

HOUSE FINANCE COMMITTEE
May 10, 2022
3:02 p.m.

3:02:07 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 3:02 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Bryce Edgmon

ALSO PRESENT

Emma Torkelson, Staff, Senator Josh Revak; Andy Mills, Legislative Liaison, Department of Transportation and Public Facilities; David Dunsmore, Staff, Senator Bill Wielechowski; Representative Geran Tarr, Sponsor.

PRESENT VIA TELECONFERENCE

Robert Ervine, Acting Division Director, Finance Division, Department of Administration; Robin O'Donoghue, Alaska Public Interest Research Group, Anchorage; Penny Vadla, School Board Member, Kenai Peninsula School District, Soldotna.

SUMMARY

HB 5 SEXUAL ASSAULT; DEF. OF "CONSENT"

HB 5 was HEARD and HELD in committee for further consideration.

HB 350 SCHOOL BOND DEBT REIMBURSEMENT

HB 350 was HEARD and HELD in committee for further consideration.

CSSB 25 (FIN)

STATE GOV'T FINANCES: WEBSITE

CSSB 25 (FIN) was HEARD and HELD in committee for further consideration.

CSSB 203 (FIN)

PURPLE HEART TRAIL

CSSB 203 (FIN) was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the meeting agenda.

#sb203

CS FOR SENATE BILL NO. 203 (FIN)

"An Act designating the Alaska marine highway system and portions of the Parks, Glenn, Seward, and Sterling Highways as a part of the State's Purple Heart Trail and relating to signage and informational displays for the trail."

[3:02:40 PM](#)

Co-Chair Merrick discussed the agenda for the meeting. She indicated that Vice-Chair Ortiz had joined the meeting.

EMMA TORKELSON, STAFF, SENATOR JOSH REVAK, introduced the legislation. She explained that the original Purple Heart Trail was established in 1992 as a national project to designate portions of the interstate highway system as "The Purple Heart Trail System," reminding Americans of the sacrifices made by men and women in service to the nation. In 2008, the Alaska Military Order of the Purple Heart worked with Senator Johnny Ellis, to adopt SB 216 [Purple Heart Trail, CHAPTER 23 SLA 08, 05/03/2008] that designated the Alaska and Richardson Highways from the Alaska-Canada Border to Fairbanks as the Purple Heart Trail. Senate Bill

203 extended the Purple Heart Trail highway designation from Fairbanks to the End of the Road in Homer and on the Alaska Marine Highway System (AMHS) routes. Doing so will complete a continuous 4,500-mile land and ocean stretch of Purple Heart Trail from the Alaska-Canada Border, down to the End of the Road, and then on the ferry routes of the Alaska Marine Highway, connecting the Purple Heart Cities/Boroughs of Fairbanks North Star Borough, North Pole, Fairbanks, Wasilla, Soldotna, Homer, and Skagway. Alaska's has a strong military tradition; we have an estimated 65,000 resident veterans, approximately 21,000 active-duty military. Signage drawing attention to the designation was placed at appropriate intervals along the highways and on each active AMHS ferry to stimulate thought and discussion among adults and children alike about the history of our nation and those who have made significant sacrifices for it.

[3:04:48 PM](#)

Co-Chair Merrick OPENED public testimony.

Co-Chair Merrick CLOSED public testimony.

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

ANDY MILLS, LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, reviewed the Department of Transportation and Public Facilities (DOT) published fiscal impact fiscal note (FN2 (DOT) appropriated to Administration and Support. He indicated that it reflected the full cost if no donations were received in the amount of \$255.6 thousand and would pay for signage and kiosks along the extended highway trail system. He noted that language in this bill calls for the option of third-party donations to pay for signage along the extended trail. The donations would be used to offset the Undesignated General Funds (UGF) expended and the remaining unused UGF would lapse back to the state.

Representative LeBon asked if there was currently a campaign rolling out soon to gather contributions from interested parties including citizens.

Ms. Torkelson replied that the sponsor was discussing the matter with the military organization to gauge its interest

in collecting donations. She relayed that the organization was ready to send out information to its members and request donations. Part of the process had been gathering legislative intent regarding passage of the legislation and with passage of the bill they would proceed with implementation.

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Representative LeBon asked if the effective date of the bill was upon passage of the legislation. He asked whether the bill required regulations.

Mr. Mills answered that lacking an effective date there was a 90 day window. He indicated that the window granted time for the organization to collect donations and then DOT would begin its work. Representative LeBon asked if the idea was to implement the signage changes the following year. Mr. Mills responded there was no timeframe for the type of legislation. He reported that the bill was more extensive than typical naming legislation and the department would discuss what timeframe was necessary for the organization to collect the donations and would work around those needs.

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Co-Chair Foster was interested in hearing the amendment during the meeting. He wanted to move the bill from committee.

Representative Carpenter was concerned about the price tag. He was more comfortable using donations as opposed to state funds.

Co-Chair Merrick set an amendment deadline for the following day at noon.

CSSB 203(FIN) was HEARD and HELD in committee for further consideration.

[3:11:44 PM](#)

AT EASE

[3:13:31 PM](#)

RECONVENED

#sb25

CS FOR SENATE BILL NO. 25 (FIN)

"An Act relating to the establishment and maintenance of an Internet website providing information on state government financial transactions and specifying the information to be made available on the website; and relating to the Alaska Checkbook Online Internet website."

[3:13:39 PM](#)

DAVID DUNSMORE, STAFF, SENATOR BILL WIELECHOWSKI, conveyed the senator's appreciation for the bill hearing. He relayed the bill had been first introduced by Senator Wielechowski in 2008. The administration at the time had developed an online checkbook system but was taken offline in the previous year. The Senator felt that it was important to reintroduce the legislation. He reported that the intent of the Alaska Online Checkbook Act is to create a free, searchable website that provided Alaskans with easy access to detailed and comprehensive financial transactions. The bill via the committee process made the website more robust, required more disclosure, and offered ease of accessibility. He provided a PowerPoint presentation titled "Senate Bill 25" (copy on file). He began on slide 2 titled "SB 25: The Alaska Online Checkbook Act:"

- Codifies and modernizes Alaska's Online Checkbook website.
- Requires the state to provide monthly and annual financial information to the public on a user-friendly website.
- Creates a one-stop-shop for information on revenue and expenses.
- Provides detailed information on state expenditures and revenue including date, vendor, agency, and expense type.

Mr. Dunsmore turned to Slide 3 titled "Alaskans Deserve Better Transparency:"

- In 2018 Alaska received a failing grade from the U.S Public Interest Research Group (PIRG) Education Fund for providing online access to government spending data.

- Alaska has no statutory requirements to maintain an online checkbook.

Mr. Dunsmore moved to Slide 4 titled "SB 25: A Win-Win-Win for Alaskans:"

- Will provide policy makers with user-friendly access to actual unaudited revenue and expenditure data
- Makes state government more accountable by making information readily available to the public.
- Allows vendors to submit more competitive bids by reviewing previous payments.

Mr. Dunsmore highlighted Slide 5 titled "SB 25 Improves Transparency and Usability:"

Current Checkbook Online

- Can be taken down at any time.
- Not searchable online, data must be downloaded as a PDF or Excel file.
- Does not include revenue reports.
- Does not allow year to year spending comparison.
- Does not include spending for the University of Alaska or public corporations.

Alaska Online Checkbook Act

- Monthly & annual reporting requirements codified in Alaska Statutes.
- Data is searchable online by agency, vendor, year, purpose, amount, and accounting code.
- Includes both revenue & expenditures.
- Allows year to year spending comparisons.
- Includes revenue & expenses of University of Alaska & Public corporations.

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Mr. Dunsmore reviewed Slide 6 titled "SB 25: Reporting Requirements:"

Revenues

- Receipts or deposits.
- Proceeds from taxes.
- Agency earnings (sales, services, licenses, permits, etc.).
- Other revenues (Interest, Lease, Gifts, Donations, etc.).

Mr. Dunsmore discussed revenue reporting requirements on slide 6 and expounded that the bill contained provisions protecting confidential information for both revenues and expenditures. He presented Slide 7 titled "SB 25: Reporting Requirements:"

Expenditures

- The names and locations of any persons to whom payment was made.
- The amounts of the expenditures disbursed.
- The type of transaction, by account code, including the purpose of the expenditure.

Mr. Dunsmore addressed expenditure reporting requirements on slide 7 and elucidated that along with the privacy protections an amendment was adopted that protected employer wage payments that would not be include in the online checkbook. The public employee wage payment information would be aggregated. He moved to slides 8 titled "SB 25: Reporting Requirements:"

Employees and Contractors

- The number of full-time, part-time, and temporary employees by agency.
- The number of independent contractors by agency.
- Total general fund payroll by agency.

Mr. Dunsmore summarized Slide 9 titled "SB 25: Reporting Requirements:"

Account Balances and Debt

- Statutory Budget Reserve (SBR).
- Constitutional Budget Reserve (CBR).
- Permanent Fund Earnings Reserve Account (ERA).
- Total long-term debt by agency

Mr. Dunsmore directed attention to Slide 10 titled "The Current Checkbook Website is Outdated:"

- Download Information By Fiscal Year Only.
- Must Download ALL Information.
- Difficult to search.

Mr. Dunsmore noted that slide 10 and 11 depicted pages from the current online checkbook and characterized it as challenging for users. He continued to Slide 11 titled "Current Website Requires Downloading Spreadsheet:"

- In FY 2016 There Were 78,156 Individual Reports In The "Online Checkbook".
- You Must Use Search Functions Within Excel To Find Vendors.
- Cannot Easily Track Spending By Year.

Mr. Dunsmore underlined the deficiencies of the current online checkbook. He reviewed Slide 12 through Slide 17 titled "Example: Ohio" that depicted pages from Ohio's OHIOCHECKBOOK.com online checkbook that highlighted its ease of use and accessible information. He elaborated that Ohio's checkbook offered searches by Year, agency, expense type, total agency spending and included a download data option. In addition, the data could be portrayed as a check.

He concluded the presentation on Slide 18 titled "Additional Benefits:"

Mississippi reported that every information request fulfilled by its transparency website rather than by a state employee saves the state between \$750 and \$1,000 in staff time.

- South Carolina open records requests dropped by two-thirds after the creation of its transparency website, reducing staff time and saving an estimated tens of thousands of dollars.

- The Texas Comptroller used its transparency website to evaluate spending. By monitoring contracts more closely and sourcing services from new vendors when the potential for cost-cutting was identified, the state saved more than \$163 million.

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Representative Rasmussen appreciated the intention of the bill and more transparency under the legislation. She reported that the obsolete checkbook had listed very inaccurate expenses that led to its removal. She wondered what provisions were in place that guaranteed accurate data. Mr. Dunsmore answered that based on conversations with the Department of Administration (DOA) the upgrades to the Integrated Resource Information System (IRIS) would alleviate the accuracy concerns. The sponsor included a delay in launching the website until October 2024, to allow the department time for troubleshooting any website issues. Representative Rasmussen asked if there was any way to completely remove the human error component related to data accuracy. She wondered how the data would be verified for accuracy. She questioned how the updated IRIS system correlated to more accurate data. Mr. Dunsmore would follow up with detail in writing. Representative Rasmussen highlighted one instance that had been brought to her attention by a constituent. She elucidated that an incorrect listing showed that Representative Rasmussen expended \$1 million in travel costs. She was concerned about inaccurate or erroneous information pertaining to a private business or contractor where their reputation was "on the line" due to a major error by the state. She wanted to ensure accuracy was fully vetted before the bill was passed.

Co-Chair Merrick indicated that Representative Johnson had joined the meeting.

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Representative LeBon asked if the committee would hear from the department or state treasury on the bill pertaining to how it viewed the online checkbook functioning and to report on any challenges it anticipated implementing the bill.

ROBERT ERVINE, ACTING DIVISION DIRECTOR, FINANCE DIVISION, DEPARTMENT OF ADMINISTRATION (via teleconference), asked Representative LeBon to repeat the question. Representative LeBon complied. Mr. Ervine replied that the department had worked with the sponsor to have the bill crafted in a way that was possible to implement within the timeline of the bill. He elaborated that DOA addressed how it would include data from state corporations not using the state's central accounting system. The department would provide Excel spreadsheet templates and the corporation would include revenue and expenditure data so their information could be uploaded into the website. He responded to a comment by Representative Rasmussen. He indicated that the department's goal was to ensure the data was displayed in a way that was clear and accurate for the public. The department removed the online checkbook in 2020 due to errors and reposted it in 2021. The department believed the current posted information was accurate. He cautioned that the possibility of an error existed and if one was brought to the department's attention it would correct it.

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Representative Johnson wondered how the state would keep up with all the data entry the bill would require. She deduced the checkbook would be a "massive undertaking" especially in ensuring accuracy.

Mr. Dunsmore replied that he believed all the data was already entered into the statewide accounting system and added that the data was currently searchable within the central accounting system.

Co-Chair Merrick asked Mr. Ervine if he agreed.

Mr. Ervine answered that the goal would be to ensure all the information was entered in a logical way that made sense to the public. He relayed that the accounting technicians who were entering information into the system would undergo training regarding what information would be included.

3:30:39 PM

Representative Johnson would look into the issue offline.

Representative Wool cited the handout titled "Following the Money 2018 - How the 50 States Rate in Providing Online Access to Government Spending Data" by the U.S. PIRG Education Fund and Frontier Group (copy on file). He read the following from page 1 of the Executive Summary.

"State-operated transparency websites provide checkbook-level detail on government spending, allowing citizens and watchdog groups to view payments made to individual companies, details on purchased goods or services, and benefits obtained in exchange for public subsidies."

Representative Wool understood the issue of transparency. He questioned the limits of transparency. He worried about peoples' right to privacy. He wondered if it was transparent for a student at UAF to know the salary of their professor as an example of how much information was necessary and what the value of the information was. He was not sure of the extent of the information that would be available and asked Mr. Dunsmore to address the issues in his response. Mr. Dunsmore answered that transparency issues were addressed during the committee process in the Senate. He clarified that employee wage payments were not included in the data. He added that the bill only made what was currently public data available and only provided the state's publicly accessible financial information. Representative Wool understood that the bill established a website at a cost of \$65 thousand per year. He wanted to ensure that the website would not contain easily accessible wage information. He considered wage information too much transparency. He understood the need for contract information to avoid preferential bidding, etc. He asked that other than providing the public an overview of state expenditures was there any other area of concern the bill was addressing. Mr. Dunsmore replied that the sponsor took an "umbrella approach" and included information about all agencies while respecting confidential information or aggregated information to protect confidentiality.

Representative LeBon pointed to slide 6 showing different types of revenues and associated reporting requirements. He

inquired whether all types of revenue would be added up at month's end and reported on. Mr. Dunsmore responded in the affirmative. He delineated that the monthly reporting requirement was added during the committee process and the data could be unaudited.

Representative LeBon asked if the revenue was accounted for on a cash basis receipt or whether there was an accrual basis applied to the revenue. Mr. Ervine deferred the answer to a written response. Representative LeBon noticed that under other revenues there was an interest category. He asked whether the state was waiting for the interest or lease payment before it was accounted for or if the payment was anticipated. He deduced it was the difference between cash basis and accrual basis.

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Representative Carpenter asked a technical question regarding data entry. He inquired whether the accounting software used by the state was a "relational database" that could be programmed to provide the necessary information and link to data bases to obtain the information from agencies not on the central accounting system and then make the data available to the public.

Mr. Ervine replied that not every state agency used the central accounting system known as IRIS. Therefore, those outside of the central system would need to provide the information to the system. He reiterated how the information would be collected and added to the system. Representative Carpenter asked how many agencies did not use the centralized accounting system. Mr. Ervine estimated that it was 5 to 6 agencies and offered to verify and follow up. Representative Carpenter wondered what the reason was that not all agencies were using the IRIS system. Mr. Ervine answered that they were separate components for the state including things like the Alaska Railroad and Alaska Permanent Fund Corporation (APFC). Representative Carpenter asked what agencies outside of the IRIS system could communicate with an online application to provide its financial information for the checkbook.

Co-Chair Merrick asked Mr. Ervine to follow up with the information.

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Representative Wool asked about the "granularity" of the data regarding public employees' pay and of people who pay taxes to the state. He assumed the information was confidential. He wondered about confidentiality either for expenditures or revenues when warranted. He mentioned tax revenue for oil companies and guessed that it was proprietary. Mr. Dunsmore answered that Representative Wool was generally correct. He understood that taxpayer information was confidential. However, there were numerous exceptions in statute. He was unaware of any exceptions for actual dollar amounts of taxes paid. He offered to review the statutes.

Representative Carpenter asked how the bill addressed the inevitable questions that would arise from the public regarding access to the information. He asked if there would be a central clearinghouse for questions on how to find the information or how to interpret the information. Mr. Dunsmore deferred to the department. He expected the department would include itself as a contact. He ascertained that individuals would need to contact the specific agency with detailed questions. Representative Carpenter liked the idea of increased accountability and saw value in the bill. He restated his concern regarding the increased workload caused by public inquiries. He wondered if the bill addressed the issue. Mr. Dunsmore answered that he did not believe there was anything in the bill that would address the issue. He relayed that he learned from doing research for the bill that other states experienced a decreased administrative burden, since the information was easily accessible. Representative Carpenter cited Section 4 of the bill that required the Department of Administration (DOA) to develop, operate, and maintain a searchable internet website. He wanted to hear from the department what the website would look like.

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Co-Chair Merrick asked Mr. Ervine to comment.

Mr. Ervine answered that DOA currently uploaded and maintained the online checkbook. He responded to the question by Representative Carpenter. He relayed that the department had thought through implementation of the bill and included a \$250 thousand capital appropriation to hire a contractor to develop the website. The department did not

have the programmers to develop a website to meet the requirements in the bill.

[3:48:43 PM](#)

Co-Chair Merrick OPENED public testimony.

ROBIN O'DONOGHUE, ALASKA PUBLIC INTEREST RESEARCH GROUP (AKPIRG), ANCHORAGE (via teleconference), spoke in favor of the bill. He read from a prepared statement

AKPIRB was established in 1974 and advocated on behalf of public and consumer interests. To our knowledge, we are the only non-governmental, non-profit organization focused on addressing Alaska-specific consumer interest issues. AKPIRG supports SB 25 - The Alaska Online Checkbook Act. The implementation of the Department of Administration's Alaska Online Checkbook is critical because it enables the public to better understand what their government officials are up to and how they spend our public dollars. He furthered that AKPIRB appreciated that committee process that improved the bill and provided more transparency. The group believed the bill was timely in order for the public to track the significant amount of federal dollars scheduled to pour into the state from the Infrastructure Investment and Jobs Act (IIJA) as well as other federal money expended.

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PENNY VADLA, SELF, SOLDOTNA (via teleconference), she favored the legislation. She believed more disclosure was needed. She thought the transparency for communities the checkbook offered was extremely important. She looked forward to a proprietary and confidential but informative system.

Representative Carpenter thanked Ms. Vadla for calling in.

Co-Chair Merrick CLOSED public testimony.

[3:52:51 PM](#)

SB 25 was HEARD and HELD in committee for further consideration.

#hb350

HOUSE BILL NO. 350

"An Act relating to school bond debt reimbursement; and providing for an effective date."

[3:53:06 PM](#)

Co-Chair Merrick relayed that the committee previously heard the bill on April 27, 2022.

Co-Chair Merrick OPENED public testimony.

PENNY VADLA, SCHOOL BOARD MEMBER, KENAI PENINSULA SCHOOL DISTRICT, SOLDOTNA (via teleconference), spoke in support of the legislation. She related that the Kenai was a very large district that encompassed 42 schools and 17 communities. She spoke to the deferred maintenance needs in many areas of the district. She indicated that the bill supported all districts in the state, and she hoped the bill offered a 60 percent reimbursement rate for repairs and 70 percent for school construction. The cost shifting due to the moratorium impacted communities and schools by interrupting programs and halting services provided to all the districts' communities. She spoke of the difficulty to obtain small bonds for schools in one community that did not have a broad base of constituents like larger municipalities. The district was spread out over a large area. She commented that the district attempted to address all its maintenance needs, but it was difficult to stay ahead of repairs lacking state support. She believed that keeping schools well maintained and safe helped provide a quality education for the state's students. The scenario she described required the support of a school bond debt reimbursement program. She believed that it was important to spread awareness about the level of deferred maintenance need. She applauded Representative Drummond for the bill. She requested that the moratorium was removed on school bond debt reimbursement.

Co-Chair Merrick CLOSED public testimony.

[3:58:37 PM](#)

Co-Chair Merrick relayed the amendment deadline of noon the following day.

HB 350 was HEARD and HELD in committee for further consideration.

[3:59:07 PM](#)

AT EASE

[4:00:49 PM](#)

RECONVENED

#hb5

HOUSE BILL NO. 5

"An Act relating to sexual abuse of a minor; relating to sexual assault; relating to the code of military justice; relating to consent; relating to the testing of sexual assault examination kits; and providing for an effective date."

[4:01:05 PM](#)

REPRESENTATIVE GERAN TARR, SPONSOR, thanked the committee for the opportunity to introduce the legislation. She shared that the bill had 15 prior hearings in prior committee. She reported that the draft Committee Substitute (CS), version U that she wanted the committee to consider accomplished three things. She explained that the bill changed the timeframe for testing rape kits from one year to six months. She indicated that the second item updated the definition of consent. The current definition of consent was established in the late 1970s and no longer reflected what was presently culturally and socially acceptable, which had changed. The modern definition that was included in the CS was in statute in many states and was included in Section 5. She stated the definition of consent in the CS as follows "freely given, reversible agreement specific to the conduct at issue... freely given means agreement to cooperate in the act was positively expressed by word or action." She shared that she had been working with the Department of Law (DOL) to ensure that the definition was copesetic and clearly understood. The language "the use or threat of use of force" was removed because it was problematic when trying to criminally prosecute sexual assault cases. She referred to an article included in members packets titled "Without justice in Nome, Women Wrestle with Trauma and Healing After Sexual Assault" (copy on file) as an example of the need for an updated definition of consent. She noted the broad support

from stakeholders and citizens for the bill. The current statute was ineffective, and change was necessary to rectify the problem. She highlighted that the third item in the CS was the crime of rape by fraud reflected on page 1, line 13 through 14 in the bill and read the language "by impersonating someone known to the person for the purpose of obtaining consent." She offered that currently the behavior was not criminalized. She described a circumstance that characterized the behavior.

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Representative Tarr continued to speak about the bill. She indicated that there were many cases in the state that fit the description. If the state adopted the provision, it would be the thirteenth state to do so. The fraud provision was reflected in the crime of sexual assault in the first degree for penetration and sexual assault in the second degree for sexual contact. She elaborated that the rape by fraud for sexual penetration was a Class A felony and for contact a Class B felony. The use of force was added as an element of sexual assault in the first degree and was a gradient that made the assault rise to a certain level or degree of crime. She concluded her summary of the CS.

[4:07:01 PM](#)

AT EASE

[4:08:17 PM](#)

RECONVENED

Vice-Chair Ortiz MOVED to ADOPT the proposed committee substitute for HB 5, Work Draft 32-LS0065\U (Radford, 5/10/22).

[4:08:42 PM](#)

AT EASE

[4:08:59 PM](#)

RECONVENED

Vice-Chair Ortiz restated the motion for version U.

There being NO OBJECTION, it was so ordered.

HB 5 was HEARD and HELD in committee for further consideration.

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

ADJOURNMENT

4:09:54 PM

The meeting was adjourned at 4:09 p.m.