

HOUSE FINANCE COMMITTEE
May 3, 2022
9:03 a.m.

[9:03:12 AM](#)

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:03 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 Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Representative Calvin Schrage; Representative Andi Story; Representative Grier Hopkins; Tally Teal, Staff, Representative Kelly Merrick; Representative Ivy Spohnholz; Representative Sara Hannan; Representative Jonathan Kreiss-Tompkins; Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Miles Baker, Infrastructure Investment Coordinator, Office of the Governor; Representative Harriet Drummond, Co-Chair, House Education Committee; Laib Allensworth, Staff, Representative Bryce Edgmon; Senator Mia Costello, Chair, Senate Labor and Commerce Committee.

PRESENT VIA TELECONFERENCE

Norm McDonald, Chief, Fire and Aviation, Division of Forestry, Palmer; Frank Richards, President, Alaska Gasline Development Corporation, Anchorage; Ross Risvold, Finance Manager, Municipality of Anchorage; Michael Partlow, Fiscal Analyst, Legislative Finance Division; Dave Bronson, Mayor, Municipality of Anchorage, Anchorage; Chris Rose, Executive Director, Renewable Alaska Energy Project, Sutton; T.W. Patch, Director of Planning, Alaska Energy Authority, Anchorage; Deb Moore, Executive Director, Alaska Professional Hunters Association, Anchorage; Joshua Lewis, Charitable Gaming Operator, Anchorage; Louis Cusack, Safari Club International Alaska Chapter, Chugach; David Lambert, Charitable Gaming Operator, Fairbanks; Colleen Glover, Director, Tax Division, Department of Revenue; Melodie Wilterdink, Staff to Senator Mia Costello.

SUMMARY

HB 283 APPROP: CAP; REAPPROP; SUPP

HB 283 was HEARD and HELD in committee for further consideration.

HB 358 RENEWABLE ENERGY GRANT FUND

HB 358 was HEARD and HELD in committee for further consideration.

HB 413 FACILITIES CONSTITUTING A SCHOOL

HB 413 was REPORTED out of committee with four "do pass" recommendations and six "no recommendation" recommendations and one previously published zero fiscal note: FN1 (EED); and one previously published fiscal impact note: FN2 (EED).

SB 201 AM

USE OF INTERNET FOR CHARITABLE GAMING

SB 201 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the meeting.

#hb283

HOUSE BILL NO. 283

"An Act making appropriations, including capital appropriations, reappropriations, and other appropriations; making supplemental appropriations; and providing for an effective date."

[9:03:55 AM](#)

Co-Chair Merrick indicated she planned to adopt a committee substitute to HB 283 that included some additional projects.

Co-Chair Foster MOVED to ADOPT proposed committee substitute for HB 283(FIN), Work Draft 32-GH2436\G (Dunmire, 5/2/22).

Co-Chair Merrick OBJECTED for discussion.

[9:04:46 AM](#)

TALLY TEAL, STAFF, REPRESENTATIVE KELLY MERRICK, referred to Report A, Report B, Handout C, and Handout D (copies on file). She read the summary of changes to the committee substitute (copy on file):

Fiscal Summary:

FY 22 UGF: \$914,306,200

FY 23 UGF: \$384,271,300

Total UGF: \$1,298,577,500

Total All Funds FY 22 and FY 23: \$3,743,426,300

Changes to Section 4: FY 22 Budget

Page 33, line 21 Clean Hydrogen Research, Development, and Demonstration Opportunities
\$5,000,000 FED

Page 34, line 26 Alliance for Support of American Legion Baseball-Safety Upgrades, Equipment Replacement and Repairs to Existing Facilities \$200,000

Page 35, line 5 Anchorage School District-Birchwood Boiler
\$3,850,000

Page 35, line 7 Anchorage School District-Fire Lake Safety Vestibule \$524,000

Page 35, line 9 AWAIC-Shelter and Transitional Housing Renovations \$347,000

Page 35, line 29 Careline Alaska-Facility Replacement and Equipment \$1,500,000

Page 36, line 19 Moore Street Seniors, Inc.-Automatic Doors for Senior Housing \$27,138

Page 36, line 30 Seawolf Hockey Alliance-Purchase of Bleachers and Scoreboard for the University Rink \$340,000

Page 37, line 28 Fairbanks North Star Borough-Oil to Gas Conversion Assistance \$1,250,000

Page 38, line 7 Kenai-Kenai River Bluff Stabilization \$6,500,000

Page 38, line 14 Municipality of Anchorage-Port of Alaska Modernization Program \$200,000,000

Page 38, line 17 Port of Nome-Deep Draft Port \$175,300,000

Page 38, line 18 Wrangell-Water Treatment Plant Improvements \$5,000,000

Page 40, line 3 Anchorage-Muldoon Library Critical Updates \$1,307,000

Page 40, line 10 Fairbanks North Star Borough-Noel Wien Library Broadband Access Expansion and capital Improvement Project \$3,580,000

Page 40, line 22 Petersburg Medical and Public Health Center \$11,413,000 (from \$20,000,000)

Page 40, line 28 United Human Services of SE Alaska-Teal Street Center, a Social Service Hub \$3,700,000

Page 41, line 33 Eagle River Fire Crew Facility \$13,859,439

Page 42, line 5 Eklutna Lake Trail \$90,000

Page 42, line 20 State Parks Public Use Cabins
\$1,640,000

Page 43, line 10 Sand Lake Road-Diamond and Raspberry
Traffic Study \$30,000

Page 43, line 12 Sand Lake Road Lighting \$484,000

Page 43, line 13 Signalized Intersection at Tudor Road
& Patterson Street \$6,000,00000

Ms. Teal stopped for questions on the numbers section.

[9:09:29 AM](#)

Representative LeBon had a question about the \$1.5 million designated for the Careline Alaska Facility Replacement and Equipment. He wondered if the funding was for the purchase of a new building or for repair of an old building.

Ms. Teal responded that in conversations with Alaska Mental Health Trust Authority (AMHTA), she had learned there was a facility that the trust intended to purchase for \$1 million. The additional \$500,000 was intended to replace the equipment and technology associated with the new acquisition.

Representative LeBon understood that the trust was occupying to rent and not to purchase. He did not understand the intent of the \$1.5 million.

Co-Chair Merrick indicated she would follow up with additional information.

Representative Josephson asked for an explanation of what Careline did.

Co-Chair Merrick reported Representative Grier Hopkins had joined the meeting.

[9:11:10 AM](#)

AT EASE

[9:13:20 AM](#)

RECONVENED

Co-Chair Merrick indicated Representative Rasmussen had joined the meeting.

Co-Chair Merrick invited Representative Ivy Spohnholz to comment on the Careline facility.

REPRESENTATIVE IVY SPOHNHOLZ, CO-CHAIR, HOUSE LABOR AND COMMERCE COMMITTEE, explained that Careline would be operating the 9-8-8 crisis hotline that was being developed. She clarified that Careline would be renting the new facility that it planned to occupy. A potential purchase agreement might also be reached. Recent conversations with Careline informed her that the facility project would still need funding, but the amount would not be as high as originally anticipated.

Co-Chair Merrick asked for updated funding numbers. She reported that Representative Sara Hannan had joined the meeting.

Representative Rasmussen expressed her support for the Port of Alaska stabilization project. She indicated the project would impact at least 80 percent of Alaska.

Co-Chair Merrick indicated Chief Norm McDonald was online and asked him to comment on the need for the Eagle River Fire Crew Facility.

[9:16:23 AM](#)

NORM MCDONALD, CHIEF, FIRE AND AVIATION, DIVISION OF FORESTRY, PALMER (via teleconference), explained that the Eagle River facility was intended to house two fire crews. The crews were based out of a facility in Palmer that was built in the 1990s, but the lease for the building had just expired and the building was no longer available to the crews. The facility in Eagle River was damaged in the 2018 earthquake and needed to be demolished, but there were some elements of the facility that could be utilized in the rebuild. The two crews affected were the only permanent full-time fire crews in Southcentral Alaska. Other locations had been considered, but the location in Eagle River was deemed as the most cost efficient and the central location allowed the crews to quickly respond to incidents.

[9:19:15 AM](#)

Representative Johnson asked how the project would dovetail with the Division of Forestry at the airport in Palmer.

Chief McDonald responded that there was no room at the airport location for the additional 45 firefighters that needed a new facility. All firefighters fell under the same organization and management structure. He intended for the new location to not only house the 45 firefighters, but to house up to 80 firefighters as a staging location during wildfires.

Representative Johnson asked if the facility in Palmer would change.

Chief McDonald replied that the Palmer facility would not change.

Co-Chair Foster commented that he supported funding the Port of Alaska. He also highlighted the need for matching funds for the Port of Nome.

Representative Josephson had spoken to Mr. Miles Baker who indicated that there were no matching federal dollars for the Port of Anchorage.

Co-Chair Foster relayed that the U.S. Army Corps of Engineers had made the Port of Nome one of its highest priorities nationwide. The state's congressional delegation had been working to get the \$250 million for Nome into the Infrastructure Investment and Jobs Act (IIJA). He would hate to see Alaska lose out on the funds.

[9:23:45 AM](#)

Vice-Chair Ortiz referred to "Clean Hydrogen Research, Development, and Demonstration Opportunities" on page 33, line 21 in the summary of changes. He understood it to involve federal funding and asked about the source of the federal funding.

Ms. Teal replied that there were discretionary grants in IIJA which applied to the items mentioned by Vice-Chair Ortiz. The administration had indicated that it would like to apply for the grants.

Vice-Chair Ortiz asked if different entities within the state could apply directly with the federal government or if grants would be administered through a particular entity.

Ms. Teal indicated the state entity that would administer the grant was the Alaska Gasline Development Corporation (AGDC). She deferred to Mr. Neil Steininger for a more detailed response.

[9:25:33 AM](#)

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, was trying to get Mr. Miles Baker online who could better answer the question. He understood that the grant was a competitive opportunity that AGDC was seeking. If AGDC was successful in obtaining the grant, the money would be allocated by the fall of 2022. He did not believe the grant would pass through other organizations in the state.

Representative Wool asked Mr. Steininger to elaborate on the nature of the project. He thought it looked like a research project.

Mr. Steininger would get back to the committee with answers to the questions in writing. He understood that the work would make the wider gasline project more viable.

Co-Chair Merrick indicated she would keep an eye out for Mr. Baker.

Representative Wool thought it sounded like the pipeline was being developed to run hydrogen or another version of natural gas.

[9:28:00 AM](#)

Representative Rasmussen asked if Co-Chair Foster could provide more information about the elevated importance of the Port of Nome.

Co-Chair Foster responded that the port had originally started out as an Arctic port but was becoming more widely used for shipping and fishing. Currently, the federal delegation was looking at the port as a potential U.S. Coast Guard facility and the port was important considering

the geopolitical landscape and the war in Ukraine. He relayed that U.S. Senator Dan Sullivan had thought it would be advantageous to have a naval presence in Nome.

Co-Chair Merrick invited Ms. Teal to move to the language section.

9:30:09 AM

Ms. Teal reviewed the changes to the language section of the bill (copy on file):

SECTION 21: adds a new section that appropriates an amount estimated to be \$200,000 from the Exxon Valdez Oil Spill Restoration Fund to the Prince William Sound Science Center for a research facility.

SECTION 24: removes (l) and (m), which appropriated \$25,000,000 to the Municipality of Anchorage contingent on the \$25,000,000 match by the Municipality (can be in-kind) for the purpose of preparing a full financial package for final investment decision for the Port of Alaska.

SECTION 25: adds (l), which appropriates an amount not to exceed \$200,000,000 to the Municipality of Anchorage for the purpose of matching each dollar received in federal funds for the Port of Alaska modernization project, excluding money received in the MARAD settlement.

SECTIONS 33-35: make technical changes to capital lapse language and effective dates due to section renumbering.

9:31:34 AM

Representative LeBon asked whether the \$200 million for the Port of Alaska was contingent on a matching federal dollar amount or if it would be allocated regardless of a federal match.

Ms. Teal responded that the state would be matching any federal money. The port was in the process of applying for several federal grants and once the grants were obtained, the state would match the money.

Co-Chair Merrick added that there were two \$200 million grants that the state would match. She would have Mr. Baker respond in writing to the questions that had been brought forward.

[9:33:14 AM](#)

Co-Chair Merrick WITHDREW the OBJECTION. There being NO further OBJECTION, the committee substitute for HB 283 (FIN) was adopted.

Co-Chair Merrick set an amendment deadline for HB 283 for Wednesday, May 4, 2022 at 6:00 p.m.

[9:33:27 AM](#)

AT EASE

[9:36:47 AM](#)

RECONVENED

Co-Chair Merrick indicated Mr. Miles Baker was online.

Representative Josephson referred to Section 25 of the committee substitute. He understood it to read that the municipality would receive an additional \$200 million for the Port of Alaska subject to receiving \$200 million in federal matching funds. He wondered if the federal funds could be forthcoming though IIJA.

[9:37:51 AM](#)

MILES BAKER, INFRASTRUCTURE COORDINATOR, OFFICE OF THE GOVERNOR, responded that there was no direct source of funding for the port. There were several U.S. Department of Transportation (DOT) grants for which the port might be eligible. Most were existing programs and had been around prior to IIJA but were intended for smaller scale one-time projects. He had not seen a funding stream as high as \$200 million become available in the past.

Representative Josephson suggested that in order for the port to receive modernization dollars, the legislature and the governor would have to adopt the numbers section of the bill which provided a \$200 million grant.

Mr. Baker responded that he was not familiar with the language of the committee substitute and thought there were

a number of ways that funds could be acquired. He agreed that the fastest way to get money for the project would be for the legislature to make an appropriation of state dollars.

Vice-Chair Ortiz referred to page 33, line 21 of the committee substitute asked for more information regarding the \$5 million available through IIJA for clean hydrogen research, development, and demonstration opportunities.

Co-Chair Merrick redirected the question to Mr. Frank Richards of AGDC.

[9:42:21 AM](#)

FRANK RICHARDS, PRESIDENT, ALASKA GASLINE DEVELOPMENT CORPORATION, ANCHORAGE (via teleconference), responded that the grant funding was coming from a competitive grant program through the Department of Energy. The program was looking to implement hydrogen hubs across the nation. Alaska could use its vast quantities of methane from the North Slope to generate clean hydrogen through production of ammonia, which could be used for things like power generation. The proposal for Alaska to receive the grants from the Department of Energy would need to be a collaborative effort between state entities and the private sector. Up to \$2 billion over several years could be granted for each hydrogen hub, and \$5 million in funds could be granted for accepted phase 1 concepts.

Representative Wool understood that the process involved the extraction of methane in the ground at the North Slope which would then be treated to produce ammonia and used for hydrogen consumption elsewhere. He wondered if he had summarized the concept accurately.

Mr. Richards responded that Representative Wool's summary was accurate. He elaborated that the pipeline that would be constructed from the North Slope to Nikiski could be utilized to deliver methane molecules to the Alaska liquefied natural gas (LNG) project. The goal was to produce hydrogen or ammonia in Southcentral Alaska and utilize the Cook Inlet reservoir for carbon sequestration, which was a byproduct of the generation of ammonia.

[9:46:36 AM](#)

Representative Wool thought there were other avenues to obtain federal funds for the port apart from IIJA. He did not recall the Municipality of Anchorage stating that IIJA was the only possible funding source.

Mr. Baker thought the question should be directed to the Municipality of Anchorage.

Co-Chair Merrick indicated someone from the Municipality of Anchorage was online. She also relayed that Representative Jonathan Kreiss-Tompkins had joined the meeting.

[9:48:46 AM](#)

ROSS RISVOLD, FINANCE MANAGER, MUNICIPALITY OF ANCHORAGE (via teleconference), was available for questions.

Representative Wool restated his question.

Mr. Risvold responded that the municipality was working with the federal delegation for earmarks for the port project. He noted there were several other types of grants the municipality was pursuing. There was an avenue of federal granting that the municipality might qualify for through IIJA that related to port specifically. If matching was required for the grants, the municipality would immediately pass an ordinance by the assembly providing for matching funds sourced through Port of Alaska revenue bonds. It would be paid for by implementing a port surcharge for any freight crossing the dock. Any time the municipality received federal grants, it would reduce the dollar amount of the revenue bonds the municipality would be required to issue and consequently reduce the freight surcharge.

[9:52:48 AM](#)

Representative Wool relayed that language in the bill necessitated matching each dollar received in federal funds. He was not sure if revenue bonds qualified as federal funds. He asked if Mr. Risvold felt the goal of obtaining \$200 million in funding was realistic.

Mr. Risvold responded that it was a reasonable amount. He suggested a match by the municipality that would be comprised of port revenue bonds or federal funding or other sources from the municipality. Recently, the municipality

had been awarded a dollar amount in court from the U.S. Department of Transportation, Maritime Administration (MARAD), but it was unknown when that money would become available. He thought some of those monies could be used for the port. He reiterated that if the municipality did not reach its funding goal, it would issue revenue bonds to ensure the success of the project.

[9:55:05 AM](#)

Representative Rasmussen asked how much the Municipality of Anchorage had already invested in the project and how much was approved to bond.

Mr. Risvold was specifically speaking to phase 2 B of the cargo dock replacement project. The municipality had \$222 million in funds in hand already, but the request was for a total of \$600 million from the state. He reiterated that other federal fund sources had been identified and it was reasonable to expect that the requested funding amount could be attained. If the total funding amount could not be achieved, the municipality would make up for the difference with revenue bonds.

Representative Rasmussen asked if the \$25 million proposed in another version of the capital budget would help the project move forward in any meaningful way.

Mr. Risvold replied that the goal was to develop sources of funds for the Port of Alaska Modernization Project (PAMP). The municipality was grateful for any amount of funding it could receive but the \$25 million would be a meaningful addition. He thought selling debt to finance an appropriation by the State of Alaska would be the best practice as opposed to always using cash for financing.

[9:59:36 AM](#)

Representative Rasmussen asked whether it would be enough to leverage federal funding if the state only invested \$25 million with a \$25 million match clause and the \$200 million was not funded.

Mr. Risvold replied that if the municipality came out of the legislative session with only \$25 million with a \$25 million match, it would force the municipality to take out additional revenue bonds to make up the difference. He

indicated if the state could provide more funding, it would show the federal government the seriousness of the state's support of the project.

Co-Chair Merrick indicated Ms. Teal had some additional information on the version of the committee substitute in the Senate that proposed the \$25 million funding amount.

Ms. Teal clarified that the language in Version I of the committee substitute proposed funding to the municipality in the amount of \$25 million for the purpose of preparing a full financial package for final investment decision. The funding was for a specific purpose.

Co-Chair Merrick understood that the purpose was not construction.

Ms. Teal responded in the affirmative and emphasized that the funding was for the purpose of preparing the full financial package.

Representative Rasmussen asked Mr. Steininger to offer his opinion on her next question.

[10:03:25 AM](#)

Mr. Steininger asked Representative Rasmussen to repeat her question.

Representative Rasmussen had not asked the question yet. She asked if any other communities had provided a match as meaningful as the Municipality of Anchorage.

Mr. Steininger responded that he was unaware of any such match.

Representative Josephson asked if the municipality needed monies for a full financial package for financial investment decision.

Mr. Risvold replied the language was confusing to the municipality and it was not sure what the task would entail. The municipality had a plan of finance for the Port of Alaska and suggested that the funds in the plan would be used for construction purposes and not limited to the purpose of developing a financial plan. He disagreed with the proposed language in the Senate version of the bill. He

suggested revisiting the language regarding any restriction.

Co-Chair Merrick was notified that there had been an amendment that was adopted in the Senate Finance Committee which removed "preparing a full financial package for final investment decision for the Port of Alaska" and inserted "the Port of Alaska Modernization Project including a full financial package for final investment decision."

[10:07:58 AM](#)

Representative Josephson asked what the magnitude of difference to the tariff would be if the state did not invest any more dollars in the Port of Alaska project.

Mr. Risvold asked if Representative Josephson was referring to cargo dock replacement only or the entire PAMP.

Representative Josephson responded the cargo dock replacement only to start.

Mr. Risvold responded that if the cargo dock replacement was funded solely by the municipality, the current tariff of \$3.30 per ton would increase to \$23.48 per ton. If the \$1.851 billion PAMP was funded by the municipality, the current \$3.30 per ton tariff would increase to \$33.05 per ton.

Co-Chair Merrick indicated Mr. Michael Partlow with the Legislative Finance Division was online.

[10:10:28 AM](#)

Representative Rasmussen recalled that the Municipality of Anchorage had funded \$222 million to the Port of Alaska project. She wondered if any other communities had contributed a dollar-to-dollar match to any similar infrastructure projects.

MICHAEL PARTLOW, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION (via teleconference), could not think of a specific example of any major infrastructure projects that were funded in the same manner. However, there were other communities that contributed a match towards harbor infrastructure in the community.

Representative Rasmussen asked if Mr. Partlow could speak to the requirements for local government municipal grants. She wondered how much the state would match.

Mr. Paltrow responded that he thought it was a dollar-for-dollar match but he would verify the information and get back to the committee.

Representative Carpenter assumed that multiple alternatives for the project would have been successful. He would like a copy of the alternatives proposed that might be less costly.

[10:13:48 AM](#)

DAVE BRONSON, MAYOR, MUNICIPALITY OF ANCHORAGE, ANCHORAGE (via teleconference), indicated that \$25 million in funding would not move the project forward in any significant way. He remarked that it was difficult to obtain a large federal amount of matching dollars without a maximum buy-in. If the state would not invest enough of its own dollars, the federal government would not want to invest. He did not think \$25 million would be enough to convince the federal government to take the project seriously.

Representative Carpenter did not think his question had been answered.

Mayor Bronson had not heard Representative Carpenter's question. He asked him to repeat it.

Representative Carpenter asked what potential viable alternatives had been considered.

Mayor Bronson asked if Representative Carpenter's question related to the engineering or the financial structure of funding.

Representative Carpenter thought his question applied to both factors. He wondered if there were more cost-effective alternatives to modernizing the port.

Representative Rasmussen asked Mayor Bronson to describe the changes the project has undergone over the years. She thought the requested funding amount had already been reduced from previous proposals.

Mayor Bronson responded that the municipality was trying to be as fiscally conservative as possible. He relayed that the municipality had to lock in an engineering plan in order to move forward. It was the best plan and the municipality had committed to the plan. The plan could not change at this point.

[10:19:40 AM](#)

Representative Carpenter was unsure that the engineering plan was the best plan financially.

Representative Wool asked if someone could provide information on the structure of the ports in Alaska. He wondered if funneling most goods coming to the state through Anchorage was the best option.

Co-Chair Merrick asked if Representative Wool was directing the question to Mayor Bronson.

Representative Wool thought there was a state-wide interest in shipping and receiving goods in all of Alaska. He wondered if there was a more holistic approach to the cargo issue.

[10:22:25 AM](#)

AT EASE

[10:23:13 AM](#)

RECONVENED

Co-Chair Merrick indicated the committee would continue its discussion on the capital budget in the afternoon meeting.

HB 283 was HEARD and HELD in committee for further consideration.

#hb413

HOUSE BILL NO. 413

"An Act relating to facilities constituting a school; and providing for an effective date."

[10:23:35 AM](#)

Co-Chair Merrick asked the bill sponsor if she had any comments to begin the hearing.

REPRESENTATIVE HARRIET DRUMMOND, CO-CHAIR, HOUSE EDUCATION COMMITTEE, relayed that the committee had been provided with a list of Alaska's 31 charter schools and their locations (copy on file) in response to a conversation during an earlier hearing of the bill. Additionally, the committee had been provided with a list of the six types of public school in Alaska. She also directed attention to a chart of her own design that illustrated the injustice of the current school formula. She was happy to explain it in more detail.

[10:25:15 AM](#)

Co-Chair Foster MOVED to report HB 413 out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

HB 413 was REPORTED out of committee with four "do pass" recommendations and six "no recommendation" recommendations and one previously published zero fiscal note: FN1 (EED); and one previously published fiscal impact note: FN2 (EED).

[10:25:37 AM](#)

AT EASE

[10:26:57 AM](#)

RECONVENED

#hb358

HOUSE BILL NO. 358

"An Act relating to the renewable energy grant fund and recommendation program; and providing for an effective date."

[10:27:15 AM](#)

LAIB ALLENSWORTH, STAFF, REPRESENTATIVE BRYCE EDGMON, thanked the committee for hearing the bill. He explained that the bill extended the renewable energy grant program by ten years. The program was established in 2008 and received a previous ten-year extension in 2012. Since its inception, the program had distributed over \$275 million in

grants and over \$300 million in matching federal and local grants. He read the sectional analysis (copy on file):

Sec 1. - Amends Section 5, Ch. 31, SLA 2008, as previously amended, to extend the repeal date of the fund to June 30, 2033.

Sec 2. - Establishes an immediate effective date under AS 01.10.070(c).

Co-Chair Merrick indicated there were two testifiers online.

[10:28:57 AM](#)

CHRIS ROSE, EXECUTIVE DIRECTOR, RENEWABLE ENERGY ALASKA PROJECT, SUTTON (via teleconference), relayed that the Renewable Energy Alaska Project (REAP) was involved in the program's inception and strongly supported the bill. He explained that the program had particularly helped develop projects in rural communities in the state that suffered from high diesel fuel costs. It would be much smoother for REAP to develop grant proposals if the program was extended as soon as possible rather than putting it off for another year.

T.W. PATCH, DIRECTOR OF PLANNING, ALASKA ENERGY AUTHORITY, ANCHORAGE (via teleconference), was available for questions and indicated that Mr. Curtis Thayer was available as well.

[10:30:51 AM](#)

Co-Chair Merrick OPENED public testimony.

Co-Chair Merrick CLOSED public testimony.

[10:31:10 AM](#)

Representative LeBon asked Mr. Rose if Alaska gas was the most common fuel source in the conversion process from heating oil to other fuel sources.

Mr. Rose responded that the type of projects mentioned by Representative LeBon had not been an emphasis for the grant fund in the past. There had been some focus on heating projects, but the projects had been mostly community-based. The program prioritized communities in rural Alaska that did not have access to natural gas.

Representative LeBon understood that the focus of the program was renewable energy. He wondered if he could assume that the program covered changes like decreasing a community's reliance on diesel fuel in favor of wind turbines.

Mr. Rose responded in the affirmative. In recent years there had also been discussion on generating electricity through renewable energy. There was also the opportunity for communities to consider heating projects that would allow them to move to biomass heating in order to reduce the reliance on heating oil. Technology had advanced significantly, and air source heat pumps were now viable alternatives for heating. He hoped that heat pump projects in rural Alaska could be grant-funded through the program.

Representative LeBon understood that although natural gas would not be excluded from eligibility, it was not a common energy source alternative.

Mr. Rose replied that Representative LeBon was correct.

[10:34:19 AM](#)

Representative Carpenter wanted to know why both a renewable energy fund and a green bank were needed.

Representative Wool indicated that the short answer was that one was a grant and one was a loan.

Co-Chair Merrick would follow up to obtain more information.

Co-Chair Merrick reviewed the amendment deadline.

HB 358 was HEARD and HELD in committee for further consideration.

[10:34:58 AM](#)

AT EASE

[10:35:31 AM](#)

RECONVENED

#sb201

SENATE BILL NO. 201 am

"An Act relating to charitable gaming online ticket sales and activities; relating to charitable gaming proceeds; and providing for an effective date."

10:35:43 AM

SENATOR MIA COSTELLO, CHAIR, SENATE LABOR AND COMMERCE COMMITTEE, explained that the legislation would allow charitable gaming to be conducted online and for the ticket sales to be conducted electronically. The Senate had amended Section 3 of the bill to allow for online fundraisers to be conducted for the benefit of any country being invaded by another country. The change had been made in order to make it possible to hold online fundraisers for the people of Ukraine.

Representative Wool recalled that there was another piece of legislation related to raffles and lotteries [HB 128] that had passed the House. He wondered how the two bills differed.

Senator Costello responded that the two bills were identical apart from the aforementioned amendment in Section 3.

Representative Wool understood that the amendment would apply to any country that was being invaded by another country and not just Ukraine.

Representative Carpenter wondered if the states that bordered Mexico could be considered invaded and asked if a raffle could be held in Alaska for Arizona, for example.

Co-Chair Merrick understood that HB 128 and SB 201 were identical apart from the amended Section 3.

Senator Costello responded that she did not know the answer to Representative Carpenter's question.

Co-Chair Merrick OPENED public testimony.

10:40:06 AM

DEB MOORE, EXECUTIVE DIRECTOR, ALASKA PROFESSIONAL HUNTERS ASSOCIATION, ANCHORAGE (via teleconference), spoke in support of SB 201. The bill would modernize the state's

charitable gaming program and allow for more funds to flow into the state to support the non-profit sector. She highlighted that non-Alaskans would be able to participate in online raffles and would increase the likelihood of donations. The Alaska Professional Hunters Association (APHA) had attempted to organize a fundraiser to benefit Ukraine, however it was not permitted because statute prevented charitable funds from being used outside of the state. She indicated that the amended Section 3 of the bill would have allowed for the funds to be distributed to Ukraine. She was concerned about what would happen if the bill did not pass.

[10:42:19 AM](#)

JOSHUA LEWIS, CHARITABLE GAMING OPERATOR, ANCHORAGE (via teleconference), explained that he assisted non-profits in the state to raise funds for their missions. He spoke in support of the bill with the amended Section 3 but did not support any other amendments. He highlighted the important work of non-profits in the state and thought the bill would allow Alaskans to offer support to the organizations. He did not think the state and local governments could afford to support non-profit organizations. He thought online raffles and fundraisers were working.

Representative Carpenter asked whether Mr. Lewis supported the amended Section 3 of the bill.

Mr. Lewis responded that he supported Section 3 and the applicable amendment.

[10:44:39 AM](#)

LOUIS CUSACK, SAFARI CLUB INTERNATIONAL ALASKA CHAPTER, CHUGACH (via teleconference), spoke in support of the bill. He relayed that a significant portion of Safari Club International Alaska Chapter's (SCIAC) funding came from charitable gaming in the form of raffle ticket sales. Alaska was often bombarded with interest groups from out-of-state and the bill would allow external groups to contribute to Alaska's economy through raffles. He relayed that SCIAC had organized a fundraiser that contributed over \$291,000 of out-of-state fundraising dollars to the Alaska Department of Fish and Game. The money had also qualified for federal matching dollars through the Pittman-Robertson

Act. He thought that the bill leveled the playing field. He reiterated SCIAC's support of the legislation.

[10:47:44 AM](#)

DAVID LAMBERT, CHARITABLE GAMING OPERATOR, FAIRBANKS (via teleconference), spoke in support of the bill. He supported about 35 non-profit organizations and emphasized how important the legislation was for the non-profit sector. He did not think the bill was controversial as written but was concerned that someone might "hijack" it and add controversial elements to it.

[10:48:35 AM](#)

Co-Chair Merrick CLOSED public testimony.

Co-Chair Merrick asked Ms. Colleen Glover to review the fiscal note.

[10:48:58 AM](#)

COLLEEN GLOVER, DIRECTOR, TAX DIVISION, DEPARTMENT OF REVENUE (via teleconference), reviewed the fiscal note from the Department of Revenue with control code QYqML. She indicated the note was changed from indeterminant to zero because it was difficult to discern whether the bill would change the amount of raffle activity. The raffle activity was a small component of state revenue but was significant for non-profits.

Co-Chair Merrick invited Senator Costello to the table.

[10:50:40 AM](#)

Representative Wool noted he had amended the companion bill HB 128 on the House floor. The amendment limited the number of raffle tickets available to prevent organizations from adding additional tickets to decrease individual odds and increase revenue. He wondered if the change would be amenable.

Senator Costello deferred to her staff.

[10:51:44 AM](#)

MELODIE WILTERDINK, STAFF, SENATOR MIA COSTELLO (via teleconference), understood that all of the existing raffle rules would apply to online raffle sales as well. She did not know if the amendment was necessary but did not see a problem with it as long as the non-profits were open to it.

Representative Wool relayed that he had proposed the amendment specifically because the operation of online raffle sales was new and he felt the amendment was necessary for clarity. He asked if there were limits as to what a non-profit could spend the proceeds of a raffle on. He wondered if limits needed to be in statute.

Senator Costello indicated that Section 3 as amended would sunset on July 1, 2024. She deferred to Ms. Glover for Representative Wool's question regarding spending limits.

Ms. Glover responded that the acceptable uses for proceeds were listed in statute. The bill would change one of the existing limits that only permitted the proceeds to be used in-state to allow for out-of-state spending.

[10:55:26 AM](#)

Representative Wool understood the intent to support Ukraine. He wondered what type of reassurance would be offered to prove that money raised to benefit Ukraine would actually be received by Ukraine. He asked if there were limits as to what the proceeds could be spent on or if it was at the discretion of the non-profit.

Ms. Wilterdink noted that the language in Section 3 specifically required that the money be used to benefit the people of the affected country. She offered reassurance that the money would go to refugee causes and not for things like munition.

Representative Wool thought the language seemed more open than Ms. Wilterdink's interpretation, but he would look at it more closely.

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

SB 201 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

10:57:52 AM

The meeting was adjourned at 10:57 a.m.