

HOUSE FINANCE COMMITTEE
March 2, 2022
9:04 a.m.

9:04:35 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Sara Rasmussen

ALSO PRESENT

Representative Kevin McCabe, Bill Sponsor; Kelly Howell, Special Assistant to the Commissioner, Department of Public Safety; Representative Chris Tuck, Bill Sponsor.

PRESENT VIA TELECONFERENCE

David Wilson, Captain, Alaska State Troopers, Department of Public Safety; Julie Morris, Staff, Representative Kevin McCabe; Jeffrey Schmitz, Director, Division of Motor Vehicles, Department of Administration.

SUMMARY

HB 166 ONE LICENSE PLATE PER VEHICLE

HB 166 was HEARD and HELD in committee for further consideration.

HB 177 REVISED PROGRAM: APPROPRIATIONS

HB 177 was HEARD and HELD in committee for further consideration.

HB 281 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 281 was SCHEDULED but not HEARD.

HB 282 APPROP: MENTAL HEALTH BUDGET

HB 282 was SCHEDULED but not HEARD.

Co-Chair Merrick reviewed the meeting agenda.

#hb166

HOUSE BILL NO. 166

"An Act relating to the issuance of vehicle registration plates."

[9:05:22 AM](#)

REPRESENTATIVE KEVIN MCCABE, BILL SPONSOR, explained that the bill would take Alaska vehicles from a two-plate requirement to a one-plate requirement. He described HB 166 as a budget bill meant to bring savings to the state. He thought the legislature was past the point of making large budget cuts and legislators were looking for places to make "surgical efficiencies." His office had spoken extensively with police departments and the Department of Public Safety (DPS). He detailed the entities had reported five citations in 2020 and one citation in 2019. He explained the citations were fix-it tickets that generated no revenue for the state. He believed the state should save some money in the production and distribution of the plates. He detailed that the bill did not impact any program, service, or jobs. The plates were generated by a company contracted by the Division of Motor Vehicles (DMV). He viewed the bill as a surgical change and pointed to the fiscal note showing a cost savings of \$332,000. He thought it would be helpful to the state if the legislature could make numerous "small surgical changes."

9:07:29 AM

Representative Wool asked if the customer paying for their license plate would be charged less for one plate instead of two.

Representative McCabe replied that Alaska was different than most other states on the topic. He explained that in most other states a vehicle owner paid a registration fee and purchased the plates. He clarified that in Alaska, individuals paid the registration fee, and the state bought the plates. He elaborated that according to the Department of Administration (DOA), the bill would mean the state would only have to purchase one plate per vehicle, which would result in savings to the state. He supposed the costs could be passed to citizens, but the registration was not that big, and it would be a wash.

Representative Wool clarified that he did not really want to change any other fee structures and did not support changing fee structures for vehicle registration. He asked for verification that because the bill only required one license plate per vehicle, it would be possible for a person to legally put on a plate of their favorite sports team.

Representative McCabe agreed.

Representative Thompson referenced specialty plates. He asked for verification that vehicle owners would not be disallowed from having a front plate as well. He surmised a person could continue to purchase and pay for specialty plates to install on the front and back of their vehicle.

Representative McCabe agreed.

Representative Thompson thought it sounded good.

Vice-Chair Ortiz thanked the sponsor for bringing the bill forward and appreciated that making small savings in various locations could add up. He asked if there had been any element of added safety for law enforcement to identify vehicles more easily with two plates.

Representative McCabe did not know the precise history behind the use of two plates. He stated that traffic had been slower in the past when plates had been put in. He

stated that especially with new cars, the front license plate interfered with the radar sensors, cameras, and proximity sensors placed on front bumpers. He explained that most new cars, including hybrid and electric, were not equipped with front plates and it was necessary to drill holes in the bumper or get an after market license plate holder. He believed the bill moved Alaska forward with the technology. His office had checked with the various police departments and DPS. He noted that individuals from the organizations were available online.

Representative McCabe identified the Anchorage Police Department (APD) as the only police department that had a problem with the bill. He elaborated that APD had stated the change would take a tool away from the department. He informed the committee that DPS was neutral on the bill and had communicated it would deal with whatever the legislature decided. He added that one of the police departments in the [Mat-Su] valley had communicated it would not be enthusiastic about the change, but it was not that big of a deal. Based on his own personal survey, he observed that about one in ten vehicles did not have a front plate or it was not visible at night due to snow or mud. He wondered why the state should spend the money on the plate if it was not ticketing for its absence.

[9:12:57 AM](#)

Vice-Chair Ortiz thought it sounded reasonable. He asked if current law required vehicles to have front and back plates.

Representative McCabe answered vehicles were currently statutorily required to have front and back plates, but it was not enforced. He noted the penalty was a fix-it ticket. He added he had supporting documents from individuals stating they would rather get a fix-it ticket than drill holes in their Jaguar or expensive truck bumpers.

Representative LeBon recognized there was a representative present from DPS.

[9:14:09 AM](#)

KELLY HOWELL, SPECIAL ASSISTANT TO THE COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, stated that the department did not have a position on the bill. The department would

enforce whatever laws the legislature deemed necessary and prudent. She noted there was a captain with the Alaska State Troopers on the line who could answer questions regarding enforcement.

DAVID WILSON, CAPTAIN, ALASKA STATE TROOPERS, DEPARTMENT OF PUBLIC SAFETY (via teleconference), shared that he had been a state trooper for 20 years and had been assigned to a variety of things including petrol, investigations, and the director's office. He noted that DPS did not have a position on the bill and would do whatever was necessary to modify its current work in order to accommodate any changes. There were a couple of things the department did where front plates were helpful. For example, when a collision occurred and there was a criminal charge, the offender was typically hitting someone with their car instead of getting hit by someone. He explained that front plates often fell off at hit-and-run sites, which helped the department. He noted it did not mean the department would not be able to find the offender in another way, but it was something that effected investigations.

Mr. Wilson identified a second example relating to criminal activities involving a suspect absconding from a scene. He explained that as officers approached a scene, vehicles traveling away from the incident were headed towards the officers and the front plate was visible. He explained that without the front plate, there were vehicle descriptions and perhaps other things, but it was a bit more difficult to locate absconders. He stated the issues were not insurmountable, but they impacted the department's ability to investigate sometimes. He noted the department could get around the issue in other ways. He explained that resources were often the issue: the more officers the department had to respond to a scene increased the likelihood of pulling over a vehicle matching the description where the front plate would not be as necessary. He confirmed that the department did not ticket the violation very often.

[9:17:15 AM](#)

Representative Wool asked if the lack of a front plate was used as a reason to pull someone over to look into further infractions or violations of law.

Mr. Wilson confirmed it was the case. He elaborated it was referred to as "probable cause for a traffic stop." He

noted that when used for probable cause it often turned into other enforcement action. He elaborated if there were more serious things found during the traffic stop, the other issues would likely get more attention than the front plate as far as ticketing and eventually criminal charges if they occurred.

Co-Chair Merrick asked for an explanation of "PC."

Mr. Wilson replied that PC stood for probable cause. He explained that DPS was required to have a burden of proof that a violation had occurred in order to seize a vehicle. The department could not merely pull people over without a reason. The front plate provided PC for a traffic stop because it was a violation.

Representative Wool asked if DPS kept statistics on the number of times it used the lack of a front license plate as PC but did not issue a ticket as a result of the traffic stop.

Mr. Wilson would follow up with an answer. He did not believe DPS had a database storing information for PC for stops that were not ticketed. The department did have records on the actual tickets.

Representative Josephson thought a stop required reasonable suspicion not probable cause.

Mr. Wilson answered that DPS needed reasonable suspicion during a traffic stop to do things like a dog search on a vehicle for the presence of narcotics. He explained that probable cause was required for the initial traffic stop. He elaborated that the topic often arose during criminal investigations involving DUI [driving under the influence] and other crimes, where the probable cause was often challenged by the defense. He explained that without good probable cause, the entire DUI could be dismissed.

[9:20:34 AM](#)

Representative Josephson thought that previous questions in the committee seemed to contain an undercurrent of troopers using the absence of a front plate as pretext to find other nefarious misconduct. He asked if Mr. Wilson supported that notion.

Mr. Wilson answered that state troopers were very busy and generally the absence of a front plate did not get significant attention from DPS to initiate a traffic stop unless there was something else going on. He expounded that if a vehicle matched a description of a vehicle seen as a dangerous driver along the roadway or speeding through a neighborhood and the troopers did not have a good description of the vehicle, the lack of a front plate would be a pretext for reckless driving or an assault investigation. He stated the department did not really have much time for troopers to pull someone over just because a plate was missing; it usually involved in a more serious offence.

Representative Edgmon thanked the bill sponsor for bringing the bill forward. He thought of a bill offered earlier in the current session by Representative James Kaufman about digital publications. He reasoned that often times the benefits and the costs lay in the margin. He considered a scenario where HB 166 passed and became law. He remarked that there would continue to be vehicles with front license plates including motor vehicles like ATVs and snow machines. He asked if the bill sponsor had thought out the implementation and how the situation would work.

[9:23:34 AM](#)

Representative McCabe asked for clarification.

Representative Edgmon clarified he was asking about a scenario where the bill went into effect.

Representative McCabe had not thought out the mechanics. He highlighted that he had a conversation the previous evening with a staffer who had shared her back license plate had been destroyed. The individual had communicated that if the bill passed, she would put the front plate on the back of her car and add license decals so she did not have to buy a new plate. He was not clear on Representative Edgmon's question.

Representative Edgmon provided a scenario where a person registered their vehicle in 2022. He asked for verification that the car would have a front plate with a 2024 decal.

Representative McCabe answered that front plates did not have decals.

[9:25:13 AM](#)

Representative Wool asked how many other states had a one plate or two plate law.

Representative McCabe answered that 20 states currently had a one plate law. He noted that Idaho was currently going through the process. He shared that Ohio was the most recent state to go through the process; his office had spoken with a trooper in Ohio who had reported the rollout there had been seamless and the change had not hindered the ability to make stops for traffic offences.

Representative Edgmon believed the bill was a good idea and saving \$330,000 was a substantial amount of money.

Representative Johnson asked if there were any safety considerations associated with having four holes drilled in the front bumper with no license plate.

Representative McCabe believed it depended on the car. He shared that his father-in-law was an old car buff and some of the older front bumpers were small. He imagined a large plate holder on the front of some older cars could impact the structural integrity. He highlighted that newer electric cars did not have a front bumper. He believed it would likely impact the structural integrity of the plastic.

Representative Thompson had not heard any resistance to the bill. He requested to report it from committee during the current meeting.

[9:27:52 AM](#)

AT EASE

[9:28:51 AM](#)

RECONVENED

Representative Carpenter asked what liability Alaska drivers picked up if they moved to another state or drove their vehicle to another state. He surmised the move would require a new license plate in a new state. He asked if drivers would pick up a liability if they drove to another state requiring two license plates.

Representative McCabe answered that his office had talked to the Ohio state trooper about the issue. He explained that in the past, a neighboring state had a one-plate law and Ohio troopers would notice vehicles driving through with one plate. One of the reasons Ohio changed its law to one plate was to align with the neighboring state. He explained that typically the law for a vehicle's registration followed the car. For example, an Alaska car driving to Washington would only need one plate [if the bill became law]. He reasoned that a driver could perhaps be stopped, but they would be legal because their registration was in Alaska and they were complying with Alaska law.

[9:30:47 AM](#)

JULIE MORRIS, STAFF, REPRESENTATIVE KEVIN MCCABE (via teleconference), reviewed the sectional analysis (copy on file):

Section 1: Amends AS 28.10.108(g) to make all references to "plates" and "registration" singular.

Section 2: Amends AS 28.10.108(h) to make all references to "plates" singular.

Section 3: Amends AS 28.10.155(a) to make all references to "plates" singular.

Section 4: Grammatically amends AS 28.10.161(a) to conform with the singular intent of the bill.

Section 5: Amends AS 28.10.161(b) adds conforming language for a singular plate.

Section 6: Adds a subsection to AS 28.10.161 that provides an individual or organization the option to return a plate should they be issued two plates.

Section 7: Grammatically amends AS 28.10.181(b) to conform with the singular intent of the bill.

Section 8: Amends AS 28.10.181(j) to make all references to "plates" singular.

Section 9: Amends AS 28.10.121(d)(9) to make all references to "plates" singular.

Section 10: Amends AS 28.10.441 to make all references to "plates" singular.

[9:31:44 AM](#)

Co-Chair Merrick OPENED and CLOSED public testimony.

Co-Chair Merrick asked the department to review the fiscal note.

JEFFREY SCHMITZ, DIRECTOR, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION (via teleconference), stated the fiscal note reflected a simple analysis of the division's annual cost for purchasing two plates versus one plate. The division estimated a savings of \$332,000 per year.

[9:33:31 AM](#)

AT EASE

[9:33:42 AM](#)

RECONVENED

Co-Chair Merrick set an amendment deadline for noon on March 5. She thanked the bill sponsor for bringing the bill forward.

HB 166 was HEARD and HELD in committee for further consideration.

[9:34:11 AM](#)

AT EASE

[9:34:59 AM](#)

RECONVENED

#hb177

HOUSE BILL NO. 177

"An Act relating to an increase of an appropriation due to additional federal or other program receipts; and providing for an effective date."

[9:35:06 AM](#)

REPRESENTATIVE CHRIS TUCK, BILL SPONSOR, introduced the bill pertaining to revised program appropriations. He stated that the bill attempted to assert the constitutional powers of the legislature by better defining and limiting the revised program legislative (RPL) process. He noted that the term was actually an accounting code and should really be referred to as revised program receipts. He explained that the process involved authorizing the Legislative Budget and Audit (LB&A) Committee to have receipt authority through an RPL process that the governor presented to the committee for additional approval. He clarified that once the legislature set up a program and passed a budget or appropriations to fund the program, the legislature, as the appropriating body, gave LB&A the authority to receive any additional funding coming in on behalf of the full legislature. The bill sought to establish sidebars to ensure the process was better understood and to avoid legal problems when money was received.

[9:37:39 AM](#)

Representative LeBon recalled a situation two years back where LB&A had accepted federal money and the full legislature had to convene in Juneau to approve action taken. He asked for a summary of what had taken place and how it likely influenced hearing the bill currently.

Representative Tuck replied that historically, the most money the LB&A had received was approximately \$120 million until Medicaid expansion, which had increased the largest amount received to \$500 million. Over the past few years, \$5 billion had come from LB&A. He reported there had been three problems associated with American Recovery and Reinvestment Act (ARRA) funding received. First, the legislature had not set up a program. For example, the small business relief program had not been established by the legislature; the governor had established the program through the executive branch. He explained there had been no appropriations money from the legislature for the program; the governor had appropriated the money. Second, for the community relief program, community assistance had been vetoed by the governor from the budget. Subsequently, the governor had put the money in through the RPL process. Third, there had been items in the capital budget that had not yet passed the legislature that the governor ran through the RPL process. He highlighted a fourth problem

where funds that went out through the community relief program were contrary to federal guidance. For example, funds could not be used for revenue replacement. He explained that because of the situation, the state was currently in a federal audit and the state may need to pay the monies back.

Representative LeBon asked how the bill rectified the issues highlighted by Representative Tuck.

Representative Tuck answered that the legislature had a constitutional obligation when delegating authority and powers to a committee and it was necessary for the legislature to be careful with the responsibility. Additionally, there were constitutional powers between the executive and legislative branches. The bill attempted to eliminate ambiguity on the legislature's authority, what was granted to LB&A, and what was allowed for the governor. He read from the sectional analysis (copy on file):

Section 1:

Page 1 lines 5-9 amend AS 37.07.080(h) to clarify that the RPL process is only available for additional funds for existing programs or projects that have already been funded by the Legislature.

Page 1 lines 10-11 amend AS 37.07.080(h)(1) with conforming language.

Page 1 line 12-page 2 line 11 amend AS 37.07.080(h)(2) to replace the current 45-day timeline for any RPL with a stair-stepped timeline as follows:

- 45 days for RPLs up to \$20 million;
- 90 days for RPLs up to \$50 million;
- 180 days for RPLs up to \$100 million; and
- 270 days for RPLs greater than \$100 million.

Page 2, lines 12-19 amend AS 37.07.080(h)(3) with conforming language.

Section 2:

Provides for an immediate effective date.

[9:42:40 AM](#)

Representative Josephson thanked Representative Tuck for introducing the legislation and shared that he had a strong interest in the subject. He stated it was natural for any governor to want to protect their authority and power, and similarly for the judiciary and legislature to feel the

same way. He understood that some balance needed to be struck. He talked about two hypothetical scenarios that caused him some concern. He elaborated that former Governor Bill Walker had expanded Medicaid and had found the ability to take the action unilaterally under Title 47. He detailed that a judge had ultimately agreed with the move, although the legislature had vigorously sued the governor. He thought in retrospect there was relative calm over the fact that Medicaid had been expanded. He noted that the action had taken place in the summer of 2015. He asked how it would have played out under the current bill.

Representative Tuck answered that Medicaid expansion had involved between \$200 million and \$500 million. He explained there were statutes that instructed the governor to go after those type of funds. He detailed that under the bill, LB&A's role would be to determine where the funds were going and how they were used through the Department of Health and Social Services. He elaborated that funds could have been divided out into timeframes or applied. He clarified that if the funds had been a lump sum, the governor could not act unilaterally until after 270 days. He furthered that [under the proposed bill] if no action had been taken by the legislature, expansion would have gone into effect after 270 days.

Representative Josephson asked whether RPLs must be adopted by the legislature if it was in session. He asked for any distinction between interim and session in the operation of RPLs.

Representative Tuck replied that it did not matter if the legislature was in or out of session, LB&A could adopt RPLs around the full legislature.

Representative Josephson asked for verification that if LB&A failed to adopt the RPLs, they would become law by operation "after the clock ticks through."

[9:46:21 AM](#)

Representative Tuck made a distinction. He explained that if the legislature did not establish law by setting up a program through law and if it did not appropriate the money, the governor could not act unilaterally on an RPL. He elaborated that two things could happen when an RPL was presented to LB&A. The committee could adopt the RPL

immediately to get the money distributed as necessary or it could reject the RPL and the RPL would automatically go into effect 45 days later.

Representative Josephson continued with the Medicaid expansion example. He stated that the amount would be well in excess of \$100 million; therefore, the 270-day rule would apply. He reasoned that the legislature would always be in session for at least 90 days, meaning the governor could not expand during interim. He explained that if the governor had issued the RPL at adjournment in late May, it would always spill into the next year. He stated his understanding that Representative Tuck was saying that notwithstanding the legislature's reconvening the next year, the RPL clock would still tick, and the legislature would have had to pass a law to stop expansion.

Representative Tuck answered that Representative Josephson's understanding was correct related to the specific case. He considered Medicaid expansion and small business relief separately because the actions were different. He explained that with Medicaid expansion, because statute specified the governor shall go for the funds, the only way the legislature could have prevented expansion was to change the statute.

Representative Josephson highlighted the [federal] Coronavirus Aid, Relief, and Economic Security (CARES) Act that passed at the onset of the pandemic. He stated his understanding that under the bill, the relief would not have been deliverable until the legislature returned. He recalled that RPLs had been issued in April/May of 2020 and the legislature left on March 28 on a long recess or quasi-adjournment. He asked for verification that if the legislature had not adopted the RPLs, the governor could not have distributed pandemic relief and there would have been tremendous political pressure for the legislature to meet to direct the RPLs to be delivered.

Representative Tuck replied that technically the legislature had recessed; therefore, when the governor had presented the RPLs they had been inappropriate and illegal for the four reasons he had previously listed. He elaborated that 48 hours after the RPLs had passed, a court case had been filed. He had been surprised the lawsuit had come from outside a government entity. He had thought a community would have filed a suit because it saw the

community assistance program as unfair. He considered that perhaps a community would have filed a lawsuit, but someone else beat them to it.

Representative Tuck explained that the legislature did not appropriate the money, a program had not been set up, and the governor had unilaterally exercised authorities outside the legislature. He emphasized it was clear the legislature was the purse strings to the state budget. Additionally, the legislature was responsible for setting programs through legislation. He characterized the governor as the arms and legs responsible for carrying out programs once they were established by the legislature. He stated that in the specific case, the governor had acted on his own and everything had been done outside the legislature. He elaborated that the legislature had reconvened for the purpose of ratifying action taken by LB&A, not to take appropriations or set programs. He stated it was still questionable whether it was a legal activity. He argued that it was not legal, because an RPL could not be amended. He explained that the legislature would have had to adopt or ratify what LB&A had done or the RPLs would have gone into effect automatically [later on]. He stated that a true appropriations bill could be amended by any legislator, but an RPL was not a true appropriations bill.

[9:52:34 AM](#)

Representative Johnson surmised there was not a final judgement on whether the action had been illegal. She asked about the origin of the RPL process. She observed that even if the legislature was in session for 90 days, 270 days basically took away the governor's ability to even contemplate the interim. She considered whether the governor and legislature needed to be nimble or not during the interim. She wondered if it was the reason the RPL had been implemented in the first place.

Representative Tuck answered that the RPL process had been in statute for a long time. He spoke to the original intent of the process. He explained that the legislature established programs and funded them through an appropriations budget. When additional money came in [for a program], the legislature was technically constitutionally required to come back into session to appropriate the money; however, the legislature had given powers to LB&A. He stated that at one time the powers had been challenged

by the courts; therefore, LB&A had limited powers. He stated there was clear distinction on the issue from previous court cases. He explained that the RPL process had gone beyond the previous court cases in the past several years.

Representative Johnson stated she would have to look into the reason the RPL process had been established. She reasoned it must have come from a need. She considered there must have been a reason to give the governor the option [to use the RPL process] during the interim. She wanted to understand the impetus for the process to avoid reversing something that had been put in place for a specific reason.

Representative Tuck answered that the need was efficiency. The need had been to prevent the full legislature from coming back if they were just bringing in more money to the state. He elaborated that it mostly pertained to federal receipts. He reminded the committee that the federal budgeting cycle was different than Alaska's state cycle. He expounded that once the legislature suspected money may be coming in for something like education, the legislature would set up a program for schools and appropriate the money.

Representative Tuck noted there were several factors in the legislature's ability to accept RPLs including whether there was a program and whether the money was appropriated. Additionally, there was language in the operating budget that allowed the legislature to do so as well. If the criteria were met, LB&A could receive money on behalf of the full legislature. He clarified that the intent of the process was not to set up programs. He explained that it was not possible to use an appropriation to set up a program; it was necessary to have separate legislation. He stated that over the past several years, the situation had turned into a mess. He argued that if the legislature had properly appropriated the CARES funding, the money would have gone out much quicker under the small business relief. He stated that the legislature had approved the RPLs on April 11 [2020] and they had not been released until the end of August, which far exceeded the 45-day limit.

Co-Chair Merrick set an amendment deadline for March 5 at noon.

HB 177 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the schedule for the following meeting.

ADJOURNMENT

[9:57:53 AM](#)

The meeting was adjourned at 9:57 a.m.