECONFERENCED += HB50 CARBON STORAGE TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Fri 5/12/23 1:30 PM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
HB 3	Gold And Silver Specie As Legal Tender	MCCABE	(H) -- Recessed to 12:30 pm -- (5/5)	

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) FINANCE at 01:30 PM ADAMS 519 (5/8) 05/08/23 1:30 PM in ADAMS 519	
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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	JOSEPHSON	(H) -- Please Note Time & Location Change -- (3/23)	
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The state would create a pension program for police and firefighters.



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HB 54	Approp: Supplemental; Reapprop; Amending	RULES	(S) <Pending Referral> (4/18)	
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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	(S) REFERRED TO RULES (5/1)	
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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) 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) REFERRED TO FI- NANCE (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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Legislation giving municipalities new tools to encourage redevelopment of blighted property is moving quickly. SB 77, by Sen. Dunbar, moved out of the House Community and Regional Affairs Committee last Tuesday, April 18. 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 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.”

HB 133	Municipal Service Area Board Meetings	SUMNER	(H) Heard & Held (4/27)	
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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	COU-LOMBE	(H) SUMNER, STAPP (4/28)	
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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



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be put into the general fund, but that the legislature may appropriate half to municipalities.

HB 156	Income Tax	GALVIN	(H) Heard & Held (4/17)	
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HB 170	Misuse Of Pub. Officer Official Position	CRONK	(H) REFERRED TO JUDICIARY (4/24)	
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HB 173	Public Construction Contracts Wage Rates	MCCABE	(H) REFERRED TO STATE AFFAIRS (4/24)	
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HB 173 would increase 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) REFERRED TO WAYS & MEANS (5/3)	
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HB 193	Internet For Schools	HOUSE FINANCE	(H) FINANCE at 01:30 PM ADAMS 519 (5/10) 05/10/23 1:30 PM in ADAMS 519	
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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.



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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) RESOURCES at 03:30 PM BUTROVICH 205 (5/5)	
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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) FINANCE at 01:30 PM ADAMS 519 (5/5) 05/05/23 1:30 PM in ADAMS 519	
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SB 79	Reclassification Of First Class Cities	BISHOP	(S) <Bill Hearing Canceled> (4/20)	
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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 -- Please Note Time Change -- (5/2)	
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A new version of SB 88, the public employee and teachers' Defined Benefit, or DB option for pensions, was introduced last week in the Senate Labor and Commerce Committee and moved out of the committee to Senate Finance. The new version has changes to the original SB 88, one



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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 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.

SB 128	Commercial Salmon Fishery Closure	OLSON	(S) -- Testimony <Invitation Only> -- (5/12) 05/12/23 1:30 PM in BUTROVICH 205	
SB 140	Internet For Schools	HOFFMAN	(S) -- Invited & Public Testimony -- (5/8) 05/08/23 9:00 AM in SENATE FINANCE 532	