

SENATE FINANCE COMMITTEE  
March 21, 2020  
9:01 a.m.

9:01:50 AM

CALL TO ORDER

Co-Chair von Imhof called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Click Bishop  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Bill Wielechowski  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Senator Josh Revak; Senator Cathy Giessel; Senator Gary Stevens; Senator John Coghill; Senator Jesse Kiehl; Juli Lucky, Staff, Senator Natasha von Imhof. Representative Ivy Sponholz, Sponsor; Pat Pitney, Director, Legislative Finance Division; Pete Ecklund, Staff, Senator Bert Stedman.

PRESENT VIA TELECONFERENCE

Bryan Butcher, CEO Alaska Housing Finance Corporation, Anchorage; Patsy Westcott, Director, Division of Employment and Training Services, Department of Labor and Workforce Development; Jon Bittner, Executive Director, Alaska Small Business Development Center, Anchorage; Joe Schierhorn, President and CEO, Northrim Bank; Cara Durr, Director of Public Engagement, Food Bank of Alaska, Anchorage; Adam Ziegler, Executive Director, New Hope Compassionate Ministry, Anchorage; Tyson Gallagher, GCI, Juneau; Christine O'Connor, Executive Director, Alaska Telecom

Association, Wasilla; Bal Dreyfus, Senior Vice President Alaska, Matson, Anchorage. Patsy Westcott, Director, Division of Employment and Training Services, Department of Labor and Workforce Development.

SUMMARY

CSHB 205(FIN) (Corrected) am(brf sup maj fld)  
APPROP: OPERATING BUDGET/LOANS/FUNDS

SCS CSHB 205(FIN) was REPORTED out of committee with two "do pass" recommendations and five "amend" recommendations.

HB 308 UNEMPLOYMENT BENEFITS FOR COVID-19

SCS HB 308(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published indeterminate fiscal note: FN 1(LWF).

PRESENTATION: ECONOMIC SUPPORT FOR ALASKANS IMPACTED BY COVID-19

9:02:26 AM

Co-Chair von Imhof thanked all for being present on a Saturday. She relayed the extreme stressors the virus presented to humanity, both economic and health related. She stated that the goal of the presentation was to explore what programs and assets the state already had in place so that both public and private existing infrastructure could be leveraged in order to support Alaskans as quickly and efficiently as possible. She shared that representatives from housing, unemployment benefits, small business support, food insecurity connectivity, and the supply chain had been invited to testify before the committee. She assured Alaskans that a plan was being developed to sufficiently fund an infrastructure to provide the needed resources to help people immediately during this time. She said that the legislature was looking into enhanced unemployment benefits, mortgage assistance, food aid, interest free loans, expanded childcare and healthcare services, direct aid to communities, and more. She relayed that the legislature had appropriated \$20 million in state funds, specifically in healthcare, in the recently passed supplemental budget. She stated that the several large

Covid-19 bills had been passed on the federal level that would provide immediate financial assistance to both individuals and businesses. She related that it was imperative that the state maintain laser focus on its accounts so that the scarce and dwindling resources could be directed to create the greatest impact. She stressed the importance of using federal funds as much as possible, and avoid redundancies, to maximize all funding and ensure that state agencies were ready to receive and use the money for the broadest benefit.

Co-Chair von Imhof dubbed the state's current situation the "hat trick from hell" noting the trifecta of the stock market crashing, oil prices plummeting, and the tourist season at a standstill. She said that the legislature was working on a bi-partisan plan to help Alaskans.

[9:06:07 AM](#)

Co-Chair von Imhof reiterated the urgency of the situation and stressed that any plan put in place could not exploit the pandemic to further any political agenda. She lamented that Alaskans were already struggling financially and stated that the legislature would work to provide assistance to Alaskans.

[9:06:16 AM](#)

^PRESENTATION: ECONOMIC SUPPORT FOR ALASKANS IMPACTED BY COVID-19

Co-Chair von Imhof solicited comments from the committee.

[9:07:05 AM](#)

Co-Chair Stedman thought there was clearly an expedited process underway in the legislature. The state had substantially constrained savings accounts, so the legislature was working not to duplicate federal efforts. He stressed that there were existing state agencies that were working together over the next two to three days to craft an assistance plan.

Co-Chair von Imhof hoped that each agency could state on the record what they were doing during this time and what could the state do to help with their efforts. She felt

that this would help to define legislatively what could be done over the next few days.

[9:08:47 AM](#)

BRYAN BUTCHER, CEO ALASKA HOUSING FINANCE CORPORATION, ANCHORAGE (via teleconference), explained that the state housing market was very strong. He said that the delinquency rate for the state's 16,000 mortgage portfolio was under 3 percent. He shared that foreclosure rates were under a quarter of 1 percent, the lowest in state history. He relayed that interest rates were low, compared to 2008 and 2009. Most people had been able to refinance their mortgages to a low rate of 3 percent or 3.5 percent, which gave homeowners more flexibility with funds.

Mr. Butcher stated that AHFC was looking at how to handle the oncoming fallout from Covid-19. He mentioned the governor's recent executive order that put forward a moratorium on foreclosures and evictions for AHFC, for Covid-19 related complications. He noted that AHFC worked with the governor on the moratorium and he hoped that it would help lower stress for Alaskans at this time.

[9:11:28 AM](#)

Mr. Butcher addressed public housing. He detailed that AHFC ran over 16,000 apartments, in 13 different communities, and administered between 5,000 and 6,000 rent vouchers that were used for private sector rentals. The programs were federally funded through Housing and Urban Development (HUD). The state received approximately \$60 million per year for the program, with nearly \$3 million going to private landlords and vouchers. He discussed lower income individuals that lived paycheck to paycheck and cited that many of those individuals lived in AHFC housing. He noted that 80 percent of the 12,000 people that lived in AHFC housing would be homeless without assistance from AHFC programs. He thought the group was the most vulnerable population. He spoke to the governor's announcement of a moratorium of 60 days on evictions for Covid-19 related issues; therefore, people would not have to worry about losing their housing and could focus on the other staples to continue living through the crisis.

[9:13:27 AM](#)

Mr. Butcher spoke to the Homeless Assistance program. He thanked the legislature and governor for the early passage of the mental health budget. He shared that the Homeless Assistance program and the Special Needs Housing program were both funded early in the mental health budget. He commented that it did not take much for people receiving benefits from the program to be in crisis. He said that the way the program was administered was that shelters signed three-year contracts with AHFC. He said that this was done because it was difficult for non-profits to survive with the expectation that funding could disappear in a year. He reiterated that passing the budget early allowed AHFC to execute grants early to 41 providers in 13 different communities. He said that the funds would be administered between FY20 and FY21; a spike in need was expected into FY21.

[9:15:23 AM](#)

Co-Chair von Imhof pointed out that the committee had adopted a Committee Substitute (CS) the previous evening that included full funding for AHFC programs.

Mr. Butcher pointed out that AHFC also had a Homeless Prevention program. He related that studies had shown that it was four times less expensive to keep a family in a home than to take a family out of homelessness and put them in a home. He estimated that the average cost of helping someone to avoid homelessness was \$500. He relayed that AHFC saw the possibility of many Alaskans becoming homeless related to Covid-19. He said that the prevention program was a priority.

[9:16:33 AM](#)

Co-Chair von Imhof asked Mr. Butcher about people that were not current AHFC program participants and wondered whether those people could get assistance. He stressed that the shelters should be the first point of contact for those not currently in an AHFC program.

Mr. Butcher stated that individuals could reach out to shelters, and the information would pass through to AHFC. He related that if Alaskans had issues with mortgage payments, it was encouraged to contact their service provider, and then the service provider would contact AHFC.

He encouraged people take early action on the issue to get the process going.

[9:17:49 AM](#)

Senator Wilson asked how AHFC was handling mortgages still in process.

Mr. Butcher stated that AHFC was still offering potential homeowners the opportunity to lock in interest rates, which had been going higher almost by the day. The interest rates had dropped below 3 percent last week when the federal government had dropped their numbers to zero. He said that the lenders who made the loans were finding it difficult to sell the loans. He said that Fannie Mae and Freddie Mac were not buying, and AHFC's interest rates fluctuated based on the cost of capital. He had found that the banks and credit unions were unable to sell the loans. Currently there was no liquidity in the capital markets. There were still mortgages being done but it was shrinking by the day.

[9:19:29 AM](#)

Senator Bishop had heard on public radio the previous night that a 12-month moratorium would be made for existing Fanny Mae and Freddie Mac loans.

Mr. Butcher knew the president had put out an order for suspension on those loans. He recalled that the suspension was for 60 or 90 days. He said that he would get back to the committee with more information.

[9:20:36 AM](#)

Co-Chair Stedman understood that there would be no evictions in the rental market around the state.

Mr. Butcher explained that there was a 60-day moratorium on all public housing voucher holders that were in AHFC apartments. He said that most apartments in the state were not run by AHFC. He did not know if the eviction suspension applied to those apartments. He had seen different states have a broader suspension of evictions. He believed that conversations on the matter were ongoing.

[9:21:55 AM](#)

Co-Chair Stedman thought the information would be good to get out to the public. He thought if there was a 60-day moratorium and the virus expanded exponentially, it may be important to extend the moratorium.

Co-Chair von Imhof asked Mr. Butcher to return to the committee with additional information on the eviction moratorium.

Co-Chair von Imhof asked whether AHFC was poised and able to receive additional federal funds when the omnibus bills were passed.

Mr. Butcher affirmed that AHFC was poised to receive additional funds. He thought that federal appropriation authority could be an issue if the funds were substantial. The corporation had been used for a lot of federal emergency funds. He noted that much of the disaster relief funds that came through after the 1964 earthquake had gone through AHFC.

Co-Chair von Imhof thought the goal was for the federal government to get funding out as soon as possible.

[9:23:51 AM](#)

Senator Bishop asked how AHFC determined who qualified for a rental voucher.

Mr. Butcher stated that AHFC followed federal rules, which varied for public housing versus receiving a voucher. He relayed that public housing required 50 percent of median income and below, 80 percent for vouchers. There was a prioritization based on need. He noted that 80 percent of applicants were very low income, and there were waiting lists in most communities. He offered to provide the committee with waiting lists by community.

Senator Bishop asked Mr. Butcher whether people on unemployment were eligible to apply.

Mr. Butcher answered in the affirmative.

[9:25:26 AM](#)

Co-Chair von Imhof noted that there was more than one way to pay for rent. She relayed that AHFC was offering

financial assistance. She stated the legislature was also looking at providing wage replacement.

Co-Chair von Imhof understood that people not currently being served by AHFC should contact their banks if they have a mortgage, or homeless shelters if they were homeless, and those operations would contact AHFC. She stated that the committee was going to try and get telephone numbers to put on the committee website. She directed attention to the AHFC website that was displayed on screen.

Mr. Butcher explained that AHFC offices were closed to the public, but that email and telephone were still operational.

Co-Chair von Imhof asked whether AHFC had enough employees to handle the call volume.

Mr. Butcher believed that AHFC had enough employees to handle the current volume.

[9:27:45 AM](#)

Co-Chair von Imhof queried the available resources in the Department of Labor and Workforce Development, Division of Employment and Training Services, both financially and employee capacity. She wondered whether the department was poised to receive federal funding and what the legislature could do to help the department with its efforts in response to the virus.

PATSY WESTCOTT, DIRECTOR, DIVISION OF EMPLOYMENT AND TRAINING SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), relayed a brief overview of the Unemployment Insurance Program (UI), which she stressed was not a social service program, but rather like any other insurance program. She shared that employers paid contributions into the program to protect an employee's future loss of wages. Alaska was one of three states that had provision in statute where an employee also paid a portion of the contribution. She related that the current maximum benefit amount was \$370. Alaska was also one of a handful of states that provided a dependent's allowance of \$24, per dependent, per week, with a 3-dependent cap. She spoke of the various ways to apply for UI benefits: the online application through the MyAlaska portal and the

virtual call center for those without internet access. She said that there were several individual requirements to be eligible for UI: the individual must be unemployed through no fault of their own; and individual must be able, available, and actively seeking work. She said that the second requirement had proved challenging for unemployed workers in the current environment. She shared some of the current actions of the department to address the influx of cases. She said that another cue had been created in the virtual call center that dealt specifically with people who were out of work because of Covid-19. She said that phone hours had been expanded and that staff was working overtime. She related 28 staff members that had been working in other units of the program had been realigned to help with the UI claims, which had increased sharply in the previous week.

[9:32:11 AM](#)

Ms. Westcott stated that there had been a 50 percent to 70 percent increase in applications for UI from the previous week. She said that the application had been simplified over the past week. She reiterated the problematic nature of the requirement that the applicant be actively seeking work in the current environment and shared that the department was liberally applying statutes and regulation to allow as many individuals as possible to receive benefits. She expressed appreciation for the US Department of Labor for coming out with additional guidance to state that allowed state more flexibility in relaxing that requirement. She stated that she had worked in the program for 27 years and, traditionally, when an individual filed an initial claim, they filed every two weeks in order to get their benefits. She said that a change was being implemented for people to file weekly so that benefits could be issued faster. She shared that the department was developing a page on its website that was dedicated to Covid-19, with information for unemployed workers and employers. The hope was to have all the information accessible on one page.

[9:34:55 AM](#)

Ms. Westcott stated that passage of legislation currently before the legislature would be helpful to the department. She referenced HB 308 or SB 240. Both pieces of legislation would enable the program to further liberally interpret

work requirements to pay more individuals that were unemployed due to the virus. The legislation would expand eligibility, expand the number of dependents, and removed the waiting week.

[9:37:15 AM](#)

Senator Bishop thought if HB 308 could be passed within the next 24 hours it would be best. He was concerned with people having to reapply after this week. He asked whether it would be helpful to the department if the governor signed the bill within the next 24-36 hours.

Ms. Westcott answered in the affirmative. She mentioned the effective date of the legislative change. She thought the legislation should contain a retroactive effective date.

Senator Bishop asked whether Ms. Westcott had drafted a letter to the delegation regarding an emergency grant for UI.

Ms. Westcott knew that letters had already been submitted to the congressional delegation. She thought HR 5021 had been passed and signed by the president; and included a provision for additional administrative funding for UI in direct response to the virus.

[9:39:56 AM](#)

Co-Chair von Imhof wanted to ensure that the division was poised to receive federal funds when the funds were released.

Ms. Westcott was concerned the division did not currently have enough federal authority for FY20 to accommodate the receipt of additional federal funds.

Co-Chair von Imhof stated that the committee would work within HB 308 to increase the department's federal receipt authority. She asked for an effective date that would be enough for the department.

Ms. Westcott recommended the effective date be the first week of March. She relayed that the beginning of March would allow for the greatest flexibility to respond to the growing needs of Alaskans.

Co-Chair von Imhof understood that if the federal receipt authority were increased in the CS, it would allow the department to receive the federal money when it was released.

Ms. Westcott replied in the affirmative.

[9:41:56 AM](#)

Co-Chair Stedman thought the committee had several vehicles through which to expand federal receipt authority. He thought the committee could take action to make sure that the department had ample receipt authority.

[9:42:27 AM](#)

Senator Wielechowski had asked about a comparison with other states. He had looked the figured up online and it appeared that Alaska's weekly maximum was \$370. He noted that Oregon's weekly maximum was \$648, Washington's was \$790, Hawaii's was \$630 per week. He pointed out that other oil producing states had limits as high as \$618 per week. He lamented that the limit in Alaska was woefully inadequate in comparison to other states.

Ms. Westcott stated that Alaska's maximum weekly unemployment insurance rate was very low. She said that his request had been sent to the commissioner's office and she apologized that he had not yet received the requested information. She cited that Alaska was 37th in the nation with regard to the maximum weekly benefit amount; Alaska was last in the country with regard to the wage replacement rate, after Puerto Rico and the Virgin Islands.

Co-Chair von Imhof thought Ms. Westcott had cited that there was a provision for a temporary higher weekly amount.

Ms. Westcott answered "no" that the bill did not include provision for increasing the weekly amount. The bill increased the dependents allowance from \$24 per week to \$75, per dependent, per week; as well as lifting the cap on the number of dependents that could be considered.

Co-Chair von Imhof asked whether there was a way to do a temporary higher amount for weekly benefits.

Ms. Westcott affirmed that benefits were set in statute, and a statute change would be needed to increase the maximum weekly benefit amount. She explained that back in 2008, the Congress had passed a piece of legislation called Federal Additional Compensation, which added a dollar amount to every payment, in all states. She understood that congress was currently looking into a similar provision that would add to the state's weekly benefit amount and would be 100 percent federally financed. She said that the amount was currently unknown.

[9:47:06 AM](#)

Co-Chair von Imhof reiterated that the bill increased the money for dependents.

[9:47:19 AM](#)

Senator Wielechowski thought there was a significant balance in the UI trust fund. He asked how much it would impact the fund if the weekly maximum benefit was increased by \$100.

Ms. Westcott replied that she did not know. She said she could get back to the committee on the matter. She stated that there had been stress tests run on the fund. She said that the fund was extremely healthy and was poised to weather this storm.

[9:48:34 AM](#)

Co-Chair von Imhof noted that the bill needed to move quickly, as the number of UI applicants had increased dramatically. She commented that the benefits should be provided to get Alaskans through the crisis without stressing the state's accounts. She hoped that federal dollars would be arriving soon to help with the financial burden. She said that wage replacement would be ideal, along with business loans so wages could be paid, to alleviate paying out UI.

[9:49:38 AM](#)

Co-Chair von Imhof introduced the next testifier. She said that Mr. Bittner would speak first, then the banks would weigh in on the matter.

[9:50:36 AM](#)

JON BITTNER, EXECUTIVE DIRECTOR, ALASKA SMALL BUSINESS DEVELOPMENT CENTER, ANCHORAGE (via teleconference), gave a quick overview of the Alaska Small Business Development Center (ASBDC). He noted that small businesses employed less than 500 people and composed 99 percent of the businesses in the state. He noted that the center provided workshops and training, and served over 100 communities, with 7 centers across Alaska. He relayed that small businesses were being hit particularly hard by the current situation. He mentioned a survey that had circulated by the Anchorage Economic Development Corporation (AEDC) to judge the impact of Covid-19 on businesses, which had received over 500 responses, with 95 percent of surveyed businesses reporting negative affects due to the virus. Revenues had been slashed from 32 percent to 100 percent. Workers were being laid off from breweries, restaurants, retail stores, and hotels by the hundreds. He said that rural Alaska had been having trouble moving to telework, and many telecom utilities were stepping up to provide assistance.

[9:53:28 AM](#)

Mr. Bittner lamented that food and beverage, entertainment, tourism had all been negatively affected. He warned that the energy industry, manufacturing, seafood, and retail industries would be hit hard soon. He said that every industry in the state would be negatively affected. He shared that the CEO of Marriot International had recently sent an email to all employees explaining that the impact of the virus was worse than that of 9/11 and the 2009 financial crisis combined. The virus was causing a 75 percent reduction in Marriot's bottom line. He said that all ASBDC workshops had been moved online and all offices were working remotely. Every training was being offered for free to be sure people had the information they need without worrying about how to pay for the information. He said that ASBCD was working with national restaurant chain representatives to develop webinars to help restaurants transition from in-house dining to take away and delivery. He shared that ways to help the tourism industry were being explored.

[9:56:08 AM](#)

Mr. Bitter informed that short-term contractors were being hired to help with overflow, to get assistance to people as quickly as possible. He shared that a dedicated webpage would be launched later in the day that would collect all business assistance resources information and local government and state government websites that would serve as central repository for small businesses to find what they need as quickly and efficiently as possible. He related that he had been working with local governments across the state as well as regional economic development organizations to help get ahead of the issue and stay informed while providing accurate information. He noted that Alaska was next in line to get approved for a loan program that funded up to \$2 million to qualifying businesses at a rate of 3.75 percent, up to 30 years. He added that non-profits were also eligible for the loans at a rate of 2.5 percent. The loans could be used for bill, payroll, and accounts payable to keep businesses afloat. He thought the program would be helpful. He relayed that not all businesses would be eligible. He mentioned that businesses had been stepping up to help during this trying time.

Mr. Bittner relayed that the banking community had been working with businesses to keep doors open and make sure that loan payments could be managed. He said that the telecom industry was working to provide internet to people and the transportation industry had been doing good work. He highlighted that supermarkets were providing food and had been doing a fantastic job trying to prevent hoarding and offering special hours for seniors.

[9:59:20 AM](#)

Mr. Bittner addressed receipt of federal dollars. He said that ASBDC was included in the trillion-dollar relief bill currently working its way through congress and would be provided additional funding to expand operations. He understood that the funding did not come with a match requirement. He affirmed that the program would be able to accept finds and would deploy them as rapidly as possible.

[9:59:58 AM](#)

Co-Chair von Imhof asked whether ASBDC needed additional receipt authority for the federal funds.

Mr. Bittner replied in the affirmative.

Co-Chair von Imhof appreciated the level of information provided by the testifier. She solicited questions from the committee.

[10:00:30 AM](#)

Co-Chair Stedman recalled that the interest rate was at 2.75, with a \$2 million cap for small businesses.

Mr. Bittner stated the nonprofit rate was 2.75 and the small business interest rate was 3.75.

Co-Chair Stedman understood the cap was \$2 million.

Mr. Bittner answered in the affirmative.

Co-Chair Stedman thought there needed to be clarity as to what the federal response was going to be for small businesses versus the state agency response. He wanted to ensure there would be capacity to help small businesses, so they did not have to shutter their doors.

Co-Chair von Imhof believed that that the issue should be brought up to the state's congressional delegation.

[10:01:38 AM](#)

Senator Wilson asked when Mr. Bittner expected the new centralized website to be up and running.

Mr. Bittner anticipated that the site would be online within the day.

Co-Chair von Imhof asked whether there were enough employees to handle the call volume and additional work.

Mr. Bittner said that currently, yes, but if the volume grew exponentially, no. The program was looking to possibly hire extra employees to fill the gap.

Co-Chair von Imhof asked whether any statute change was needed in order to accommodate the ASBDC.

Mr. Bittner replied that he did not believe so. He said he would get back to the committee.

10:02:51 AM

JOE SCHIERHORN, PRESIDENT AND CEO, NORTHRIM BANK (via teleconference), acknowledged the wide-sweeping impact on the economy of the COVID-19 virus. He considered that several his customers would have entire seasons curtailed, particularly the tourism industry Southeast Alaska. He stated he was a member of the Alaska Bankers Association. He stated that Northrim Bank was actively reaching out to its customers and would work on a case by case basis for modifying and deferring payments or offering additional capital. He stated the bank would fully support the recently announced state-guaranteed loan program which mirrored the SBA disaster relief program alluded to by Mr. Bittner.

Mr. Schierhorn continued his remarks. He stressed that Northrim was open for business to customers. The bank was directing customers to utilize online banking and a 24/7 call center was available to customers. He stated the banking industry within Alaska was quite strong and had worked hard to build up significant reserves of capital and liquidity in order to provide services to customers. He stressed that the bank was here to support the state during this time of need. He hoped that the legislature would support the loan program proposed by the governor.

Mr. Schierhorn thought there was a huge volume of mortgage refinance activity currently in play, as well as other transaction that would require recording of deeds of trust in the state recorder's office. He stated it was critical that the state recorder's office be open for people to be able to take advantage of the refinances in process and other purchase transactions. He warned that it would be very disruptive to close the recorders office at this time.

10:07:41 AM

Co-Chair Stedman thought everyone was comfortable with the physical positioning of the banks throughout the state. He wanted to know what was happening with bank customers. He spoke to earlier comments made about Marriot hotels and thought that business customers would be discussing fiscal positions and how to get some help. He asked for examples of those conversations.

Mr. Schierhorn stated the bank was beginning to get such requests. He mentioned that there were businesses that had been more proactive in requesting altered payments or additional working capital to be able to pay employees. He said that as the situation evolved, he anticipated that a large part of the banks activity would be dealing with businesses hardest hit in hospitality, bar/restaurant, hotel, and tourism industries.

[10:10:19 AM](#)

Co-Chair Stedman thought there was a significant need in the tourism industry. He thought people pre-paid for vacations in Alaska. He queried whether Mr. Schierhorn was seeing a significant amount of the industry asking for help with cashflow dealing with potential returns of funds for pre-purchased activities.

Mr. Schierhorn stated that requests were beginning to happen, and he thought the number would increase dramatically over the next 90 days. He said that in many cases the entire season would be cancelled for large sections of the industry.

[10:11:29 AM](#)

Co-Chair von Imhof added that regarding pledging state assets, no executive branch could pledge state assets, appropriate or provide loan guarantees without legislative approval. She thought it was imperative to leverage federal funds where appropriate and available. Although Mr. Bittner stated that there was no federal match requirement, to the degree that it made sense, it was imperative that the public and private work together to share the risk among the different entities and funding sources.

[10:12:39 AM](#)

Senator Bishop asked Mr. Schierhorn to confirm that the governor's moratorium on foreclosures applied to private financial institutions.

Mr. Schierhorn thought the moratorium pertained only to AHFC. He shared that the different mortgage programs that were supplied by investors (Fannie Mae, Freddie Mac, Veteran's Administration) was administered according to their own guidelines and set their own rules. He believed

AHFC was separate from those investors. He thought there was a wide spectrum of mortgages that were controlled by the investors in the federal programs. He stated that the bank was actively working with each investor-sponsored program to be able to work with customers on deferment or modification of payments.

Mr. Schierhorn responded to Co-Chair von Imhof's comment and stated his bank was engaged with the Small Business Administration. The bank would actively support the program with regard to disaster relief financing and would work with other available programs. He highlighted several other agencies that could be leveraged to provide financing, and modifications to existing debt.

[10:15:48 AM](#)

CARA DURR, DIRECTOR OF PUBLIC ENGAGEMENT, FOOD BANK OF ALASKA, ANCHORAGE (via teleconference), spoke to food insecurity in the state. She relayed that Food Bank of Alaska was a statewide agency; there are three sister foodbanks in Kenai, Fairbanks, and Juneau. She stated that food insecurity and ensuring adequate food resources was a concern during the pandemic. She said that food pantries were bracing for a huge surge in need in the coming months.

Ms. Durr stated that the food bank was delivering food through the usual channels and was focusing on adapting to the rising needs and challenges the virus placed on the distribution model. She said that there was a lot of food already ordered that would arrive within the week. She thought that it was likely that the food bank would need to purchase some food locally to deal with the spike in need. She noted there had been an outpouring of community support in recent days.

Ms. Durr addressed action being taken on the congressional level, which could provide \$400 million in commodity purchases that might benefit foodbanks in the network. She said that mobile food pantry distribution had been adapted to minimize client exposure. She shared that grocery gift cards, donated by Safeway, would be distributed clients. She relayed that preparations for delivering boxes to seniors who wanted to stay in their homes had begun.

Ms. Durr thought the pre-boxed food option made the most sense during this time and stressed the need for volunteers

to assist with that effort. She noted that many of the foodbanks long-term volunteers were seniors and were currently self-isolating.

Ms. Durr addressed feeding kids while schools were closed. She stated that the state child nutrition programs had applied for waivers to help get food to kids. She said that grab and go meals were being provided. She was working with the state to identify schools that were having a hard time with the current model and was exploring a recently adopted USDA model that mailed food directly to school aged kids in rural communities. She said that additional resources for children and families in the form of supplemental EBT funds were available.

[10:19:38 AM](#)

Ms. Durr stressed that the Supplemental Nutrition Assistance Program SNAP was critical at this time. She said that after UI, SNAP was the most important response to a worsening economy. She commented that the Division of Public Assistance had done a good job in quickly applying for waivers and bracing for a spike in applications. She said that people who needed help with applying could contact the foodbank's outreach team. She shared that additional adjustments in the SNAP program were being considered on the federal level, such as raising the minimum benefit, which the foodbank supported wholeheartedly.

Ms. Durr thought that the foodbank was reasonable prepared as an anti-hunger network. She emphasized the importance of thinking long-term and emphasized the needs of rural areas. She commented on transportation costs. She stated that much of the commodities that would be received came with limited shipping dollars. She said that depending on the length of the pandemic and the magnitude of the economic recession, the foodbank could see a downturn in community donations in the coming months. She felt that state agencies that were going to be hit hard should have the resources that they need. She reiterated that all the resources she mentioned today, could be found on their website.

[10:21:33 AM](#)

Co-Chair von Imhof summarized that people could go to the Foodbank of Alaska or the United Way for further

information. She reminded that it was the state that might have to pay for things that federal dollars would not, such as shipping food to needy communities.

10:22:16 AM

ADAM ZIEGLER, EXECUTIVE DIRECTOR, NEW HOPE COMPASSIONATE MINISTRY, ANCHORAGE (via teleconference), stated that after the first week of social distancing, food pantries had seen an up to 50 percent increase in clients. He remarked that the Anchorage pantry saw a 20 percent increase in new clients. He said that Covenant House had reached out for assistance in feeding the youth served by that organization. He said that it had been found that SNAP benefits were not going as far as they used to as most of the food stockpiled by the general public has been low-cost food. He shared that people were increasingly losing their jobs and growing increasingly food insecure, especially when having to choose between paying for food or paying for utilities or rent.

Mr. Ziegler anticipated growing numbers over the next two to three weeks. He thought if the numbers increased by the same amount each week, there would be a strain on food security systems currently in place. He encouraged the committee to think of delayed response tactics. He said that the SNAP waiver for able bodied adults would be a good first step. He recommended fully funding the Homelessness Prevention program as well as investing in shipping and supply chains.

Mr. Ziegler mentioned an app called "Got Food?" as a resource that would provide information to legislators to give to constituents in need.

10:24:59 AM

Co-Chair von Imhof asked Mr. Ziegler about revenue sources for his agency.

Mr. Ziegler stated that the Anchorage programs were mostly privately funded, with a few business contributions. He said that his program did not receive state or federal funding and was anticipating reduced funding as people cut back on contributions.

Co-Chair von Imhof thought it might make sense to provide funding specifically for food pantries across the state.

[10:26:03 AM](#)

Co-Chair von Imhof thanked the testifiers for their time and information.

TYSON GALLAGHER, GCI, JUNEAU (via teleconference), referenced the massive increase in internet use during the quarantine. He stated the GCI had extended an offer statewide for current GCI customers; an upgrade to the next level, with more speed and data, would be offered for no charge. Additionally, non-GCI customers would be offered free entry level internet for the next two months.

Co-Chair von Imhof asked about the increased user volume.

Mr. Gallagher thought GCI felt confident in its ability to maintain its networks. He said that it depended on the technology that served a community; a middle-mile connection through fiber, satellite, or microwave technology could bring about capacity constraints.

[10:28:35 AM](#)

Senator Wilson asked whether a person would need to cancel the free upgrade after two months.

Mr. Gallagher informed that GCI would automatically upgrade customer plans and would automatically revert to original plans in two months. He said that people who were not currently customers but took advantage of the entry level plan would need to return the modem at the end of two months in order to not be charged.

Senator Wilson asked how the upgrade would work in rural areas where people used satellite and microwave to access internet service.

Mr. Gallagher said that GCI is working on the issue. He stated that GCI was devising scenarios where home install kits, with instructions, were being delivered. He noted that GCI had closed many of its stores and converted to them to call centers.

[10:30:16 AM](#)

Senator Hoffman thanked Mr. Gallagher for the service being offered. He asked how GCI was disseminating the information so that all people of Alaska could benefit, including those in the far reaches of the state.

Mr. Gallagher stated that GCI was currently trying to communicate to customers through email and social media. Additionally, GCI was working with commercial customers and business clients, and residential customers to communicate options. He relayed that GCI was working with eligible applicants to get them signed up for the FCC Lifeline Program, which would provide access to a low-cost wireless device that could be used as a hot spot. He shared that GCI was also working with the Department of Education to deliver education on a broader level.

Co-Chair von Imhof thanked the testifier for the information. She noted that there were granular questions that members could ask GCI directly. She added that there were many people waiting online to testify.

[10:32:07 AM](#)

Senator Olson considered the internet options for Alaska's students and teachers. He stated that he had authored a letter to GCI on March 17, 2020. He asked whether there was consideration being taken to provide service to student without charging extra fees.

Mr. Gallagher stated that GCI was taking steps to offer free additional data and speed to all GCI customers statewide - in rural and urban Alaska. He recognized that there would be simultaneous usage of the internet and different parts of the network had different constraints. He relayed that in order to keep the network viable on a broad scale and deliver premium levels of service to all, upgrades to the next plan would be made free of charge, which would provide the greatest lift to all while maintaining the network's viability.

Senator Olson appreciated the work being done by GCI.

[10:34:26 AM](#)

CHRISTINE O'CONNOR, EXECUTIVE DIRECTOR, ALASKA TELECOM ASSOCIATION, WASILLA (via teleconference), gave a brief update on the status of the Alaska Telecom Network during

the unfolding pandemic. She relayed that the goal of the network was to keep employees safe and customers connected. She stated that the association was following guidelines from the Centers for Disease Control (CDC) and the Alaska Department of Health and Social Services. She shared that the association was also following direction of Speaker Edmond and the Bush Caucus, which had advised against travel to villages. She said that the association was following the governor's daily travel and safety restrictions. She thought it was important to understand the different technologies that had different capabilities. She said that in more populated areas the connection was undersea fiber from South-Central Alaska to Seattle, which was robust and allowed for increased demand. She shared that over 80 percent of Alaskans were served by this fiber backhaul. She said that other areas were connected by satellite and microwave, which were more limited. She noted the concern that the networks might not be able to handle the influx of internet traffic and assured the committee that the load was being handled. She added that ACS had shared that the current increase in traffic was less than what was experienced when the last two versions of "Call of Duty" were released. She related that all providers were monitoring usage levels; monitoring network performance was standard practice to ensure proper traffic management, detect and resolve problems before they impact users, and minimize disruptions as soon as possible. She said that ATA members were working with communities to expand access to residents. She gave an example of drive-in hot spots in the Mat-Su so people could access the internet in their cars, which supported social distancing. She recognized that the current situation was bringing economic hardship to many across the state.

[10:37:31 AM](#)

Ms. O'Connor stated that ATA was committed to the "Keep Americans Connected" pledge, which included commitments to:

1. Not terminate service to any residential or small business customers because of their inability to pay bills dues to the disruption caused by the Corona virus pandemic.
2. Waive any late fees that any residential and small business customers incur because to their economic circumstances related to the Corona virus pandemic.

3. Open existing Wi-Fi hot spots to any American who needs them.

Ms. O'Connor stated that additional hot spots were being added. She furthered that families needing greater assistance could qualify for discounted internet services through the "Lifeline" program; more information on the program was available on every provider's website or by calling local providers. She relayed that ATA was working with all anchor institutions on what they need and how ATA could support them in the short and long-term. She stated that ATA was keeping close contact with other utilities and coordinating efforts to the maximum possible extent. She shared that ATA was coordinating with the federal response team and various state agencies working on the crisis. She said that ATA was working with the rural healthcare program participants to increase bandwidth for healthcare facilitates, as need, for no charge. She said that the length of time needed to implement the increases would depend on FCC guidance and the waiver of certain rules.

Ms. O'Connor addressed helping with educational needs while schools were closed. She stressed that ATA's member companies were committed to helping with education services; every provider was working with school districts throughout the state to provide solutions that fit their schools and the available networks. She continued that ATA was coordinating with Commissioner Johnson and the Alaska Council of School Administrators to do everything possible to help kids keep learning.

[10:40:44 AM](#)

Senator Wilson asked how many months the non-disconnect for lack of payment would be offered.

Ms. O'Connor thought the situation was developing daily. She stated that ATA was working with its national association and was in communication with the congressional delegation to identify resources that could be used for the long-term.

Co-Chair von Imhof thought the pandemic would last for months and would have unknown fallout. She thought it was important for everyone to stay flexible moving forward while keeping an eye on liquidity.

Co-Chair von Imhof commented on the importance of considering education when discussing connectivity.

[10:43:23 AM](#)

Co-Chair von Imhof addressed the topic of the supply chain.

BAL DREYFUS, SENIOR VICE PRESIDENT ALASKA, MATSON, ANCHORAGE (via teleconference), shared that the supply chain was operating without interruption. He stated that updates were available at matson.com. He stated that Matson was taking steps to ensure continued services, including the deployment of reserve vessels if needed. He explained that sailings (twice per week from Tacoma to Anchorage, twice weekly to Kodiak, weekly to Dutch Harbor) would continue. He thought people should feel comfortable and confident that goods were getting to market. He added that other carriers in the state were continuing service without interruption. He believed that the supply chain in the state was strong.

[10:45:30 AM](#)

Mr. Dreyfus commented that stakeholders had been working well together to ensure that goods were delivered to their appropriate destination. He shared that CDC updates and Coast Guard regulations were monitored to assure the safety of people and goods. He stressed that the teamwork within the supply chain, including customers, had been outstanding.

Mr. Dreyfus relayed that Matson had expanded its technology to allow more employees to work from home. He reiterated that there were reserve vessels that could be deployed if necessary.

Mr. Dreyfus acknowledged the importance of communication during the pandemic.

[10:48:09 AM](#)

Senator Olson thanked Mr. Dreyfus for keeping the supply chain open. He was concerned with the port in Tacoma and thought there had been issues with longshoremen not showing up for work. He had understood that the National Guard could be called in to make sure that the Northbound vessels were carrying the necessary goods.

Mr. Dreyfus stated that the labor on the West Coast had been very good - they came to work and got the job done.

Co-Chair von Imhof had shared the concern and wanted to ensure the Tacoma port stayed open for business.

[10:49:41 AM](#)

Senator Wilson asked about the port in Anchorage and whether there were any expected issues.

Mr. Dreyfus replied that there were no issues with the Anchorage port.

Co-Chair von Imhof said it was reassuring to know that goods and services were still coming to the state. She thought it was important to be sure that the state had enough medical supplies.

Co-Chair von Imhof thought that the morning's testimony had been reassuring. She noted that the UI bill needed to move out of committee soon.

[10:51:37 AM](#)

RECESSED

[3:05:47 PM](#)

RECONVENED

#hb308

HOUSE BILL NO. 308 am

"An Act relating to unemployment benefits during a period of state or national emergency resulting from a novel coronavirus disease (COVID-19) outbreak; and providing for an effective date."

[3:06:22 PM](#)

Co-Chair von Imhof relayed that the committee had heard the companion bill, SB 240 on March 19, 2020. She invited her staff to discuss changes in the legislation.

[3:06:59 PM](#)

JULI LUCKY, STAFF, SENATOR NATASHA VON IMHOF, stated that the changes in the Committee Substitute (CS) were minimal. She spoke to the Explanation of Changes (copy on file):

The Senate Finance CS for CS for House Bill 308 (FIN) has two differences from Senate Bill 240, which was heard in the Senate Finance Committee on March 19, 2020.

1. The period that the protections against disqualification in this bill apply has been lengthened to 120 days (from 90). The period starts when the bill becomes law or when a person applies, whichever is later.

2. The bill has a retroactive effective date to March 1, 2020. This change would result in minimal fiscal impact and will not require a new fiscal note.

Ms. Lucky reviewed previously published FN 1 from the Department of Labor and Workforce Development, OMB Component 2276. The fiscal note was indeterminate. The narrative spoke to why the note was indeterminate, and there would be a required regulation change. She stated that it was difficult to determine the fiscal impacts because the number of possible applicants was unknown.

[3:09:54 PM](#)

PATSY WESTCOTT, DIRECTOR, DIVISION OF EMPLOYMENT AND TRAINING SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), discussed the fiscal note. She shared that the division had already taken measures to realign staff to respond to the anticipated increase in workload. She stressed that the division was ready to respond to the workload, but the possible increase in applicants was unknown. She felt that additional federal authority could be needed.

[3:11:57 PM](#)

Co-Chair von Imhof thought the appropriate place to add the federal receipt authority was in the budget.

[3:12:22 PM](#)

Co-Chair von Imhof invited the sponsor to the table.

REPRESENTATIVE IVY SPONHOLZ, SPONSOR, supported all the changes in the current CS.

Senator Bishop MOVED to ADOPT proposed committee substitute for HB 308, Work Draft 31-LS1711\U (Wayne, 3/21/20). There being NO OBJECTION, it was so ordered.

[3:13:48 PM](#)

Senator Bishop asked whether Permanent Fund Dividends were included in base period wages.

Ms. Westcott answered in the negative.

Senator Bishop asked whether a federal dividend would be included in base period wages.

Ms. Westcott answered in the negative.

Senator Bishop asked whether independent contractors or sole based proprietorships would be covered under UI.

Ms. Westcott replied in the negative.

[3:14:29 PM](#)

Senator Wielechowski asked whether people who were employed by companies such as Uber and Lyft were covered by unemployment insurance.

Ms. Westcott stated "yes and no." She relayed that the legislature had exempted transportation network drivers from the definition of employment covered under UI. She said that the provision did not apply to drivers that carried cargo other than human passengers.

Senator Wielechowski asked whether there was a number of Uber and Lyft drivers that were being impacted by the COVID-19 virus.

Ms. Westcott did not have data on Uber and Lyft drivers in the state. The drivers were not covered under UI and were not required to report to the division.

[3:16:20 PM](#)

Senator Bishop MOVED to report SCS HB 308(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

SCS HB 308(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published indeterminate fiscal note: FN 1(LWF).

Co-Chair Stedman briefly told members that there were a couple of amendments and a brief presentation to consider for the Operating Budget. He hoped to be finished with the day's business "before dinner".

[3:17:32 PM](#)

RECESSED

[4:04:59 PM](#)

RECONVENED

[Co-Chair von Imhof handed the gavel to Co-Chair Stedman].

#hb205

CS FOR HOUSE BILL NO. 205(FIN)(Corrected) am(brf sup maj fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; making supplemental appropriations; and providing for an effective date."

[4:05:30 PM](#)

Co-Chair Stedman discussed the agenda. He explained that LFD had been invited to present an overview.

^PRESENTATION: SHORT and LONG-TERM IMPACTS OF BUDGET

[4:06:30 PM](#)

PAT PITNEY, DIRECTOR, LEGISLATIVE FINANCE DIVISION, discussed the presentation "State of Alaska - Short and Long-Term Revenue Impact and Impact on Budget Reserves" (copy on file). She stated that the presentation was a short slide deck that would illustrate the impact of the decline in the price of oil, as well as the impact on the POMV annual draw to the state.

[4:07:04 PM](#)

Ms. Pitney spoke to Slide 2, "Traditional (non-PMOV) Revenue, FY19-FY29," which showed a line graph. She noted that she would show three slides with graphs that were all scaled the same. The graph on Slide 2 showed traditional revenue, largely made up of petroleum revenue. She pointed out that the state was under \$3 billion in FY19 and expected to be at \$2 billion in fall 2020. The blue bar showed the fall forecast. There were additional sources of revenue from entities other than oil: marijuana tax, motor fuel tax, and corporate income tax.

Ms. Pitney noted that the red line showed a \$600 million difference, on average, across the timeframe FY21 through FY29, so the state had \$600 million less coming in through the traditional revenue streams. She said that the red line was based on \$40/bbl. She stated that the current price of oil hovered close to \$35/bbl. She relayed that assuming \$35/bbl oil on an inflation adjusted basis would result in \$700 million less; approximately \$1.2 billion in traditional revenue.

[4:09:16 PM](#)

Ms. Pitney discussed Slide 3, "POMV "Revenue, FY19-FY29," which showed a line graph. She explained that POMV took 5 percent of the permanent fund value on annual basis. She related that the POMV was calculated by only drawing from the fund the amount that, over time, the fund could continue to grow at inflation, so the fund value was strong for future generations. She said that at this point the state had \$2.9 billion from the POMV in FY19. She relayed that the effects of the market were delayed in the POMV because it was on a 5-year rolling average. At the peak, the state would have \$400 million less than expected from the fall revenue source. She discussed the slow recovery scenario:

**Slow recovery:** FY20 ending balance matches actual balance as of 3/19/20. No growth in FY21, then 10 percent growth for 5-years, then 7 percent growth. Peak impact of \$700 million in FY26.

[4:11:40 PM](#)

Ms. Pitney reviewed Slide 4, "Total Revenue, FY19-FY29," which showed a line graph that combined traditional revenue with the POMV revenue. She said that the fall revenue had been expected to be \$6 billion by FY29. She pointed out that the red bar was at 40/bbl and steady recovery, plus one draw with decent returns thereafter. She noted the \$1 billion dollar difference at the peak of the decline in FY26. She said that if the state took an additional year to recover at \$35/bbl, the difference was \$1.5 billion less in revenue per year. She highlighted that revenue would go from \$6 billion to \$4.6 billion in the out years. She said that the amazing figures was the cumulative impact on revenue. Cumulatively, the gap between the fall forecast and the \$40/bbl plus steady recovery, was a cumulative \$8 billion in revenue that did not exist in the state's revenue streams from what was considered last fall. She added that if oil stayed at \$35/bbl, the figure increased to \$11 billion. She stressed the significant differences in the state's fiscal situation over the last two-week period.

[4:13:39 PM](#)

Ms. Pitney showed Slide 5, "Scenario 1: \$40/bbl, POMV impact, Senate Finance Budget without Dividend, no Stimulus," which showed a table using modest revenue decline. She noted that the slide showed a modest, steady recovery of the permanent fund. The UGF assumption reflected a drop from \$4.8 billion in 2020, to \$4.4 billion in 2022. The total spending, not counting supplementals, was \$4.3 billion; there were \$360 million in supplementals. Included in last year's spending was a \$1600 dividend, which totaled \$1.1 billion. She said that because of the drop in revenue the division anticipated a \$728 million draw on the CBR, after \$142 from the CBR for the capital budget, and \$172 million from the SBR for dividends. She relayed that the year-end balance (June 30, 2020) for the CBR was expected to be \$1.5 billion. She furthered that coming into 2020 with the current spending level, additional capital budget items, and \$100 million in supplemental items, the state would have a \$300 million deficit (reflected on Line 12) without a dividend and without any money towards stimulus. The CBR would be drawn down to under \$1.4 billion. She directed committee attention to Line 18, which showed the CBR balance for FY20 through FY22. She noted the ERA balance on Line 20, which was \$16 billion in FY20, dropped to \$12 billion in FY 21 and \$10 billion in FY21, with lower returns into the ERA.

She said that under this scenario, assuming no stimulus and no dividend, the deficit would be \$500 million by FY22, with a CBR balance below \$1 billion. The ERA balance would be 8.5 billion.

[4:16:59 PM](#)

Ms. Pitney referenced Slide 6, "Scenario 2: \$40/bbl, POMV impact, Senate Finance Budget \$400/person Dividend, \$100M Stimulus," which showed the same table as the previous slide with the assumption of a \$400 dividend and \$100 million in stimulus. She relayed that under the scenario, FY 20 remained the same, FY21 brought the deficit to \$700 million and the CBR was drawn below \$1 billion. She noted that there were no additional draws to the ERA beyond the POMV. She said that in FY22 there would be a \$500 million deficit, before dividends or stimulus, which drew the CBR under \$600 million.

Ms. Pitney explained that given the tight cash flow arrangement, drawing the CBR below \$600 million would require another cash flow solution for the state. She thought that the \$563 million was as low as the CBR should drop unless another source of cash flow for the state was discovered.

[4:18:43 PM](#)

Ms. Pitney discussed Slide 7, "Scenario 3: \$40/bbl, POMV impact, Senate Finance Budget \$1000/person Dividend, \$300M Stimulus," which showed the same table as the previous two slides, but with a \$1000 dividend and \$300 million in stimulus. This scenario would result in a deficit of \$1.2 billion, which would draw the CBR down to \$600 million and would require an ad hoc draw from the ERA. The draw could be \$276 million - at \$40/bbl. She pointed out that in the next year, with no dividend and no stimulus, the deficit would be \$500 million and because the CBR was drawn down, another ad hoc draw would be required on the ERA.

Ms. Pitney explained that for every billion dollars draw out of the ERA, future annual POMV revenue was reduced by \$50 million. Future cash flows would be reduced, on top of what was going to happen due to the market and oil price crash.

[4:20:32 PM](#)

Senator Hoffman asked Ms. Pitney to review the deposits on Line 14.

Ms. Pitney explained that the deposits on Line 14 represented oil tax settlements. She relayed that the \$235 million was the amount already received in FY20, the additional numbers were estimates based on Department of Revenue's forecast.

4:21:30 PM

AT EASE

4:23:11 PM

RECONVENED

Co-Chair Stedman informed the public that the committee would now take up amendments on the operating budget.

Co-Chair Stedman MOVED to ADOPT Amendment 1 (copy on file):

DEPARTMENT: DCCED  
APPROPRIATION: AIDEA  
ALLOCATION: AIDEA

RESTORE: \$110.3 AIDEA Receipts (code 1102)

EXPLANATION: Corrects funding inadvertently removed

DEPARTMENT: LAW

APPROPRIATION: Civil Division

ALLOCATION: Labor and State Affairs

DELETE: \$400.0 UGF

ADD INTENT: It is the intent of the legislature that when making reductions to outside counsel contracts, the department use staff instead of outside contracts whenever possible; and the department should not make reductions to contracts if the contract is a possible revenue generator.

Co-Chair Stedman OBJECTED for discussion.

PETE ECKLUND, STAFF, SENATOR BERT STEDMAN, spoke to Amendment 1, which he described as a technical clean-up amendment.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

[4:25:12 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 2 (copy on file):

Agency: Environmental Conservation

Project:

Village Safe Water and Wastewater Infrastructure Projects

Village Safe Water and Wastewater Infrastructure Projects: Expansion, Upgrade. and Replacement of Existing Service

Amount:

\$20,900,000 Federal Receipts (1002)  
\$4,832,000 GF/Match (1003)  
\$200,000 Stat Desig (1108)

Village Safe Water and Wastewater Infrastructure Projects: First Time Service Projects

Amount:

\$31,350,000 Federal Receipts (1002)  
\$7,248,000 OF/Match (1003}  
\$300,000 Statutory Designated Program Receipts (1108)

Agency: Commerce, Community & Economic Development

Project:

Alaska Energy Authority - Rural Power Systems Upgrades

Amount:

\$12,500,000 Federal Receipts (1002)  
\$5,000,000 Unrestricted General Funds (1004)

APPROPRIATION: National Petroleum Reserve

ADD: NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. The amount received by the National Petroleum Reserve-Alaska special revenue fund (AS 37.05.530(a)) under 42 U.S.C. 6506a(1) or former 42 U.S.C. 6508 by August 31, 2020, estimated to be \$13,100,000, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program.

EXPLANATION: Fund the NPRA receipts, per the Governor's requested level.

Co-Chair Stedman OBJECTED for discussion.

Mr. Ecklund explained that Amendment 2 had three components. The first part would add the water and sewer projects across the state. The second part would add funding for rural power system upgrade to DECCED. The third was \$13.1 million for the National Petroleum Reserve Alaska Impact Grant Program.

Co-Chair Stedman WITHDREW his OBJECTION.

[4:26:45 PM](#)

Senator Olson stated that there was a name missing from the list of co-sponsors on the amendment.

Senator Bishop wanted to be a co-sponsor of the amendment, as well as Senator Wielechowski and Senator Wilson.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

[4:27:32 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 3, 31-GH2197\0.4 (Bruce, 3/21/20) (copy on file):

Page 74, following line 23:

Insert a new subsection to read:

"(d) The sum of \$680,000,000 is appropriated from the general fund to the dividend fund (AS 43.23.045(a))

for the payment of permanent fund dividends and for administrative and associated costs for the fiscal year ending June 30, 2021."

Reletter the following subsection accordingly.

Page 97, lines 29 - 30:

Delete "secs. 21(a), (b), and (d)"

Insert "secs. 21(a), (b), (d), and (e)"

Co-Chair Stedman OBJECTED for discussion.

Mr. Ecklund explained that the purpose of the amendment was to pay a \$1000 dividend in October.

Co-Chair Stedman understood that each qualified Alaskan would receive a \$1000 dividend.

Co-Chair von Imhof OBJECTED. She believed that paying a large dividend at this point had serious fiscal consequences. She asserted that the focus should be on paying stimulus money and Covid-19 associated money directly to the people who truly needed it for food security, energy assistance, and supplemental UI benefits.

Senator Wielechowski thought the amount was woefully inadequate. He said that people have been ordered out of work and he supported the recently passed UI legislation. He lamented that Alaska had the lowest unemployment replacement wage in the country. He argued that the \$1000 dollars was far below what was required in statute and was inadequate for the current crisis Alaskan were experiencing.

Senator Bishop agreed with Senator Wielechowski's comments - to a point. He was afraid the proposed dividend was the last one Alaskan's would receive for a while. He was concerned that future generations would not benefit in the same way as past and current generations.

[4:30:34 PM](#)

Senator Olson lamented that businesses were losing revenue and families continued to have expenses to pay. He found that the dividend amount was wanting but was a good first step in getting money to Alaskans.

Co-Chair Stedman WITHDREW his OBJECTION.

Co-Chair von Imhof MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Hoffman, Wilson, Olson, Stedman

OPPOSED: Bishop, Wielechowski, von Imhof

The MOTION PASSED (4/3). There being NO further OBJECTION, Amendment 3 was ADOPTED.

4:32:02 PM

AT EASE

4:34:12 PM

RECONVENED

Co-Chair Stedman stated that there was a conceptual amendment brought to the committee by Senator Wielechowski.

Senator Wielechowski MOVED to ADOPT Conceptual Amendment 4:

An emergency PFD of \$1,000 payable to each individual who is eligible to receive a 2020 Permanent Fund Dividend to be appropriated from the Earnings Reserve Account to the dividend fund payable on June 15, 2020.

Co-Chair Stedman OBJECTED for discussion.

Co-Chair Stedman summarized that the conceptual amendment was for an additional \$1000 dividend from the ERA to be paid out June 15, 2020.

Senator Wielechowski offered rationale for the amendment. He explained that the COVID-19 virus had caused an unprecedented unemployment, which was not likely to end soon. The conceptual amendment would provide a payment out of the ERA for every man, woman, and child who was eligible for a 2020 dividend. He was worried for the people in his district, in which there were many low-income people that worked in restaurants, hotels, gyms, and were struggling. He thought the amount of money in the amendment was small considering the magnitude of the crisis. He expressed great concern for the financial hardships and suffering of the people of Alaska.

[4:37:55 PM](#)

Senator Wilson asked whether the amendment applied to the 2020 application process.

Co-Chair Stedman stated in the affirmative.

Senator Wielechowski thought the amendment was better to base off the applicants that were due by March 31, 2020. Giving until June 15<sup>th</sup> would allow a determination of who was legitimately eligible.

[4:38:59 PM](#)

Co-Chair von Imhof asked Senator Wielechowski to check whether the governor had extended the application period for a PFD.

Senator Wielechowski stated if there had been an extension, he would be happy to amend his amendment.

[4:39:41 PM](#)

Senator Olson believed that the communities he represented could use the additional funds sooner rather than later.

Co-Chair Stedman thought there was clearly a need for relief for citizens across the state. He thought the federal government was targeting May and June for assistance. He considered that the severity of the economic downturn could extend into 2021. He did not believe that the virus and its effects would only last several months. He felt that the severity of the draw to support the amendment was not prudent at this time.

Co-Chair Stedman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Olson, Wielechowski  
OPPOSED: Hoffman, Bishop, von Imhof, Stedman

The MOTION to adopt Conceptual Amendment 4 FAILED (3/4).

[4:43:21 PM](#)

AT EASE

4:43:41 PM

RECONVENED

Co-Chair Stedman checked in with committee members to determine whether anyone needed further explanation of the amendments.

Co-Chair von Imhof MOVED to report SCS CSHB 205(FIN) out of Committee with individual recommendations. There being NO OBJECTION, it was so ordered.

SCS CSHB 205(FIN) was REPORTED out of committee with two "do pass" recommendations and five "amend" recommendations.

Co-Chair Stedman explained that the bill would move next to the Senate Rules Committee and then it would move to the Senate Floor.

4:45:29 PM

AT EASE

4:47:45 PM

RECONVENED

Co-Chair Stedman relayed that there would be a 9:00 am meeting the following morning, but he expected a delay. There was a floor session scheduled for 11:00am. He anticipated the committee would meet at 1 PM. He thanked everyone for coming to work on a Saturday and stressed that the committee was on an expedited schedule to get ahead of the virus and keep people safe.

#

ADJOURNMENT

4:48:40 PM

The meeting was adjourned at 4:48 p.m.