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City of Unalaska Legislative Report

1/27/24

We have been in Session for nearly two weeks and a lot is happening, some of it rather quick. On a side note, Juneau has seen unprecedented snow in the last week, road clearing has been a real issue.

Legislative Finance Division (LFD) presented to the Senate and House Finance committees. The job of LFD is to provide non-partisan, objective information, and analysis on state fiscal issues.

Highlighted in the presentation was the Governor's 10-year fiscal plan. Per LFD modeling, the proposed fiscal plan exhausts the state's normal savings account, the Constitutional Budget Reserve, in FY27 and would draw the earnings reserve (ERA) of the Permanent Fund down to about \$2 billion by FY33. If you apply LFD's more generous assumptions on cost growth the ERA will be empty by FY33.

Watch the meeting [here](#), see the presentation slides [here](#).

Since the House Rules Committee made several additions to a school internet bill last weekend, making it a high profile education bill. To summarize the changes made to **SB140**, by the House Rules Committee, provisions were added allowing the establishment of charter schools in school districts, also added were provisions for students who are deaf and hard of hearing, removed the sunset date for education tax credits/deductions, increased funding for correspondence programs by applying the special needs factor to correspondence funding, and altered the BSA increase by reducing it to \$300 (5%). This effectively merges several priorities of the Governor and House Republicans into the bill.

Governor Dunleavy said on Thursday, to the Alaska Chamber, that he would veto a standalone increase to Alaska's per-student funding formula and said any education bill reaching his desk should be "a package." This statement comes as the House prepares to consider amendments to **SB140** beginning Monday.

Besides education, the other hot topic is energy, with the natural gas issue in the Cook Inlet and transmission lines in need of updates, many folks are looking for



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solutions. In a recent report from the Alaska Center for Energy and Power, they report that by 2050 non-fossil energy can supply anywhere from 70% to 96% of the power needed to produce electricity along the Railbelt, but would require significant upfront capital investment.

Findings were presented Friday during a meeting of the state Senate Resources Committee. You can read the [report](#) here.

There is political pressure building on the administration to show progress on its state-sponsored liquefied natural gas export project, as it asks the Legislature for another \$4.5 million to keep it alive. Some say there is still substantial interest from potential investors and partners in the \$43 billion [Alaska LNG project](#), amid turmoil in natural gas markets stemming from the wars in Ukraine and Israel, but skeptics point to how, in spite of favorable industry trends, no major deals or investments were announced in 2023 by the Alaska Gasline Development Corp. The Defined Benefits pension bill, **SB 88**, was passed out of Senate Finance Committee and is anticipated to have lively discussions in floor debates on Monday. In a briefing last week, Stedman said he believes the problem with Alaska pensions is overstated in retention of public employees. Other issues are more important, mainly below-scale pay and housing for employees in rural areas. Also, a key problem is that some municipalities opted out of Social Security and a state supplemental benefits program years ago. The opt-out decision, made locally, has cost many retirees about a third of retirement they could have expected had the employees stayed in Social Security. Stedman's point was that these are tough facts that won't be corrected by a new Defined Benefits option.

The deadline to submit capital projects for consideration in CAPSIS (Capital Project Submission and Information System) is Friday, February 16 at 5:00 pm. To submit district spending requests for the FY25 capital budget, communities must have a CAPSIS account setup in the Legislative Finance Division's system.

On Monday, the House voted 39-1 to remove Wasilla Republican Rep. David Eastman from the House Judiciary Committee, he was replaced by Rep. Jesse Sumner.

The Governor will be giving his State of the State Monday 7:00pm, you can watch it [here](#).



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Upcoming Schedule

Description	Date, Time & Location
HOUSE CHAMBER -SENATE JOINT SESSION + State of the State Address by Governor Mike Dunleavy TELECONFERENCED	Mon 1/29/24 7:00 PM
HOUSE CHAMBER -HOUSE JOINT SESSION + State of the State Address by The Honorable Governor Mike Dunleavy **Streamed live on AKL.tv**	Mon 1/29/24 7:00 PM
SENATE FINANCE 532 -SENATE FINANCE + PERS/TRS Update TELECONFERENCED Alaska Retirement Management Board + Bills Previously Heard/Scheduled TELECONFERENCED	Tue 1/30/24 9:00 AM
ADAMS 519 -HOUSE FINANCE + Presentation: Alaska Public Employees' Retirement System and Teachers' Retirement System Update by Ajay Desai, Director; Kevin Worley, Chief Financial Officer, Division of Retirement and Benefits; Kathy Lea, Chief Pension Officer; and Teri Rasmussen, Acting Chief Health Administrator, Department of Administration + Bills Previously Heard/Scheduled TELECONFERENCED	Tue 1/30/24 1:30 PM
SENATE FINANCE 532 -SENATE FINANCE + SENATE BILL: FY24 SUPPLEMENTAL REQUEST TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Wed 1/31/24 9:00 AM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
<u>* HB 63</u>	Repeal Workers' Comp Appeals Commission	RAUSCHER	(H) -- Public Testimony -- (1/31) 01/29/24 1:00 PM in GRUENBERG 120 01/31/24 1:00 PM in GRUENBERG 120	

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.

<u>* HB 100</u>	Paid Family Leave	ARM-STRONG	(H) Heard & Held (1/17)	
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* HJR 16	Jones Act Waiver: Transport Oil Rigs	MCKAY	(H) REFERRED TO TRANSPORTATION (1/16)	
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* SB 20	Appropriation Limit; Gov Budget	KAUF-MAN	(S) Minutes (SJUD) (4/5)	
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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 107	Permanent Fund Dividend; Pomv Split	SENATE FINANCE	(H) REFERRED TO FINANCE (5/11)	
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* SB 140	Internet For Schools	HOFFMAN	(H) RETURNED TO RULES COMMITTEE (1/24)	
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* SB 158	School Grants And Bond Debt Reimbursement	MYERS	(S) REFERRED TO EDUCATION (1/16)	
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* SB 179	Property Transfer Tax; Muni Telecomm Tax	BJORK-MAN	(S) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (1/16)	
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* SB 187	Approp: Cap; Reapprop	RULES	(S) Heard & Held (1/23)	
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* SJR 4	Const. Am: Approp Limit	KAUF-MAN	(S) Minutes (SJUD) (4/5)	
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The Alaska Constitution's spending limit would be tightened.

HB 3	Gold And Silver Specie As Legal Tender	MCCABE	(S) REFERRED TO STATE AFFAIRS (5/12)	
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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 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 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 84	Muni Prop Tax Exemption/tax Blighted Prop	SUMNER	(H) Minutes (HCRA) (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.”



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<u>HB 133</u>	Public Meetings: Exempt Muni Svc Area Bds	SUMNER	(H) Minutes (HCRA) (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.

<u>HB 134</u>	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.

<u>HB 142</u>	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.

<u>HB 156</u>	Income Tax	GALVIN	(H) Minutes (HW&M) (4/17)	
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<u>HB 170</u>	Misuse Of Pub. Officer Official Position	CRONK	(H) JUDICIARY at 01:00 PM GRUENBERG 120 (1/29) 01/29/24 1:00 PM in GRUENBERG 120	
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<u>HB 173</u>	Public Construction Contracts Wage Rates	MCCABE	(H) REFERRED TO STATE AFFAIRS (4/24)	
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HB 173 would change the threshold that applies to a public construction contracts which exceed \$150,000.

<u>HB 180</u>	Commercial Salmon Fishery Closure	CRONK	(H) REFERRED TO FISHERIES (4/26)	
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<u>HB 185</u>	Income Tax Equal To Dividend	FIELDS	(H) -- MEETING CANCELED -- (5/16)	
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<u>HB 193</u>	Internet For Schools	HOUSE FINANCE	(H) -- MEETING CANCELED -- (5/12)	
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<u>HB 203</u>	Payment Of Wages; Payroll Card Account	SUMNER	(H) REFERRED TO LABOR & COMMERCE (5/16)	
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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	Retire Incen Prog: Pub 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) Heard & Held (1/22)	
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SB 77	Muni Prop Tax Exemption/tax Blighted Prop	DUNBAR	(H) REFERRED TO RULES (5/16)	
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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



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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) ADVANCED TO THIRD READING 1/29 CAL (1/26)	
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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 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) Minutes (SJUD) (5/12)	
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SB 167	Municipal Property Tax Exemptions	MYERS	(S) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (1/16)	
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SB 186	Approp: Operating Budget; Cap; Supp; Am	RULES	(S) Heard & Held (1/23)	
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SB 200	Trs Contr Rate; Pers Soc Security Or Sbs	STEDMAN	(S) REFERRED TO LABOR & COMMERCE (1/22)	
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