

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 10, 2022

8:04 a.m.

MEMBERS PRESENT

Representative Sara Hannan, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Josiah Patkotak, Vice Chair
Representative Harriet Drummond
Representative Ken McCarty
Representative Kevin McCabe

MEMBERS ABSENT

Representative Mike Prax

COMMITTEE CALENDAR

CONFIRMATION HEARING(S): DEPARTMENT OF COMMERCE~ COMMUNITY &
ECONOMIC DEVELOPMENT - COMMISSIONER

- HEARD

HOUSE BILL NO. 309

"An Act exempting candidates for municipal office and municipal office holders in municipalities with a population of 15,000 or less from financial or business interest reporting requirements; relating to campaign finance reporting by certain groups; and providing for an effective date."

- MOVED CSHB 309(CRA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 309

SHORT TITLE: APOC; CAMPAIGN CONTRIBUTIONS/REPORTING

SPONSOR(S): REPRESENTATIVE(S) KREISS-TOMKINS

02/07/22	(H)	READ THE FIRST TIME - REFERRALS
02/07/22	(H)	CRA, STA
03/03/22	(H)	CRA AT 8:00 AM BARNES 124
03/03/22	(H)	Heard & Held
03/03/22	(H)	MINUTE(CRA)
03/08/22	(H)	CRA AT 8:00 AM BARNES 124
03/08/22	(H)	Heard & Held

03/08/22 (H) MINUTE (CRA)
03/10/22 (H) CRA AT 8:00 AM BARNES 124

WITNESS REGISTER

JULIE SANDE, Appointee, Commissioner Designee
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Testified as appointee to the position of commissioner designee of the Department of Commerce, Community & Economic Development.

NILS ANDREASSEN, Executive Director
Alaska Municipal League
Juneau, Alaska

POSITION STATEMENT: Testified and responded to questions during the hearing on HB 309.

REPRESENTATIVE JONATHAN KRIESS-TOMKINS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, answered questions during the hearing on HB 309.

HEATHER HEBDON, Executive Director
Alaska Public Offices Commission
Anchorage, Alaska

POSITION STATEMENT: Responded to questions during the hearing on HB 309.

ACTION NARRATIVE

[8:04:39 AM](#)

CO-CHAIR CALVIN SCHRAGE called the House Community and Regional Affairs Standing Committee meeting to order at 8:04 a.m. Representatives McCarty, Drummond, McCabe, Hannan, and Schrage were present at the call to order. Representative Patkotak arrived as the meeting was in progress.

CONFIRMATION HEARING(S): Department of Commerce, Community & Economic Development - Commissioner

[8:05:10 AM](#)

CO-CHAIR SCHRAGE announced that the first order of business would be the confirmation hearing for the governor's appointee

for commissioner of the Department of Commerce, Community & Economic Development.

8:05:38 AM

JULIE SANDE, Appointee, Commissioner Designee, Department of Commerce, Community & Economic Development, introduced herself and shared her early life experiences, including working with elders at the Alaska Pioneer Homes, where she learned the importance of having a vision and being a good neighbor. She stated her education and career background, as stated in her resume [included in the committee packet], noting that her career was primarily in the field of health care. She expressed how experience in small, private business ownership and the public sector had shaped her. She mentioned large-scale projects and energy projects in the state, with which she has been involved, including the Alaska Industrial Development and Export Authority (AIDEA) and the Alaska Energy Authority. She added that she is good at multi-tasking, which she has quickly learned is necessary in her role as commissioner designee.

8:10:49 AM

COMMISSIONER DESIGNEE SANDE, in response to a question from Representative McCabe about her vision for the department, noted that most businesses in Alaska are small ones, and she likes to figure out ways to partner with those in Alaska doing great work and encouraging small businesses. She recognized that there are challenges within the Department of Commerce, Community & Economic Development (DCCED), noting that one project that will be in the forefront is the expansion of broadband. In response to a follow-up question, she responded that one of the biggest roadblocks will be regulation, some of the challenges of which stem from the pandemic. She explained that there has been a 20 percent increase in issuance of licenses, while the turnover rate at one point was 50 percent, which makes it difficult to turn out work. She said she sees opportunities there to incorporate some shorter-term solutions to address frustrations and improve customer service. She concluded that [ensuring a strong] workforce is one of the primary challenges she faces currently.

8:14:34 AM

COMMISSIONER DESIGNEE SANDE, in response to a question from Representative Drummond regarding Commissioner Designee Sande's time as administrator at the Ketchikan Pioneer Home during a fee

increase, said that increase was heartbreaking, because she cared about the residents. From an administrative perspective, the increase was overdue. So, although it did not feel good, it was necessary. She said the Pioneer Homes are unique to Alaska, and she talked about the wisdom of the residents. In response to a follow-up question, she recollected that one resident had to move out to live with her daughter [because of the fee increase], but none had to leave Alaska. She said the Pioneer Home does not ask anyone to leave.

[8:19:29 AM](#)

COMMISSIONER DESIGNEE SANDE, in response to a second set of questions from Representative Drummond regarding the governor's transfer of specialists from DCCED to the Office of the Governor, said she has a close working relationship with a couple folks who work in the Anchorage office; the economic development team in the Office of the Governor works closely with her office to place people with the right resources and contacts in the state.

[8:21:44 AM](#)

COMMISSIONER DESIGNEE SANDE, in response to a query from Co-Chair Hannan, confirmed that she had to give up her public seats on AIDEA and the Alaska Export Authority boards; she moved over to the seat designated for the commissioner on both boards.

[8:23:30 AM](#)

COMMISSIONER DESIGNEE SANDE, in response to Representative McCarty, discussed the mission of ensuring a healthy economy while protecting consumers. She said the number one priority is to have a strong workforce, and that involves getting people to work faster and generate licenses faster. She said DCCED has \$1.8 billion in its budget. She talked about grant funding in play to help individuals and businesses. She also mentioned broadband and mariculture, tourism, and grant funding as factors in moving the economy forward. To a follow-up question, she noted that DCCED works closely with the Alaska Community Foundation, and she talked about the need for funding during the pandemic and the help the foundation provided in ensuring nonprofit agencies [seeking funding] were reputable. She talked about determining how each nonprofit differs from the other in what it offers and whether they could stand on their own when the grant funding ends - factors important in the viability of the organizations.

8:30:06 AM

COMMISSIONER DESIGNEE SANDE, in response to a question from Representative Patkotak regarding recruitment and retention, noted a wise person once told her that the emphasis always should be on retention first, then recruitment. She said everyone is experiencing the crisis in workforce development. She said the job cannot be done without folks who can do the job and want to work. She said she is asking managers what they need to retain those on their teams. She said she also thinks there are opportunities to change how the state operates its system, and she is working with the Department of Labor and Workforce Development (DLWD) on that issue. She suggested there may be hiring practices that are causing delays. She mentioned "the compact bill" and reciprocity across states for acceptance of certain licenses. This would shorten delays in hiring and the need for new licensure. She allowed that this would not be feasible for all licenses, but for many, it would. She said a statewide telework agreement would also be helpful.

8:37:20 AM

COMMISSIONER DESIGNEE SANDE responded to a question about affordable housing and workforce development, which she said go hand in hand. She emphasized the importance of buying Alaska products and hiring people from Alaska communities. She mentioned apprenticeship programs. She said DCCED will spend time on the broadband component of [workforce development], and it is involved in the discussion with rural Alaska regarding water and sewer pipe construction.

8:39:23 AM

COMMISSIONER DESIGNEE SANDE, in response to a question from Co-Chair Hannan about possible uses for retired Alaska Marine Highway System vessels, indicated that when she had worked at the Pioneer Home years ago and there was consideration of having to move residents out to perform maintenance, she had considered the unused ferry sitting offshore as temporary housing.

8:43:03 AM

COMMISSIONER DESIGNEE SANDE, in response to Representative Drummond's remarks about the lack of a defined benefit program currently in Alaska and the loss of teachers, observed that Alaska is in a workforce crisis she had never before

encountered. She talked about putting aside differences and working toward a solution. She said the state trains people well and invests in people, and the question is: "Why do folks move on?" She spoke about the need for a defined opportunity for growth within departments.

[8:49:19 AM](#)

COMMISSIONER DESIGNEE SANDE, in response to a question from Representative McCabe about the health of private sector businesses, expressed her appreciation for those who are focused on these issues. She said she does not know how the private sector will address [retention and economic growth]. She talked about supply chain issues and loss of employees and the struggle small companies face in that regard, and she pointed out the need to determine what small companies can offer that larger companies cannot. She then discussed the need for flexibility within the state to be open to allowing some of the things offered by the private sector, such as teleworking.

CO-CHAIR SCHRAGE echoed the importance of offering flexibility and [substantial] wages and benefits in retaining employees.

COMMISSIONER DESIGNEE SANDE, in response to a follow-up question from Representative McCabe, said she has observed that the legislature supports doing all it can to promote flexibility. She mentioned workers being hired from other communities to work remotely. She said she will be looking at possible processes that need to be put in place.

[8:56:12 AM](#)

REPRESENTATIVE DRUMMOND pointed out that private sector employers provide social security; the State of Alaska has not done so since it was given permission not to do so when it initiated a defined benefit system years ago.

[8:57:14 AM](#)

COMMISSIONER DESIGNEE SANDE, in response to Representative McCarty's observation that some employees seem to have a sense of entitlement to stay home to work, admitted that she is "kind of old school," but she envisions a hybrid model. She talked about some positions being more conducive to telework while for others, telework is not appropriate, such as jobs that interface frequently with the public. She talked about acknowledging where office space may no longer be necessary in order to reduce

state spending. She talked about the public's perception of state workers as stewards of the state and the importance of "doing it right."

[9:02:55 AM](#)

COMMISSIONER DESIGNEE SANDE, in response to remarks by Co-Chair Hannan regarding the costs involved in allowing employees to work from home, advised that this issue is one in which she has no involvement within DCCED. Notwithstanding that, she said she is confident that other commissioners are addressing the issue. She mentioned broadband connection again and the possibility for connection for those who cannot travel to larger communities but have talents to share.

[9:06:35 AM](#)

REPRESENTATIVE DRUMMOND commented about the Atwood Building in Anchorage and the compacting of modular units that resulted in a savings to the state.

[9:08:24 AM](#)

CO-CHAIR SCHRAGE opened public testimony on the confirmation hearing for the governor's appointee for commissioner of the Department of Commerce, Community & Economic Development. After ascertaining there was no one who wished to testify, he closed public testimony.

CO-CHAIR SCHRAGE thanked Commissioner Designee Sande for her participation. He said the committee would take a brief at-ease to sign the confirmation report [forwarding the name of Julie Sande, Appointee, Commissioner Designee to the Department of Commerce, Community & Economic Development to a joint session of the House and Senate]. He reminded the committee that their signatures on the report do not reflect their intent to vote for or against the confirmation during any further sessions.

[9:08:55 AM](#)

The committee took an at-ease from 9:09 a.m. to 9:12 a.m.

HB 309-APOC; CAMPAIGN CONTRIBUTIONS/REPORTING

[9:12:06 AM](#)

CO-CHAIR SCHRAGE announced that the final order of business would be HOUSE BILL NO. 309, "An Act exempting candidates for municipal office and municipal office holders in municipalities with a population of 15,000 or less from financial or business interest reporting requirements; relating to campaign finance reporting by certain groups; and providing for an effective date." [Before the committee, adopted as a working document on 3/3/22, was the proposed committee substitute (CS) for HB 309, Version 32-LS0540\G, Bullard, 2/24/22 ("Version G").]

[9:12:25 AM](#)

NILS ANDREASSEN, Executive Director, Alaska Municipal League, stated that the Alaska Municipal League (AML) has not had the opportunity to identify its position in support of or opposition to the proposed legislation. He spoke about "the burden of participation" - finding folks to run for local offices - and he emphasized the importance of encouraging participation. He said AML checked in with several members of the legislature, who were supportive of HB 309 and easing onerous requirements [to apply for elected positions] while ensuring adequate safeguards. He opined this is an important issue and HB 309 takes steps to improve the system. He said AML would take time to consider "what else is out there" to improve the election process for local officials.

[9:15:08 AM](#)

CO-CHAIR HANNAN noted that 136 governments in Alaska "have opted out," and HB 309 would potentially affect 25. She questioned why the other smaller communities are not opting out when the majority of local governments have. She asked, "What is the struggle to opting out versus changing statutes so you don't have to comply?"

MR. ANDREASSEN answered it could be the limited capacity of some of these local governments; they may not be aware of current statutes or what steps they can or should take in response to statute. He speculated that so many opting out may be "a symptom of the larger system that's in place." He suggested AML and the state may have a larger role in conveying the options to those small governments.

CO-CHAIR HANNAN asked whether AML had heard from the Boroughs of Ketchikan Gateway, Kodiak Island, North Slope, Wasilla, or Skagway. She said she is struggling to understand the scope of the problem. She said Alaska has a "deep disclosure" and

"Alaskans have gotten used to having that information available." She said she can understand Edna Bay, with a population of 43, as having difficulty with the requirements; however, she noted Edna Bay already does not have to file because of [its low population count]. She asked whether AML has heard from local governments "that they can't comply."

MR. ANDREASSEN answered no, but noted that AML has not asked all the communities. He said HB 309 would provide the opportunity for AML to "dig a little bit deeper." Those communities AML has asked have given feedback that they "have had issues with how things are currently structured." He said he could get back to Co-Chair Hannan about those communities she had specifically asked about.

[9:18:58 AM](#)

REPRESENTATIVE JONATHAN KRIESS-TOMKINS, Alaska State Legislature, as prime sponsor of HB 309, said one question to ask is whether the rule makes sense and adds value. He indicated it does not make sense to require filing for Edna Bay City Council members when the population there is just 43. Regarding compliance, he said he had heard from the mayor of Nome, Alaska, that it is "a pain in the butt." He said he would not be surprised if the list of communities that opts out continues to grow. He advised that many smaller communities can be saved the time if only larger communities fall under the requirement. He said when public officials are managing "tens of hundreds of millions of dollars," then it makes sense to have that level of transparency. The intent is to make it easier on those in smaller communities where that is not necessary. He speculated that the Alaska Public Offices Commission (APOC) has spent time "chasing down" city council members in the smaller communities to fill out the forms; so, it is a mutually time-consuming process.

[9:22:02 AM](#)

HEATHER HEBDON, Executive Director, Alaska Public Offices Commission, echoing the comments of the bill sponsor, said APOC finds that in the small communities, council members may serve in a volunteer capacity, and many of them come and go, not serving a full term. She said they have to file a financial statement, an annual statement, a final statement, and a cycle of paperwork, and sometimes they are holding these positions for less than a three-year term. Further, she noted that many don't have an office and struggle with inconsistent mail service and

limited connectivity [to the Internet]. She said the forms are being filed with the official's clerk, for example, and APOC is not even seeing the forms. These are the communities disadvantaged by the penalties for late filing, because the fees for late filing are disproportionate for small communities. She acknowledged that the North Slope Borough has money "flowing through" but shares other disadvantages of smaller communities, such as issues with connectivity. She concluded, "People aren't requesting copies of these statements; I don't know that ... it's serving a public interest having to go through this."

[9:25:09 AM](#)

CO-CHAIR HANNAN pointed to a [4-page] spreadsheet [included in the committee packet, which lists those municipalities that are or are not subject to a public official financial disclosure (POFD)]. She asked for confirmation that "the bottom swath" - municipalities with populations less than 1,000, including Edna Bay - are exempt from filing a POFD.

MS. HEBDON clarified that candidates of communities listed in the bottom swath of the spreadsheet are not required to file at the time they submit their candidate petition to run for office; however, once elected, they are required to file.

CO-CHAIR HANNAN noted Skagway, one of the municipalities she represents, would be exempted under HB 309, and she indicated that Skagway has not chosen to adopt an ordinance to opt out. She asked Ms. Hebdon to note the communities that are "still struggling with this" in order to identify where the population break is.

[9:27:51 AM](#)

MS. HEBDON posited that drawing "a line in the sand" is a policy call for the legislature, and she reiterated her previous concerns regarding the smaller communities - especially those with populations of less than 1,000. She remarked that more sophisticated municipalities may be capable, but she cannot say they meet their requirements any better, because many municipalities with populations of 1,500 down to 1,000 continue to struggle. She noted that the clerks' offices in the municipalities are the record holders, and they need to communicate with APOC.

[9:29:23 AM](#)

REPRESENTATIVE KREISS-TOMKINS added that it is a question of what makes sense in terms of a default and whether the state should be putting forward this mandate for all communities when there has been minimal interest, in terms of [the public] inquiring about POFDs. He talked about allowing a community to decide "what makes sense to them from a POFD basis."

[9:30:41 AM](#)

REPRESENTATIVE MCCARTY offered his understanding that the premise of HB 309 is "to have transparency of the integrity of candidates." He talked about how in small communities people know the business of everyone. He asked why "the 15,000 number" is seen as a problem. He then asked about the issues of mail delays and whether viable candidates are being prohibited from running for office.

REPRESENTATIVE KREISS-TOMKINS responded that the question of the threshold is a policy call. Currently the line is 1,000, and under HB 309 it would be 15,000. He said he thinks the higher number makes sense based on observations from APOC and Mr. Andreassen. To the issue of how candidates are being prohibited from running for office, he referred to testimony heard at a previous meeting from the mayor of the City of Nome, as well as written testimony from Mr. Walker [included in the committee packet]. The issue is the hassle and time it takes to file the forms being a disincentive to running for office. He noted that planning commissions fall under the requirement, as well.

[9:37:37 AM](#)

MR. ANDREASSEN, to the questions from Co-Chair Hannan and Representative McCarty, advised that it is important to remember how diverse the communities on the spread sheet are. He said population is one factor. Other factors include class of city or borough, total revenue and responsibilities, geographic area, and diversity. He proffered that communities have not identified this as a challenge because they follow the law and "prioritize their communications to the legislature." He advised that the more that is added to the number of requirements of municipalities, the more reduced is their ability to respond to all other priorities. He asked the committee to keep in mind that the clerks responsible for this filing are responsible for a multitude of other tasks in these smaller municipalities. He advised that the more that can be done to reduce their obligations, the better. He encouraged

allowing these smaller municipalities to focus on the things that matter, such as public safety, education, and elections.

[9:41:32 AM](#)

REPRESENTATIVE MCCABE asked whether the City of Fairbanks, with a population of 31,668, would maintain its opt out status under HB 309.

REPRESENTATIVE KREISS-TOMKINS confirmed that under HB 309, the communities that had already opted out would continue to be opted out.

REPRESENTATIVE MCCABE observed that the threshold proposed under HB 309 is targeted to help smaller areas where everyone knows his/her neighbor. He pointed to the Boroughs of Kodiak and North Slope as two that would be included under the 15,000 threshold but are spread out. He suggested the inclusion of those boroughs may "change the paradigm of what you're trying to do with this bill."

[9:44:32 AM](#)

REPRESENTATIVE KREISS-TOMKINS reflected that that is an accurate assessment, and he suggested the threshold could be modified to, for example, 10,000 to try to capture the larger boroughs mentioned by Representative McCabe. He said he would not oppose an amendment to that effect.

[9:45:27 AM](#)

REPRESENTATIVE PATKOTAK noted that he had served on the assembly of the North Slope Borough, and he had not realized the borough was "potentially exempted from it." Regarding boards and commissions, he noted some assembly members dealt with geobonding and investment committee members dealt with the Alaska permanent fund - both dealing with large amounts of money. He said for those types of boards and commissions, he thinks having a disclosure requirement in place is diligent. On the other hand, the Inupiat [Heritage] Center boards and commissions dealt with "things that are less financial in nature," and he could see where the filing requirement for such an entity would be cumbersome. He offered his understanding that under HB 309, those municipalities under 15,000 would have the opportunity to opt in, and he asked whether there could be a choice to select which boards and commissions to opt in on.

REPRESENTATIVE KREISS-TOMKINS responded that he thinks that opportunity would exist in that each borough would have the prerogative "to make those calls."

REPRESENTATIVE PATKOTAK, based on that response, said he would be more comfortable with the 15,000 threshold currently proposed under HB 309.

[9:50:10 AM](#)

CO-CHAIR HANNAN noted that Mr. Andreassen had referenced that perhaps it is "not just the population threshold." She questioned whether the bill sponsor had considered the style of government. She mentioned those who volunteer with zoning commissions and the conflict that can come from that. She further mentioned the powers of property taxation and police powers and said she thinks "there's some assurance to the community that their government is working on their behalf, not on a personal self-interest." She stated she has no problem exempting communities under 1,000, but 15,000 is "way too high." She posited that the consideration is not just population but the type and structure of government, and she asked the bill sponsor whether he had considered this.

REPRESENTATIVE KREISS-TOMKINS answered, "I can't say we have." He said it makes sense to give each community the ability to decide what it wants and eliminate the state's "blanket mandate." Given feedback and information available, he said he would hesitate "to start breaking out different types of governments against others when it seems like, more or less, the reality's been the same across all types of governments."

[9:54:28 AM](#)

The committee took an at-ease from 9:54 a.m. to 9:55 a.m.

[9:55:28 AM](#)

REPRESENTATIVE MCCARTY suggested the question is whether APOC is the sole source for collecting information related to integrity and transparency. He reflected that quite a few communities have opted out, thus taking that burden off APOC. He said he has not heard during any testimony that the opting out has been a problem. He said he is "good with the 15,000" and "keeping the integrity of this."

[9:57:51 AM](#)

REPRESENTATIVE MCCABE said he would not offer the amendment he had prepared.

[9:58:00 AM](#)

CO-CHAIR HANNAN moved to adopt Amendment 1 to HB 309, Version G, labeled 32-LS0540\I.1, Bullard, 3/8/22, which read as follows:

Page 1, line 2:
Delete "15,000"
Insert "3,000"

Page 2, line 31:
Delete "15,000"
Insert "3,000 [15,000]"

Page 4, line 17:
Delete "15,000"
Insert "3,000"

Page 4, line 27:
Delete "15,000"
Insert "3,000"

Page 5, line 12:
Delete "15,000"
Insert "3,000"

Page 6, line 6:
Delete "15,000"
Insert "3,000"

[9:58:03 AM](#)

CO-CHAIR SCHRAGE objected for the purpose of discussion.

CO-CHAIR HANNAN spoke to Amendment 1, which she noted had been the one she anticipated Representative McCabe would have offered but did not. She said the threshold would be dropped to 3,000. She reiterated that she understands the burden to the smallest of communities. She pointed out that many of the 35 municipalities that would be included under HB 309 are functional first-class cities and boroughs, and she does not think they should be exempt. Changing the number to 3,000 would include the City of Skagway. She reiterated that a larger number is too high. She emphasized that she does not want to

take the public disclosure information out of the record. She noted that Amendment 1 had been drafted to align with the original bill version, so the line numbering needs to be corrected for Version G.

CO-CHAIR SCHRAGE said if Amendment 1 were to pass, the committee would give Legislative Legal Services the authority to make any conforming changes.

[10:00:33 AM](#)

REPRESENTATIVE PATKOTAK said he would be more attuned to supporting an amendment with the hybrid idea he suggested previously.

[10:00:52 AM](#)

CO-CHAIR SCHRAGE maintained his objection.

[10:00:54 AM](#)

A roll call vote was taken. Representatives Drummond and Hannan voted in favor of the motion to adopt Amendment 1 to HB 309, Version G. Representatives McCarty, McCabe, Patkotak, and Schrage voted against it. Therefore, Amendment 1 failed to be adopted by a vote of 2-4.

[10:01:49 AM](#)

CO-CHAIR HANNAN moved to report CSHB 309, Version 32-LS0540\G, Bullard, 2/24/22, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 309(CRA) was reported out of the House Community and Regional Affairs Standing Committee.

[10:02:51 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 10:03 a.m.