

Prepared Testimony of Stephen Colt on HB 316

Before the Alaska House Labor & Commerce Committee

March 30, 2026

Co-Chairs and Committee Members,

My name is Steve Colt. I have worked as a professional economist in Alaska since 1984. I have spent most of my career at the University of Alaska, where I currently have a part-time appointment. I also work part-time as an expert witness on economic damages in civil litigation. I am routinely hired by both plaintiffs and defendants.

Elmer Rasmuson warned in 1982 that “Inflation is like a thief in the night,”¹ slowly but surely reducing the purchasing power of any fixed dollar amount. Today, the Alaska price level is almost 2 times what it was in 1997.² Thus, the current cap of \$400,000 on noneconomic damages has the same purchasing power as a cap set in 1997 at \$212,000.

The Alaska Legislature has long recognized this problem and inflation adjustment pervades our statutes. Co-Chair Fields produced a list of more than 20 examples back in 2019 in relation to HB 96.³ I have appended that list to my written testimony.

Given this context, HB 316 makes good economic sense for two main reasons:

First, this bill honors the will of the legislature expressed back in 1997. A dollar of compensation is only as good as what it can buy, and lawmakers in 1997 surely had in mind what \$400,000 – or \$1 million -- could buy at that time.

Second, this bill restores and maintains a rough parity between economic and noneconomic damages. That’s because economic damages relate primarily to losses of the ability to earn money, and the ability to earn money does tend keep up with or even surpass inflation.⁴ Thus, economic damages do keep up with inflation, on their own. Also, economic damages are higher for high-income injured people. In fact, a low-income decedent in a wrongful death action may generate very low or even zero economic damages. Of course, this is your policy call, but in my opinion noneconomic damages are a reasonable

¹ “ ‘Inflation is like a thief in the night,’ former Permanent Fund Corp. board chairman Elmer Rasmuson said in 1982. That year, the Legislature began regular transfers from the earnings reserve to the principal, ensuring that the fund’s value would continue to grow, in effect putting the “permanent” into Permanent Fund. “ James Brooks, Juneau Empire, 10/13/2023.

<https://www.juneauempire.com/2023/10/13/alaska-permanent-fund-leaders-may-recommend-constitutional-amendment-to-fix-fiscal-problem/>

² The urban Alaska CPI-U increased from 144.5 in 1997 to 273.181 in February 2026.

³ https://www.akleg.gov/basis/get_documents.asp?session=31&docid=23586 . HB 96 was passed in 2020. It pegged Pioneer Home rates to the U.S. CPI-W.

⁴ According to data from the Quarterly Census of Employment and Wages for Alaska, the average Alaska monthly wage increased by 41% between 2016 and 2025(Jan-Sep), while the Urban Alaska CPI increased by about 25%.

way of compensating injured parties for something other than a loss of monetary earning power, and parity between noneconomic and economic damages is an expression of fairness and respect toward injured people regardless of their money-earning power.

To sum up, HB 316 honors the intent of the 1997-98 Legislature, is consistent with widespread inflation adjustments in Alaska law, and maintains parity between economic and noneconomic damages. For these reasons it merits your thoughtful consideration.

Thank you for the opportunity, and I am happy to answer any questions as best I can.

Appendix: compilation of Alaska statutes providing for inflation adjustment, as of 2019

This list was prepared in 2019 during consideration of HB 96.

It is titled "Consumer Price Index" in AK Statutes"

It is available at: https://www.akleg.gov/basis/get_documents.asp?session=31&docid=23586

AS 08.88.172 (b)(4)

Errors and omissions insurance (for real estate brokers)

AS 09.38.115 (a)

Adjustment of dollar amounts (Alaska Exemptions Act)

AS 09.55.548

Awards, collateral source (Medical Malpractice Actions)

AS 11.46.982

Adjustment for inflation increasing the value of property or services as an element of an offense (Offenses Against Property).

AS 14.25.143(f)

Post retirement pension adjustment (TRS)

AS 14.25.486

Disability benefit adjustment (TRS)

AS 14.25.488(e)

Survivors' pension adjustment (TRS)

AS 14.56.330 (b)

Public library assistance grant limitations

AS 18.20.340

Civil fines (Hospitals and nursing facilities)

AS 21.42.145 (b)

Stop-loss insurance (The insurance contract)

AS 34.08.820 (a)

Adjustment of dollar amounts (Horizontal Property Regimes Act)

AS 37.05.540 (b)

Budget reserve fund; appropriation limit

AS 37.13.145 (c)(1)

Disposition of income (Alaska Permanent Fund)

AS 38.05.211 (d)

Mining claim rental (Alaska Land Act)

AS 38.05.321 (h)

Restriction on lease, sale or other disposal of agricultural land; value of right to construct housing

AS 39.30.380

Termination of employment (Old age and survivors' insurance)

AS 39.35.475 (f)

Post-retirement pension adjustment (PERS)

AS 39.35.891 (d)

Disability benefit and disabled peace officer or firefighter retirement benefit adjustment (PERS)

AS 39.35.893 (e)

Survivors' pension adjustment (PERS)

AS 46.04.045 (a)

Adjustment of dollar amounts (OIL AND HAZARDOUS SUBSTANCE POLLUTION CONTROL)

AS 47.05.012 (6)

General Administrative Provisions; Admin of Welfare, Social Services, and Institutions; material incorporated by reference

AS 23.10.065

Minimum Wage