

BLUMER AND ASSOCIATES

City of Unalaska Legislative Report

2/21/22

Tuesday was the legal deadline for GOP Gov. Mike Dunleavy to submit his amended budget request to the Legislature, adding roughly \$18.5 million in general funds to the operating and capital budgets. His administration has also submitted a new supplemental request.

- The Department of Corrections is proposing to add nine new “non-certified institutional support positions” in the operating budget to do non-security work currently done by corrections officers, to try to reduce overtime costs. The net cost is zero, according to the budget proposal.
- The Department of Health and Social Services is proposing an \$8 million increase for front-line social workers.
- DHSS is also proposing a \$1.7 million increase in the foster care budget, to compensate caregivers for youths with “complex” problems and to give financial support to people aged 18-21 who have aged out of the system.
- DHSS is also proposing to put \$200,000 toward an effort to expand the University of Alaska system’s Master of Social Work program to 85 students a year from 35.
- The Department of Natural Resources is proposing a \$260,000 increase to form a renewable energy program.
- The Department of Public Safety is proposing to add seven new positions to support missing and murdered Indigenous persons and domestic violence and sexual assault prevention and response programs — establishing and supporting a victim/witness coordination program and DVSA training for law enforcement.
- The Department of Public Safety is also proposing to add three new positions to add capacity for law enforcement responses that require aircraft — two troopers hired as "tactical flight officers" and one pilot.
- The Department of Transportation is proposing to spend \$2.7 million in federal pandemic relief to support ongoing maintenance and operating costs at the Silvertip maintenance station on the Kenai Peninsula, the Chitina and Birch Lake stations in the Interior and more expensive maintenance shifts on the Dalton Highway.
- There’s some \$1 million in the supplemental operating budget for payment of the past year’s legal judgments and claims against the state. That includes \$140,000 to the Dunleavy recall effort, \$500,000 for the Alaska Psychiatric Institute psychiatrists who sued over the loyalty pledge and \$160,000 in attorney fees

It seems a majority the conversation again centers around the Permanent Fund Dividends. Several committee meetings have been having presentations and projections regarding how much and how to pay the dividends this year. However, the message is a bit different due to

the current financial outlook for the state with the projected \$1.6 billion in budget surpluses for FY 2022 and FY 2023. Last Thursday the governor outlined a plan for a \$1,250 dividend to be paid this spring as a \$2,500 dividend paid in the fall, a combined \$3,750 check for eligible Alaskans. If 600,000 apply for and qualify, the plan would put \$2.25 billion in additional disposable income into the state's economy.

This is also based on the governor's "50-50" plan being adopted for calculating the dividend. This splits the annual payment from Permanent Fund earnings to support the state budget (now just over \$3 billion yearly) with half going to budget support and half to fund dividends. Previously the 50-50 plan would have created \$1 billion-plus annual deficits, which would have required new revenues, mostly likely taxes. The fiscal picture has improved so much thanks to higher oil revenues that the 50-50 plan can be adopted this year without new revenues. With the budget in surplus, it may be hard for legislators to say no to the plan. In addition, it's an election year.

Conversation and presentations also continue around the infrastructure bill. The Governor's Office and the Department of Law are evaluating the parts of the bill that may allow for a local-hire preference on construction funded projects. The preference seems to apply to state projects but what's being reviewed is how far this could go and whether it would cover project grants to municipalities. The basic constitutionality of this must still be examined, however. The federal ban on local-hire preferences, which has thwarted many Alaska attempts over the years, is rooted in the commerce clause of the U.S. constitution, which prohibits restraints on interstate commerce, such as free movement of labor. It will be interesting to see how the federal infrastructure bill, which is a statute, might be able to get around the commerce clause.

Weekly Schedule

Time	Description
Tue 2/22/22 1:30 PM	BELTZ 105 (TSBldg) -SENATE TRANSPORTATION += SB 170 MARINE HIGHWAY CORPORATION TELECONFERENCED + Bills Previously Heard/Scheduled TELECONFERENCED **Streamed live on AKL.tv**
Tue 2/22/22 3:30 PM	BELTZ 105 (TSBldg) -SENATE COMMUNITY & REGIONAL AFFAIRS += SB 181 IDENTIFICATION OF CONTRACTOR IN ADS TELECONFERENCED += SB 172 PROPERTY TAX EXEMPTION TELECONFERENCED -- Public Testimony -- + Bills Previously Heard/Scheduled TELECONFERENCED

Time	Description
Thu 2/24/22 1:00 PM	<p>BARNES 124 -HOUSE TRANSPORTATION</p> <p>-- Teleconference --</p> <p>+ = HB 296 DONATIONS/GIFTS FOR DOT&PF SIGNAGE TELECONFERENCED</p> <p>-- Public Testimony --</p> <p>*+ HB 322 AK MARINE HWY SYSTEM VESSEL REPL. FUND TELECONFERENCED</p> <p>+ Presentation: Alaska Marine Highway Workforce - TELECONFERENCED</p> <p>Partnerships for the Future by Shannon Adamson, Masters, Mates and Pilots; Ben Goldrich, Marine Engineers' Beneficial Association; Earling Walli, Inlandboatmen's Union of the Pacific</p> <p>+ Bills Previously Heard/Scheduled TELECONFERENCED</p> <p>**Streamed live on AKL.tv**</p>
Fri 2/25/22 9:00 AM	<p>BARNES 124 -HOUSE LABOR & COMMERCE</p> <p>-- Please Note Time Change --</p> <p>+ Broadband and the Infrastructure Investment and TELECONFERENCED</p> <p>Jobs Act in Alaska</p> <p>-- Testimony --</p> <p>+ Bills Previously Heard/Scheduled TELECONFERENCED</p>

Here is the link to more information about the committee hearings, at this time of year it is good to check daily if you are watching a hearing as they change frequently.

<http://w3.legis.state.ak.us/index.php?tab2=type%3DAI%26com%3D%26startDate%3D02%2F21%2F2022%26endDate%3D03%2F01%2F2022%26chamber%3D#tab2>

Bills of Interest

Bill	Short Title	Prime Sponsors	Current Status	Status Date
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Bill	Short Title	Prime Sponsors	Current Status	Status Date
HB 28	Registration Of Boats: Exemption	HOUSE FISHERIES	(S) RES	5/17/21
HB 30	Workers' Comp: Death; Perm Partial Impair	JOSEPHSON	(H) FIN	4/7/21
HB 55	Peace Officer/firefighter Retire Benefits	JOSEPHSON	(S) L&C	1/18/22
HB 56	Power Cost Equalization	FOSTER	(H) CRA	2/18/21
HB 64	Fishery Development Assoc.; Assessments	STUTES	(H) FIN	4/21/21
HB 75	Employer Contributions To Pers	RULES	(H) FIN	5/1/21
HB 88	Equal Pay & Minimum Wage Act	TARR	(H) STA	2/18/21
HB 134	Amhs Operation & Planning Board	RULES	(H) TRA	3/10/21
HB 135	Geothermal Resources	RULES	(H) FIN	1/27/22
HB 225	Municipal Property Tax Senior Exemption	GILLHAM	(H) CRA	1/18/22
HB 227	Muni Energy Improvemnt Assessment Program	SCHRAGE	(H) CRA	1/31/22
HB 247	Power Cost Equalization Fund	THOMPSON	(H) ENE	1/18/22
HB 322	AK Marine Hwy System Vessel Repl. Fund	HOUSE TRANSPORTATION	(H) TRA	2/14/22
HJR 6	Const. Am: Approp Limit; Budget Reserve	RULES	(H) W&M	3/24/21
SB 6	Rip For Public Employees/teachers	KAWASAKI	(S) FIN	4/19/21
SB 9	Alcoholic Beverage Control; Alcohol Reg	MICCICHE	(H) AWAIT NEXT COM	2/17/22
SB 11	Community Property Trusts	BEGICH	(H) JUD	2/16/22

Bill	Short Title	Prime Sponsors	Current Status	Status Date
<u>SB 15</u>	Open Meetings Act; Penalty	COSTELLO	(S) FIN	4/21/21
<u>SB 17</u>	Energy Efficiency & Policy: Pub. Bldgs	BEGICH	(S) FIN	5/3/21
<u>SB 37</u>	Teachers & Pub Employee Retirement Plans	KIEHL	(S) L&C	1/25/21
<u>SB 41</u>	Health Insurance Info.; Incentive Program	HUGHES	(S) L&C	1/25/21
<u>SB 100</u>	State Income Tax	BEGICH	(S) STA	3/10/21
<u>SB 170</u>	Marine Highway Corporation	SENATE TRANSPORTATION	(S) TRA	1/21/22
<u>SB 172</u>	Property Tax Exemption	WIELECHOWSKI	(S) CRA	1/26/22