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City of Unalaska Legislative Report **4/7/24**

The House Finance Committee faced a challenging and thorough process in debating the amendments to the FY25 operating budget. With a significant number of formal amendments, conceptual amendments, and extensive discussions, HB 268 was passed out of committee on Friday.

Out of the 100 amendments that were considered, 37 were approved by the committee. These approved amendments are projected to result in an Unrestricted General Fund (UGF) cost of \$56.2 million in FY25 and \$15 million in FY24. It's important to note that these figures are preliminary, as they do not account for the potential impact of conceptual amendments and reconsiderations. Once the bill is officially moved from the committee, Legislative Finance will be tasked with producing accurate reports detailing all the actions taken by the committee regarding the amendments to the budget. These reports will provide a comprehensive overview of the financial implications and changes introduced through the approved amendments.

The procedural requirement for the bill to sit for 24 hours on members' desks before further action can be taken poses a logistical challenge in meeting the deadline for exchanging budgets with the Senate by April 12.

The upcoming House floor debates on the budget, with a potential new round of amendments, may further delay the process if they require significant time for discussion and voting. If the House majority relies on minority votes to pass the budget and struggles to secure the necessary 21 votes, this could introduce additional complexities and uncertainties into the budget approval process.

The Senate Finance Committee will be spending this week working through finance subcommittee close outs and the Capital Budget.

There was a major focus on energy last week, with over a dozen energy bills before the Legislature highlighting a diverse range of energy-related issues. These bills can be broadly categorized into four main categories based on their intended objectives, boosting Cook Inlet gas production, modernizing the railbelt electrical grid, increasing renewable energy production, regulating the storage of natural gas. By addressing these distinct aspects of energy policy, the Legislature is attempting to foster a comprehensive and balanced approach to energy management, promoting innovation, sustainability, and resilience in Alaska's energy sector. The problem may be that there are too many moving parts which often leads to unintended consequences or bill passage becomes impossible.

Things will begin moving quickly after this week, there is an anticipated Sine Die date of May 12th. Keep your fingers crossed.



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Upcoming Schedule

Description	Date, Time & Location
ADAMS 519 -HOUSE FINANCE + HB74 GEOTHERMAL RESOURCES TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED	Thu 4/11/24 1:30 PM
BUTROVICH 205 -SENATE TRANSPORTATION + Presentation: Statewide Transportation Improvement Program Approval Update by the Department of Transportation and Public Facilities + Bills Previously Heard/Scheduled TELECONFERENCED	Thu 4/11/24 1:30 PM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
HB 3	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.

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.



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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) FINANCE at 01:30 PM ADAMS 519 (4/11) 04/11/24 1:30 PM in ADAMS 519	
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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) Heard & Held (4/2)	
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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 (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.

<u>HB 156</u>	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.

<u>HB 170</u>	Misuse Of Pub. Officer Official Position	CRONK	(H) Minutes (HJUD) (1/29)	
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<u>HB 173</u>	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.

<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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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.

<u>HB 193</u>	Internet For Schools	HOUSE FINANCE	(H) EFFECTIVE DATE(S) OF LAW 3/28/24 (3/28)	
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<u>HB 200</u>	Gaming; Electronic Pull-tabs	RULES	(H) REFERRED TO FINANCE (4/1)	
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<u>HB 203</u>	Payment Of Wages; Payroll Card Account	SUMNER	(H) REFERRED TO RULES (3/21)	
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<u>HB 333</u>	Tax Credit Child Care/utility/house/food	RULES	(H) Heard & Held (3/6)	
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<u>HB 347</u>	Property Assessment	COULOMBE	(H) -- Invited & Public Testimony -- -- MEETING CANCELED -- (4/8)	
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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	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 20	Appropriation Limit; Gov Budget	KAUF-MAN	(S) JUDICIARY at 01:30 PM BUTROVICH 205 (4/12) 04/12/24 1:30 PM in BUTROVICH 205	
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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



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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) EDUCATION at 03:30 PM BELTZ 105 (TSBldg) (4/10) 04/10/24 3:30 PM in BELTZ 105 (TSBldg)	
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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	BJORK- MAN	(H) REFERRED TO COMMUNITY & RE- GIONAL AFFAIRS (4/5)	
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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) -- Please Note Time Change -- (4/10) 04/10/24 1:30 PM in SEN- ATE 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 Re- moved from Agenda> (3/12)	
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SJR 4	Const. Am: Approp Limit	KAUF- MAN	(S) JUDICIARY at 01:30 PM BUTROVICH 205 (4/12) 04/12/24 1:30 PM in BUTROVICH 205	
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SJR 4 - The Alaska Constitution’s spending limit would be tightened.