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City of Unalaska Legislative Report **3/31/24**

Last week was light on general legislation due to the Legislature taking a long weekend for the Easter Holiday.

Despite the recent veto of a comprehensive education bill by the governor, rural schools in Alaska are set to benefit from improved internet speeds next year. Just two days before the federal funding grant deadline, state lawmakers passed a bill enabling rural schools to apply for grants that would allow them to access internet speeds of up to 100 megabits per second, a significant increase from the current maximum speed. Governor Dunleavy signed House Bill 193 into law on Friday, ensuring this access for rural schools.

House Finance Committee members are gearing up to review in the range of 100 amendments to the latest version of the operating budget. Last week, when the House Finance Committee unveiled the draft budget, it included a proposed dividend of \$2,272 which would leave the state with a surplus of \$150 million. A full statutory dividend payout would result in over a billion dollars in deficit spending. To maintain a balanced budget, the House Finance Committee opted for a 50-50 payout formula, which represents the third-largest dividend in Alaska's history.

The Senate Finance Committee members have raised concerns over budget constraints, highlighting that there is only about \$150 million remaining for the state's capital or construction budget. This limitation implies that numerous desired projects may not receive funding.

Various spending items are still pending decisions, such as extending senior benefits, estimated at around \$23 million, providing state "matching" funds amounting to \$206.5 million for a federal grant designated for upgrading the Southcentral Alaska power transmission system, allocating funds for potential summer fire-fighting costs, covering expenses related to new bills requiring adjustments to existing state agency programs, and addressing other unresolved spending priorities.



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Furthermore, the state has received a letter from the federal government indicating a possible need to repay up to \$30 million in federal COVID-relief grants, adding to the financial challenges faced by Alaska's budget planning.

Federal officials granted approval for the majority of Alaska's four-year Statewide Transportation Improvement Program (STIP). However, they decided to exclude six projects from the program. Yet hundreds of projects are scheduled for implementation in the upcoming years, while much of this is great news, the Department still has some work to do. You can read more [here](#).

The six exclusions identified by the Federal Highway Administration:

- \$500,000 for planning to improve passenger rail service to places between Fairbanks and Seward, including Anchorage, Whittier, Wasilla, Talkeetna, Denali National Park and Nenana;
- \$7.1 million to replace a bridge on Aurora Drive in Fairbanks over Noyes Slough;
- \$68.7 million for part of the Port of Alaska project in Anchorage;
- \$407,284 for [a program](#) intended to plan for disaster recovery;
- The state's plan to use \$19.8 million in existing ferry ticket sales to match federal grants for ferry-related projects;
- and \$23.2 million for bridge and tunnel inspections.

Upcoming Schedule

Description	Date, Time & Location
BARNES 124 -HOUSE TRANSPORTATION + Presentation: Department of Transportation and TELECONFERENCED Public Facilities Update on the Statewide Transportation Improvement Program by Commissioner Ryan Anderson + Bills Previously Heard/Scheduled TELECONFERENCED	Tue 4/2/24 1:00 PM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
HB 3	Gold And Silver Specie As Legal Tender	MCCABE	(S) Heard & Held (2/8)	



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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 63	Repeal Workers' Comp Appeals Commission	RAUSCHER	(H) REFERRED TO FINANCE (2/2)	
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HB 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 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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SB 77 Companion Bill

HB 100	Paid Family Leave	ARM-STRONG	(H) REFERRED TO FINANCE (2/2)	
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HB 133	Public Meetings: Exempt Muni Svc Area Bds	SUMNER	(H) -- Invited & Public Testimony -- (4/2) 04/02/24 8:00 AM in BARNES 124	
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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) 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 (2/26)	
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HB 142 levies a 2% sales tax on the purchase or lease of personal property, and the sale services.

HB 156	Income Tax	GALVIN	(H) Failed to Move Out of Committee (2/26)	
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HB 156 – There would be a state income tax of \$20 for people earning less than \$200,000 per year, and anyone earning more than that would also pay 2% of their earnings above \$200,000.

HB 170	Misuse Of Pub. Officer Official Position	CRONK	(H) Minutes (HJUD) (1/29)	
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HB 173	Public Construction Contracts Wage Rates	MCCABE	(H) -- Invited & Public Testimony -- -- MEETING CANCELED -- (3/26)	
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HB 173 would change the threshold that applies to a public construction contracts which exceed \$150,000.



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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) -- MEETING CANCELED -- (5/16)	
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HB 185 – The state would have an income tax equal to the amount of the year’s Permanent Fund dividend, with the income tax on nonresidents and Alaskans with incomes above \$75,000 for individuals and \$150,000 for couples.

HB 193	Internet For Schools	HOUSE FINANCE	(H) EFFECTIVE DATE(S) OF LAW 3/28/24 (3/28)	
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HB 200	Gaming; Electronic Pull-tabs	RULES	(H) Moved CSHB 200(L&C) Out of Committee (3/27)	
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HB 203	Payment Of Wages; Payroll Card Account	SUMNER	(H) REFERRED TO RULES (3/21)	
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HB 333	Tax Credit Child Care/utility/house/food	RULES	(H) Heard & Held (3/6)	
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HB 347	Property Assessment	COULOMBE	(H) REFERRED TO RULES (3/20)	
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HJR 16	Jones Act Waiver: Transport Oil Rigs	MCKAY	(H) REFERRED TO TRANSPORTATION (1/16)	
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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	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 20	Appropriation Limit; Gov Budget	KAUFMAN	(S) Heard & Held (2/19)	
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SB 20 - 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 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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SB 39- 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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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) REFERRED TO RULES (5/16)	
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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."

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 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	(H) REFERRED TO STATE AFFAIRS (2/5)	
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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 107	Permanent Fund Dividend; Pomv Split	SENATE FINANCE	(H) REFERRED TO FINANCE (5/11)	
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SB 107 – There would be a new formula for setting the Permanent Fund dividend; 25% of the annual transfer from the Permanent Fund to the state treasury would be reserved for dividends, and the other 75% would be reserved for services. The Senate passed this in 2023, but the House has not passed it.

SB 128	Commercial Salmon Fishery Closure	OLSON	(S) Minutes (SJUD) (5/12)	
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SB 140	Edu: Internet/charter/transp./funding/bsa	HOFFMAN	(S) RETURNED TO THE GOVERNOR FOR PERMANENT FILING (3/20)	
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SB 146	Gaming; Electronic Pull-tabs	RULES	(S) Heard & Held (3/13)	
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SB 158	School Grants And Bond Debt Reimbursement	MYERS	(S) Heard & Held (3/13)	
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SB 167	Municipal Property Tax Exemptions	MYERS	(S) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (1/16)	
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SB 179	Property Transfer Tax; Muni Telecomm Tax	BJORKMAN	(S) REFERRED TO RULES (3/4)	
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SB 186	Approp: Operating Budget; Cap; Supp; Am	RULES	(S) Minutes (SFIN) (2/22)	
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SB 186 – This is the Senate version of the state’s annual operating budget.

SB 187	Approp: Cap; Reapprop	RULES	(S) FINANCE at 09:00 AM SENATE FINANCE 532 (4/5) 04/04/24 9:00 AM in SENATE FINANCE 532 04/05/24 9:00 AM in SENATE FINANCE 532	
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SB 187 – This is the Senate version of the state’s annual capital construction and renovation budget.

SB 200	Trs Contr Rate; Pers Soc Security Or Sbs	STEDMAN	(S) Heard & Held (3/25)	
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SB 237	Tax Credit Child Care/utility/house/food	RULES	(S) Heard & Held (3/15)	
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SB 242	Property Assessment	KIEHL	(S) <Above Item Removed from Agenda> (3/12)	
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SJR 4	Const. Am: Approp Limit	KAUF-MAN	(S) Heard & Held (2/19)	
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SJR 4 - The Alaska Constitution's spending limit would be tightened.