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

Last week started off with good news for education funding in the state, but quickly turned less conclusive.

- The Senate **voted** to concur with the House **changes** to the state's education bill.
- Governor Dunleavy is **threatening** to veto it if teacher recruitment and retention bonuses and charter school provisions are not included.
- He has until March 14 to act on the bill before it becomes law.
- If the governor vetoes the bill, the legislature has 5 days to meet in joint session to override.
- Of note, **Senate Bill 97**, the Governor's teacher recruitment and retention bill has a hearing **scheduled** in the Senate Education committee next week.

U.S. Congressman Mary Peltola gave her annual **address** to the legislature.

- She spent a lot of time during her remarks, during the Q&A with legislators and during her press availability talking about **her efforts** and the recent announcement by the Federal Trade Commission that is **suing** to stop a proposed Kroeger-Albertson Merger.
- At issue outlined in an earlier **letter** from Senators Murkowski and Sullivan is Alaskans' access to food and the high prices they pay for groceries.
- She touted the Conoco-Philips Willow project and DOI efforts to restrict development in the NPR-A
- She touched on her work toward **Alaska's Grid Resilience and Innovation Partnerships program award**, and implored legislators to pass the required funding match.
- Peltola also spoke to the issue of state **outmigration** and **announced** she will convene a summit of Alaskans to study the issue, but her DC office could offer no further details.

The State Department of Transportation gave both the House and Senate Finance Committees **briefings** on the State Transportation Improvement Program (STIP) recently **rejected** by the Federal Highway Administration, threatening over \$5 billion dollars in highway projects and thousands of jobs.

- At the briefing, DOT Commissioner, Ryan Anderson told legislators his team has been working seven days a week and would re-submit its plan on Friday.
- The commissioner also said he was looking into a rolling (annual) STIP similar to efforts in other **states**, so the department doesn't find itself in the same position again.

The Legislative Finance Division gave the Senate Finance Committee an **update** on the fall revenue forecast projection of \$6.5 Billion dollars, which would leave a potential deficit of **\$1 Billion dollars**.

- The governor plans to fill with gap with the Statutory Budget Reserve and the Constitutional Budget Reserve.



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- Senate Finance Co-Chairman, Bert Stedman offered that it looks like the capital budget is in peril and that the committee has some work to do.
- The spring revenue forecast is due March 15.

### Upcoming Schedule

Description	Date, Time & Location
SENATE FINANCE 532 -SENATE FINANCE *+ SB189 EXTEND ALASKA COMMISSION ON AGING TELECONFERENCED -- Invited & Public Testimony -- *+ HB120 HUNT/FISH LICENSE FOR NONRESIDENT STUDENT TELECONFERENCED -- Invited & Public Testimony -- *+ SCR10 JOINT LEGIS SEAFOOD INDUSTRY TASK FORCE TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Thu 3/7/24 9:00 AM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
<a href="#">HB 3</a>	Gold And Silver Specie As Legal Tender	MCCABE	(S) Heard & Held (2/8)	

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.

<a href="#">HB 18</a>	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.

<a href="#">HB 21</a>	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.

<a href="#">HB 22</a>	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.

<a href="#">HB 63</a>	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.

<a href="#">HB 70</a>	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.

<a href="#">HB 74</a>	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.

<a href="#">HB 84</a>	Muni Prop Tax Exemption/tax Blighted Prop	SUMNER	(H) Minutes (HCRA) (3/21)	
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SB 77 Companion Bill

<a href="#">HB 100</a>	Paid Family Leave	ARM-STRONG	(H) REFERRED TO FINANCE (2/2)	
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<a href="#">HB 133</a>	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 - 29.35.490 [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	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.



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<a href="#"><u>HB</u></a> <a href="#"><u>142</u></a>	State Sales And Use Tax	CARPEN- TER	(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.

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.

<a href="#"><u>HB</u></a> <a href="#"><u>156</u></a>	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.

<a href="#"><u>HB</u></a> <a href="#"><u>170</u></a>	Misuse Of Pub. Officer Official Position	CRONK	(H) Minutes (HJUD) (1/29)	
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<a href="#"><u>HB</u></a> <a href="#"><u>173</u></a>	Public Construction Con- tracts Wage Rates	MCCABE	(H) STATE AFFAIRS at 03:00 PM GRUENBERG 120 (3/5) 03/05/24 3:00 PM in GRUENBERG 120	
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HB 173 would change the threshold that applies to a public construction contracts which exceed \$150,000.

<a href="#"><u>HB</u></a> <a href="#"><u>180</u></a>	Commercial Salmon Fish- ery Closure	CRONK	(H) REFERRED TO FISHERIES (4/26)	
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<a href="#"><u>HB</u></a> <a href="#"><u>185</u></a>	Income Tax Equal To Dividend	FIELDS	(H) -- MEETING CAN- CELED -- (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.



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<a href="#">HB 193</a>	Internet For Schools	HOUSE FINANCE	(S) <Pending Referral> -- MEETING CANCELED - - (2/20)	
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<a href="#">HB 200</a>	Gaming; Electronic Pull-tabs	RULES	(H) Heard & Held (2/26)	
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<a href="#">HB 203</a>	Payment Of Wages; Payroll Card Account	SUMNER	(H) LABOR & COMMERCE at 03:15 PM BARNES 124 (3/4) 03/04/24 3:15 PM in BARNES 124	
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<a href="#">HB 333</a>	Tax Credit Child Care/utility/house/food	RULES	(H) LABOR & COMMERCE at 03:15 PM BARNES 124 (3/6) 03/06/24 3:15 PM in BARNES 124	
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<a href="#">HJR 16</a>	Jones Act Waiver: Transport Oil Rigs	MCKAY	(H) REFERRED TO TRANSPORTATION (1/16)	
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<a href="#">SB 11</a>	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.

<a href="#">SB 14</a>	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.

<a href="#">SB 20</a>	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.

<a href="#">SB 35</a>	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.



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<a href="#">SB 39</a>	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.

<a href="#">SB 69</a>	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.

<a href="#">SB 77</a>	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."

<a href="#">SB 79</a>	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.

<a href="#">SB 88</a>	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.

<a href="#">SB 107</a>	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.

<a href="#">SB 128</a>	Commercial Salmon Fishery Closure	OLSON	(S) Minutes (SJUD) (5/12)	
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<a href="#">SB 140</a>	Edu: Internet/char- ter/transp./funding/bsa	HOFFMAN	(S) DUE BACK FROM GOVERNOR 3/14/24 (3/14)	
<a href="#">SB 146</a>	Gaming; Electronic Pull- tabs	RULES	(S) REFERRED TO LA- BOR & COMMERCE (5/10)	
<a href="#">SB 158</a>	School Grants And Bond Debt Reimbursement	MYERS	(S) -- MEETING CAN- CELED -- (2/28)	
<a href="#">SB 167</a>	Municipal Property Tax Exemptions	MYERS	(S) REFERRED TO COMMUNITY & RE- GIONAL AFFAIRS (1/16)	
<a href="#">SB 179</a>	Property Transfer Tax; Muni Telecomm Tax	BJORK- MAN	(S) CRA RPT RECD W/CS AWAIT TRANS- MITTAL NXT (3/4)	
<a href="#">SB 186</a>	Approp: Operating Budget; Cap; Supp; Am	RULES	(S) FINANCE at 01:00 PM SENATE FINANCE 532 (2/22)	
SB 186 – This is the Senate version of the state’s annual operating budget.				
<a href="#">SB 187</a>	Approp: Cap; Reapprop	RULES	(S) FINANCE at 01:00 PM SENATE FINANCE 532 (2/22)	
SB 187 – This is the Senate version of the state’s annual capital construction and renovation budget.				
<a href="#">SB 200</a>	Trs Contr Rate; Pers Soc Security Or Sbs	STEDMAN	(S) REFERRED TO LA- BOR & COMMERCE (2/15)	
<a href="#">SB 237</a>	Tax Credit Child Care/utility/house/food	RULES	(S) REFERRED TO LA- BOR & COMMERCE (2/19)	
<a href="#">SJR 4</a>	Const. Am: Approp Limit	KAUF- MAN	(S) Heard & Held (2/19)	

SJR 4 - The Alaska Constitution’s spending limit would be tightened.