

HOUSE FINANCE COMMITTEE  
May 13, 2022  
1:35 p.m.

[1:35:18 PM](#)

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:35 p.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

Scott Jordan, Director, Division of Risk Management, Department of Administration; Nils Andreassen, Executive Director, Alaska Municipal League; Nikki Rose, Staff, Senator Roger Holland; Senator David Wilson, Sponsor; Jasmine Martin, Staff, Senator David Wilson; Senator Gary Stevens, Sponsor; Tim Lamkin, Staff, Senator Gary Stevens; Tim Grussendorf, Staff, Senator Lyman Hoffmann; Representative Mike Cronk.

PRESENT VIA TELECONFERENCE

Richard Etheridge, Alaska Fire Chiefs Association, Juneau; Charles Collins, Director, Division of Workers' compensation, Department of Labor and Workforce Development; Lori Wing-Heier, Director, Division of

Insurance, Department of Commerce, Community and Economic Development; Sara Chambers, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Jayme Parker, Chief of Public Health Labs, Department of Health and Social Services; Jason Ball, Quality Assurance Manager, Division of Health Care Services, Department of Health and Social Services; Sondra Meredith, Administrator, Teacher Education and Certification, Department of Education and Early Development; Deborah Riddle, Operations Manager, Department of Education and Early Development; Curtis Thayer, Executive Director, Alaska Energy Authority, Department of Commerce, Community and Economic Development; Tim Sandstrom, Chief Operating Officer, Alaska Energy Authority.

SUMMARY

CSSB 20 (FIN)

OUT OF STATE TEACHER RECIPROCITY

CSSB 20 (FIN) was REPORTED out of committee with five "do pass" recommendations, one "do not pass" recommendation, three "no recommendation" recommendations, and one "amend" recommendation and with one previously published fiscal impact note: FN3 (EED).

SB 131 (title am)

WORKERS' COMP DISABILITY FOR FIREFIGHTERS

HCS SB 131 (FIN) was REPORTED out of committee with five "do pass" recommendations and five "no recommendation" recommendations and with one new zero fiscal note from the Department of Labor and Workforce Development and one new fiscal impact note from the Department of Administration.

CSSB 173 (FIN)

DENTIST SPEC. LICENSE/RADIOLOGIC EQUIP

HCS CSSB 173 (FIN) was REPORTED out of committee with seven "do pass" recommendations and four "no recommendation" recommendations and with three previously published fiscal impact notes: FN1 (DHS), FN2 (DHS), and FN3 (CED).

CSSB 243 (FIN)

PWR COST EQ: RAISE, ENDOW FUND INVESTMENT

CSSB 243 (FIN) was REPORTED out of committee with five "do pass" recommendations and five "no recommendation" recommendations and with one previously published fiscal impact note: FN1 (CED).

Co-Chair Merrick reviewed the meeting agenda.

#sb131

SENATE BILL NO. 131 (title am)

"An Act relating to the presumption of compensability for a disability resulting from certain cancers in firefighters."

[1:36:03 PM](#)

Co-Chair Merrick indicated the committee would take up the three amendments that were submitted to her office.

[1:36:36 PM](#)

Co-Chair Merrick OPENED public testimony.

[1:36:53 PM](#)

AT EASE

[1:37:14 PM](#)

RECONVENED

[1:37:28 PM](#)

RICHARD ETHERIDGE, ALASKA FIRE CHIEFS ASSOCIATION, JUNEAU (via teleconference), spoke in support of SB 131. He shared that he had been a firefighter in Alaska for over 30 years. During his career, he had learned that many job related things had been documented to cause cancer in firefighters. He listed items known to cause cancer to firefighters on the job including structure fire smoke, soot buildup in gear, firehalls that contained diesel buildup, fire foam, and protective gear containing PFAS. With the knowledge of the problems, methods had been developed to reduce risk as much as possible. He shared that if a firefighter's cancer was on the presumptive list, they had to prove they met the

strict requirements to qualify for the workers' compensation program. He explained that if the cancer was not on the presumptive list, it still may be a workplace illness; it meant firefighters then had a harder job to prove what caused the cancer.

Mr. Etheridge provided additional detail. He stated that SB 131 did not create additional liability for municipalities. The bill specified that if a person had an approved cancer, they would not be forced to go through a protracted bureaucratic process. He stated that according to the Workers' Compensation office, there had been very few claims filed. He relayed that the state insurance director had testified at a recent hearing that the cost to the state was so negligible it was not measured. He highlighted that female firefighters deserved cancer protection equal to their male counterparts. He asked the committee to pass the legislation to protect firefighters.

[1:40:58 PM](#)

Co-Chair Merrick CLOSED public testimony.

Co-Chair Merrick indicated there were two fiscal notes to review.

SCOTT JORDAN, DIRECTOR, DIVISION OF RISK MANAGEMENT, DEPARTMENT OF ADMINISTRATION, reviewed Fiscal Note 3. The fiscal note was indeterminate because there was no data in the system regarding cancer diseases with firefighters. The department had attached average costs for cancers found online. He added the note factored in death benefits that would go to a firefighter's dependents if the firefighter died due to the illness.

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

CHARLES COLLINS, DIRECTOR, DIVISION OF WORKERS' COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), reviewed the zero fiscal note (control code: iAIPv) by Department of Labor and Workforce Development. He relayed that the division did not cover any firefighters; therefore, there it would see no added expense. He noted the actuary was unable to provide a number on cost; the synopsis was included with the note.

1:44:13 PM

Representative Josephson MOVED to ADOPT Amendment 1, 32-LS0598\G.1, (Marx, 4/29/22) (copy on file):

Page 1, line 2, following "firefighters":  
Insert"; relating to the payment of workers' compensation benefits in the case of permanent partial impairment; relating to the payment of workers' compensation death benefits; and providing for an effective date"

Page 3, following line 6:

Insert new bill sections to read:

"\* Sec. 3. AS 23.30.190(a) is amended to read:

(a) In case of impairment partial in character but permanent in quality, and not resulting in permanent total disability, the compensation is \$273,000 [\$177,000] multiplied by the employee's percentage of permanent impairment of the whole person. The percentage of permanent impairment of the whole person is the percentage of impairment to the particular body part, system, or function converted to the percentage of impairment to the whole person as provided under (b) of this section. The compensation is payable in a single lump sum, except as otherwise provided in AS 23.30.041, but the compensation may not be discounted for any present value considerations.

\* Sec. 4. AS 23.30.215(a) is amended to read:

(a) If the injury causes death, the compensation is known as a death benefit and is payable in the following amounts to or for the benefit of the following persons:

(1) reasonable and necessary funeral expenses not exceeding \$12,000 [\$10,000];

(2) if there is a widow or widower or a child or children of the deceased, the following percentages of the spendable weekly wages of the deceased:

(A) 80 percent for the widow or widower with no children;

(B) 50 percent for the widow or widower with one child and 40 percent for the child;

(C) 30 percent for the widow or widower with two or more

children and 70 percent divided equally among the children;

(D) 100 percent for an only child when there is no widow or widower;

(E) 100 percent, divided equally, if there are two or more children and no widow or widower;

(3) if the widow or widower remarries, the widow or widower is entitled to be paid in one sum an amount equal to the compensation to which the widow or widower would otherwise be entitled in the two years commencing on the date of remarriage as full and final settlement of all sums due the widow or widower;

(4) if there is no widow or widower or child or children, then for the support of father, mother, grandchildren, brothers, and sisters, if dependent on [UPON] the deceased at the time of injury, 42 percent of the spendable weekly wage of the deceased to such beneficiaries, share and share alike, not to exceed \$150,000 [\$20,000) in the aggregate;

(5) \$8,000 [\$5,000] to a surviving widow or widower, or equally divided among surviving children of the deceased if there is no widow or widower.

\* Sec. 5. AS 23.30.215 is amended by adding a new subsection to read:

(j) A death benefit payable to a child under (a) (2) (D) or (E) of this section continues until the child reaches 23 years of age, unless extended under AS 23.30.395(8)."

Renumber the following bill section accordingly.

Page 3, lines 9 - 10:

Delete all material and insert:

"APPLICABILITY. AS 23.30.121(b), as amended by sec. 1 of this Act, and AS 23.20.121(±), as amended by sec. 2 of this Act, apply to claims made on or after the effective date of secs. 1 and 2 of this Act."

Page 3, following line 10:

Insert a new bill section to read:

"\* Sec. 7. This Act takes effect January 1, 2023."

Co-Chair Merrick OBJECTED for discussion.

Representative Josephson reviewed the amendment that was identical to a bill (HB 30) passed out of the House Finance Committee and was passed on the House floor by a vote of 29 to 10. He shared that he had been working on the topic for

nine years. The amendment included an update to permanent and partial impairment. He had seen the issue through the House three times. He had informed the sponsor of SB 131 of his intention to offer the amendment. The sponsor had not asked him to offer the amendment or not offer the amendment. He stated that the bill was backed by the Alaska General Contractors, the Alaska Builders and Contractors, and the Fairbanks Chamber of Commerce. Additionally, the bill was affordable. He shared that Mr. Collins with the Division of Workers' compensation had testified there had been a cumulative reduction in in workers' compensation of 40 percent over the last eight years. The bill would cause a net 14 percent increase. He stressed that Alaska did not want to be the 46<sup>th</sup> state for disability due to workers' compensation.

Co-Chair Merrick WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

[1:46:24 PM](#)

Vice-Chair Ortiz MOVED to ADOPT Amendment 2, 32-LS0598\G.2, (Marx, 5/13/22) (copy on file):

Page 1, line 2, following "firefighters":  
Insert"; relating to occupational diseases; and relating to the fishermen's fund"

Page 3, following line 6:  
Insert a new bill section to read:  
"\* Sec. 3. AS 23.35.150(5) is amended to read:  
(5) "occupational disease" means hernia; varicose veins of the leg; the respiratory diseases, novel coronavirus disease (COVID-19), bronchitis, pleurisy, and pneumonia caused by or aggravated by the fishing endeavor, but excluding the common cold and influenza; rheumatism, arthritis, and those musculoskeletal diseases (such as bursitis, traumatic sciatica, and tenosynovitis) directly caused by or aggravated by the fishing endeavor; and does not include a disease not common to both sexes, venereal disease, or a condition arising out of an attempt of a fisherman to injure self or another."

Renumber the following bill section accordingly.

Page 3, line 9:

Delete "AS 23.30.121(b) and (f), as amended by this Act, apply"

Insert "This Act applies"

Co-Chair Merrick OBJECTED for discussion.

Vice-Chair Ortiz explained the amendment was a self-contained issue to the Fishermen's Fund and there would be no added fiscal cost to workers' compensation, the state's fiscal obligations, or local municipalities' fiscal obligations. The amendment added the COVID-19 portion of SB 131 to the Fishermen's Fund. There was no cost to anyone other than fishermen, who had requested adding the benefit to their fund.

[1:47:29 PM](#)

Representative Johnson asked if the amendment would add COVID-19 as one of the occupational [inaudible]. She asked for further clarification.

Vice-Chair Ortiz replied that the virus spread more rapidly when people were confined in a fishing boat. He clarified the issue was whether or not people who were part of the Fishermen's Fund felt they needed some added insurance protection from COVID-19. He explained their health insurance was from the Fishermen's Fund. He explained that the inclusion may add to fishermen's premiums or other cost. He clarified that any associated costs would be taken care of by fishermen. He added the inclusion had been requested by fishermen.

Representative Johnson surmised the amendment added the Fishermen's Fund to the bill.

Vice-Chair Ortiz provided further clarification. He explained the amendment matched the theme of the bill because the bill talked about adding COVID-19 to workers' compensation. The benefit was only about the Fishermen's Fund and would be paid for by fishermen. He clarified it was the fishermen's health insurance program.

[1:49:57 PM](#)

Representative Carpenter understood the concept of occupational disease as something that specifically related

to the occupation. He listed health problems such as varicose veins, a hernia, bronchitis, and pneumonia. He thought the Coronavirus had more in common with the flu than a hernia. He remarked that the amendment would add the Coronavirus, but current statute excluded influenza. He thought it appeared to go against the underlying theme of the statute.

Co-Chair Merrick asked Mr. Collins if he had a response.

Mr. Collins offered that Fishermen's Fund insurance did not work like workers' compensation. He explained it was merely a reimbursement of expenses to the boat or fishermen. He elaborated that fishermen did not pay premiums they paid a fee on their license purchased through the Department of Fish and Game. He informed committee members that the setup of the Fishermen's Fund had been set since prior to statehood. He was not aware of any requests from the Fish Fund Council on coverage for COVID-19. He was surprised to hear the amendment. He added the amendment would not impact the cost to any claims because it was a fee fishermen charged themselves to cover the Fishermen's Fund, which was a reimbursement vehicle and not insurance.

Representative Carpenter asked why the common cold and influenza were excluded.

[1:52:56 PM](#)

AT EASE

[1:53:34 PM](#)

RECONVENED

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

Vice-Chair Ortiz WITHDREW Amendment 2. He remarked there were some reasonable questions about the amendment, and he was not the person to answer them. He would get the answers to the questions.

[1:54:07 PM](#)

Representative LeBon MOVED to ADOPT Conceptual Amendment 1 (copy on file):

Page 1, line 13

Delete "skin cancer [MALIGNANT MELANOMA];"  
Insert "malignant melanoma;"

Page 2, line 4  
Add "and"

Page 2, lines 6-12  
Delete all material

Co-Chair Merrick OBJECTED for discussion.

Representative LeBon reviewed the conceptual amendment. He pointed to page 1, line 13 of the bill and explained the amendment would delete skin cancer and replace it with malignant melanoma. Additionally, on page 2, line 4, the word "and" was added following the words "prostate cancer" and lines 6 through 12 would be deleted. The paragraph would end with the words "and with breast cancer." The subsequent cancers would be deleted. He was trying to strike a balance between reasonable risk and cost and the burden that would befall municipalities, cities, and organized boroughs. The original version of the bill simply added breast cancer to the list of cancers firefighters had a presumption and that the claim for workers' compensation may result through their employment. He elaborated that due to the limited number of claims, breast cancer did not seem to have a significant impact on workers' compensation rates paid by the state and municipality employers of firefighters.

Representative LeBon explained that the House Labor and Commerce Committee added the seven additional cancers he listed and proposed for removal. He stated that the indeterminate fiscal note from the House Labor and Commerce Committee only showed possible cost to the state as an employer of airport firefighters. He remarked that House Finance Committee had heard from Nils Andreassen with the Alaska Municipal League who had suggested that Alaska municipal communities, towns, cities, boroughs had raised concerns and suggested that the state consider capitalizing a trust fund that would cover the presumptive conditions. He noted at the current point in session it was difficult to evaluate the proposed solution. He continued that the amendment would help reduce the uncertainty to communities while consideration of the additional cancers could be raised at a future time if deemed appropriate.

1:57:10 PM

Representative Josephson thought Ms. Lori Wing-Heier testified that it would not cost the state much because they [the cancers] were uncommon. He was disinclined to remove the additions.

1:58:12 PM

LORI WING-HEIER, DIRECTOR, DIVISION OF INSURANCE, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), indicated Representative Josephson's comments were accurate. She relayed there was no data for Alaska or other jurisdictions expanding benefits for firefighters. She explained that every state had the presumptions and Alaska's were fairly strict and the cases were few and far between. She elaborated there was not a trend for any actuary or insurer to attest that the bill and the inclusion of one cancer or ten cancers would have an impact on the cost to the firefighting organizations. She considered that perhaps it would in the future; however, at the current point, cases were so few and far between, there was no data to suggest the rates would increase.

Representative LeBon asked how many of the firefighters impacted by the bill were state employed versus employed by cities, boroughs, and municipalities.

Ms. Wing-Heier responded that she would have to follow up with the information. She noted that many of the smaller fire departments such as Chugiak and Cooper Landing (those fire departments surviving on bake sales) would not be able to afford to have their members get an annual physical to qualify for "this." As for the number of state firefighters, she deferred to Mr. Jordan.

Representative LeBon asked who bore the cost of the risk for a municipality, city, or borough with their volunteer or paid fire departments. He asked if it would be the municipality versus the state.

Ms. Wing-Heier responded that the employer of record would pay the cost for the workers' compensation claim if they were self-insured or for the workers' compensation insurance.

Representative LeBon remarked that he was speaking about the bigger population, while Ms. Wing-Heier was referring to the smaller population.

Co-Chair Merrick asked if Mr. Jordan could respond.

[2:01:37 PM](#)

Mr. Jordan reported that there were 1,300 fire fighters working for the state; however, the majority were seasonal wildfire firefighters for the Department of Natural Resources. He believed about 100 to 120 of the total were fulltime employees working for the airports.

Representative LeBon asked about the difference in the size of the two groups in major communities employing firefighters including Fairbanks, Anchorage, Kenai, Juneau, Wasilla.

Mr. Jordan did not have the numbers, but he suspected the number was quite a bit higher than the number of firefighters working for the state.

Representative Thompson asked Mr. Collins to comment.

[2:02:52 PM](#)

Mr. Collins reported that under workers' compensation, Anchorage, Mat-Su, Kenai, Fairbanks, Juneau, and possibly Ketchikan, were all self-insured entities. He explained that any firefighters under the entities would be paid under self-insurance. The department did not track an organization's employees by job classification. He remarked that the self-insured entities likely had more firefighters than those employed by the two airports.

Representative LeBon asked to hear from Mr. Nils Andreassen. He was interested in the firefighter population.

[2:04:39 PM](#)

NILS ANDREASSEN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, believed there were more than 1,000 municipal firefighters. He discussed the distinction between self-insured firefighters and those who were not. The larger municipalities were self-insured and managed their risk

independently of other municipalities; they would manage the impacts of the bill on their own. He referenced letters in committee members' packets from APEI [Alaska Public Entity Insurance] and AMLJIA [Alaska Municipal League Joint Insurance Association]. He elaborated the entities were pools formed under statute to allow for risk sharing. He explained that all of the smaller municipalities were members of those pools. The impacts of the bill would be felt by every other municipal employer. He listed location examples including Kwethluk, Russian Mission, Kotzebue, and Kodiak. There was a distinction between an employer picking up the costs versus a pool picking up the costs. He explained that a pool would have very different assets available to deal with the claims. He stated that even infrequent claims could have challenging impacts to the pools.

[2:06:25 PM](#)

Representative Josephson asked if malignant melanoma referred to a precancerous skin condition, which would allow for denial of claims. He asked if skin cancer was a broader disease than malignant melanoma.

Ms. Wing-Heier responded that she did not have the answer to his question.

Mr. Collins pointed out that melanoma was already in statute and there had been a change in the Labor and Commerce Committee to include the broader term "skin cancer." He believed the amendment would change the language back to current statute.

Representative Wool stated that malignant melanoma was skin cancer.

[2:08:36 PM](#)

Representative Josephson shared he had seen a Centers for Disease Control and Prevention (CDC) report from 2016 that indicated firefighters were subject to cancers like testicular cancer and multiple myeloma. He stated the cancers were listed in the bill. He did not believe the change would be significantly impactful and he trusted in the co-chairs of the House Labor and Commerce Committee.

Co-Chair Merrick MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: LeBon, Thompson, Carpenter

OPPOSED: Wool, Josephson, Ortiz, Rasmussen, Johnson,  
Foster, Merrick

Representative Edgmon was absent from the vote.

The MOTION to adopt conceptual Amendment 1 FAILED (3/7).

Vice-Chair Ortiz relayed he would not be offering Amendment 2.

Representative Josephson spoke in support of the bill. He referred to SB 131 as "a very fine bill" that was not costly and would help keep Alaskans healthier and safer.

Representative Carpenter asked how the International Agency for Research on Cancer (ARC) and the National Toxicology Program (NTP) defined exposure. He cited testimony stating the following items were hazardous: diesel particles at the fire station, smoke from fires, soot residue on the personal protective equipment (PPE), and materials in the manufacturing of the PPE.

[2:12:18 PM](#)

NIKKI ROSE, STAFF, SENATOR ROGER HOLLAND, responded that there had been prior testimony in several committees from fire fighters stating the exposure was logged by Alaskan fire fighters in incident logs. She elaborated that fire fighters were instructed to record which chemicals they were exposed to. She explained that the incident logs included the information on chemical exposure and dates. The legislation stated that after a period of seven years of annual exams and no cancer detected, there was an opportunity to reexamine the information in the logs. The fire departments were responsible for storing the logs.

[2:13:34 PM](#)

Representative Carpenter asked if it indicated that any time a fire fighter wore their PPE they filed an exposure record in the log.

Ms. Rose did not know the answer to the question.

Co-Chair Merrick invited Mr. Etheridge to answer the question.

[2:14:14 PM](#)

Mr. Etheridge responded that detailed training records were kept. Additionally, anytime firefighters went into a fire or hazardous materials response, the department was required to record the information. He stated there was no record if someone merely put on the protective gear at the fire station.

Representative Carpenter considered the definition of exposure. He used a hypothetical example where the PPE equipment was carcinogenic. He elaborated that if a person put on the PPE during a training session it was not considered exposure; however, when the person wore the equipment while fighting a fire it was considered an exposure. He remarked that under the scenario, the firefighter was deciding when they were exposed. He pointed out that the law specified an exposure was defined by the ARC and NTP. He did not understand whether the process involved an individual specifying when exposure occurred or whether the agencies defined when a person could consider when exposure had occurred.

Mr. Etheridge did not have any comments about how they define exposure based on those organizations. He relayed the department had only found out about the PFAS in bunker gear fabric in the past year and a half. He remarked it showed the trend of all of the new things that could potentially cause cancer.

Representative Johnson commented that in the research she had done on the bill she had learned firefighting equipment contained cancer causing materials if exposed to fire. She remarked that one of the safety mechanisms was to separate firefighters from the equipment after a fire. She asked if Representative Carpenter was trying to say that a person's exposure may not be defined by the length of time spent fighting a fire, but also in the equipment associated with cancer causing elements.

Representative Carpenter had some personal military experience with wearing PPE that was supposed to provide protection from hazardous things. He used an example and

stated a person would know if they had been exposed to anthrax because they would get sick and possibly die. He noted there were decontamination processes when PPE was donned to provide protection from the environment. He stated the law specified the firefighter was exposed to a known carcinogen as defined by the two organizations. He was trying to understand how the organizations were defining exposure because the firefighter was not dying immediately when gear was removed. He did not know whether the firefighter had actually been exposed when the gear was removed.

Co-Chair Merrick asked Ms. Rose if it was possible to do some research and get back to the committee.

Ms. Rose answered that she had just received information from the firefighters that the ARC and NTP listed and categorized known carcinogens. She elaborated that firefighters likely had to prove to the workers' compensation board that the exposure took place. The board would refer back to the list of known carcinogens.

[2:20:03 PM](#)

Co-Chair Foster MOVED to report HCS SB 131(FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

HCS SB 131(FIN) was REPORTED out of committee with five "do pass" recommendations and five "no recommendation" recommendations and with one new zero fiscal note from the Department of Labor and Workforce Development and one new fiscal impact note from the Department of Administration.

[2:20:29 PM](#)

AT EASE

[2:22:01 PM](#)

RECONVENED

#sb173

CS FOR SENATE BILL NO. 173 (FIN)

"An Act relating to the practice of dentistry; relating to dental radiological equipment; and providing for an effective date."

2:22:01 PM

Co-Chair Merrick relayed it was the second bill hearing and no amendments had been received.

Co-Chair Merrick OPENED public testimony.

Co-Chair Merrick CLOSED public testimony.

Co-Chair Merrick indicated there were three fiscal notes. She invited the Department of Commerce, Community and Economic Development (DCCED) to review Fiscal Note 3.

2:23:04 PM

SARA CHAMBERS, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), relayed the fiscal note had several components because the bill had two primary purposes. One of the purposes was to reinstitute specialty licensing, which would require the department to add several new licenses and additional work to its team. The department was requesting one additional occupational licensing examiner. Currently, the large program only had one dedicated staff member. The second major component was the department's need to coordinate and cooperate with Department of Health and Social Services (DHSS) on radiological equipment administration. She elaborated that DCCED planned to enter into an interagency agreement with DHSS in the amount of \$224,000, which was reflected on the services line and in one of the DHSS fiscal notes. She explained the money had to be accounted for leaving one department and coming into the other department.

Representative Carpenter asked how many equipment inspections had to be done each year.

Ms. Chambers responded that there were currently about 2,000 pieces of equipment would have to be inspected every six years. She elaborated that DHSS could speak more specifically to the cost because it would be performing the work. She relayed it a rolling cost over six years to

ensure a position could support all of the inspection across the state.

2:25:36 PM

Representative Carpenter estimated it meant that just under one piece of equipment would need to be inspected each day. He asked what the additional position would do apart from conducting inspections.

Ms. Chambers responded that DCCED would no longer be doing the inspections; the bill handed the responsibility off to DHSS. She noted that DCCED would have a new occupational licensing examiner position, which would take on the extra work the new specialty licensing scheme reintroduced by the bill would mandate. The department currently had one person for about 7,000 licensees and DCCED could not expand the program further without additional staff support.

Co-Chair Merrick indicated there were two remaining fiscal notes to be reviewed. She asked DHSS to review the fiscal note with OMB component 2252.

2:27:16 PM

JAYME PARKER, CHIEF OF PUBLIC HEALTH LABS, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), reviewed fiscal note (control code ckCce). She relayed the fiscal note for the Department of Health labs started with an initial investment of \$193,200, which allowed the department to recruit for and hire an additional radiological health physicist to help monitor, register, and inspect an additional 2,200 to 2,400 devices. The department currently managed about 1,000. The department was also suggesting an additional office assistant to help the department with communication with DCCED because DCCED would be collecting the fees and DHSS would be invoicing. The position would also assist with travel for two radiological health specialists. Beyond the initial investment in FY 23, the department saw an increase to \$224,200 because it assumed it would take three to four months to hire someone in FY 23; therefore, the entire salary and benefit would not be necessary until FY 24. The department expected the \$224,000 to be covered by fees. She confirmed the number equated to inspection of about one device per day, but the department could inspect more than that number. There was other x-ray equipment the department

inspected across the state; therefore, the department expected to cross-train the positions to inspect x-ray and dental equipment. The department anticipated the travel cost would be reduced. She shared the cost equated to approximately \$100 per device per year or \$600 per device for six years.

Co-Chair Merrick invited Mr. Jason Ball with DHSS to review Fiscal Note 2.

[2:30:12 PM](#)

JASON BALL, QUALITY ASSURANCE MANAGER, DIVISION OF HEALTH CARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), reviewed Fiscal Note 2 (control code: ARTso), which included \$92,000 per year on the personal services line in addition to some additional commodity expenditure related to setting up the new position. He stated there was an impact to the Medicaid provider enrollment component related to the specialty piece and implementing the specialty licenses required by the federal government at initial enrollment and revalidation on a three to five-year interval depending on a provider's risk level. The department was required to take up a body of work to ensure providers were practicing in their approved specialties. The department had to ensure the integrity of the claims billed on behalf of newly created specialists on an ongoing basis in order to draw down federal funds.

Co-Chair Merrick asked if the departments had any input regarding Representative Carpenter's question.

[2:32:15 PM](#)

Co-Chair Foster MOVED to report HCS CSSB 173(FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

HCS CSSB 173(FIN) was REPORTED out of committee with seven "do pass" recommendations and four "no recommendation" recommendations and with three previously published fiscal impact notes: FN1 (DHS), FN2 (DHS), and FN3 (CED).

[2:32:40 PM](#)

AT EASE

2:33:39 PM

RECONVENED

#sb20

CS FOR SENATE BILL NO. 20 (FIN)

"An Act relating to teaching certificates for teachers holding out-of-state certificates."

2:33:51 PM

Co-Chair Merrick indicated there was one amendment for SB 20.

2:34:05 PM

Representative Thompson MOVED to ADOPT Amendment 1, 32-LS0202\W.1, (Marx, 5/2/22) (copy on file):

Page 1, line 1, following "Act":  
Insert "relating to the right of a child of school age to attend school; relating to correspondence study programs; and"

Page 1, following line 2:  
Insert new bill sections to read:  
"\* Section 1. AS 14.03.080 is amended by adding a new subsection to read:  
(g) A child of school age who does not reside in the state is entitled to attend public school under this section through a district or statewide correspondence study program if the child  
(1) is a dependent of a member of the armed forces of the United States, the Alaska National Guard, the Alaska Naval Militia, or the Alaska State Defense Force who is  
(A) a state resident as defined in AS 43.23.295; and  
(B) transferred or pending transfer to a military installation outside the district while on active military duty under an official military order; and  
(2) was a resident of a school district immediately before the transfer under (1)(B) of this section.  
\* Sec. 2. AS 14.17.500 is amended by adding a new subsection to read:  
(d) A child who is attending public school through a correspondence study program as provided in AS

14.03.080(g) may be counted as a student for the purpose of calculating the ADM of the correspondence program.

\*Sec. 3. AS 14.17.600 is amended by adding a new subsection to read:

(c) A child who is attending public school through a correspondence study program as provided in AS 14.03.080(g) may be included in the report required under (a) of this section for the purpose of calculating the ADM of the correspondence study program."

Page 1, line 3:  
Delete "Section 1"  
Insert "Sec. 4"

Renumber the following bill sections accordingly.

Co-Chair Merrick OBJECTED for discussion.

Representative Thompson reviewed the amendment, which added a new subsection to AS 14.03.080. The new subsection allowed a student who did not reside in-state to continue to attend public schools through a district or statewide study program as long as the student was a member of the armed forces of the United States, the Alaska National Guard, the Alaska Naval Militia, or the Alaska State Defense Force. He elaborated that the student's parents had to be state residents as defined in the Permanent Fund Dividend statutes. Additionally, parents had to be transferred or pending transfer to a military installation outside the district while on active military duty under an official military order.

Representative Thompson continued to explain the amendment, which would change AS 14.17.500 related to student count estimate. Under the statute, districts provided their projected student count for the succeeding fiscal year, due on November 5<sup>th</sup> each year. The numbers were used by the Department of Education and Early Development (DEED) for budgeting purposes only. He relayed that if a district anticipated having a child that fell under the provision, the district should include the student in its projected average daily membership count. The amendment changed AS 14.17.600 under Section 3 related to the student count period. Districts provided their actual student count for

the 20-day period in October; the numbers were due to DEED within two weeks of the end of the count period. If the district had a child who fell under AS 14.03.080(g), the district should include the student in its actual average daily membership count. He noted that adoption of the amendment would require a title change resolution. He explained the topic had been brought to his office by a military family that wanted to remain with the school district it had been remotely using. He noted that if a family qualified for the PFD, they were required to say they were moving back to Alaska.

[2:36:56 PM](#)

Representative Josephson thanked the sponsor for the amendment. He considered the PFD and the requirement that a person intended to return [to Alaska]. He did not see the requirement included in the amendment. He thought it meant the allowance could be indefinite such that the state was paying for a Florida child's education for 11 years if they left the state in the first grade. He asked if it was possible.

Representative Thompson responded that the child would have to qualify for the PFD. He stated that if he recalled accurately, even military members that tried to continue to qualify for the PFD had to return to the state every two years. He was not certain about the details of the requirement.

[2:38:12 PM](#)

Representative Wool looked at Section 2 in the amendment related to a child attending a public school through a correspondence study program who may be counted for the purpose of calculating the average daily membership of the correspondence program. He believed it was the way they calculated the district formula. He provided an example of students registered for a correspondence program in Galena. He stated that Galena would count the students in its average daily membership. He thought it was already happening and did not understand what the change proposed in the amendment meant.

Co-Chair Merrick listed individuals online for questions.

Representative Edgmon suggested hearing from the bill sponsor first. He remarked that the amendment was multidimensional, and he did not understand it in some ways.

Co-Chair Merrick would go to the departments first and then the bill sponsor.

[2:40:11 PM](#)

SONDRA MEREDITH, ADMINISTRATOR, TEACHER EDUCATION AND CERTIFICATION, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), deferred to a colleague.

DEBORAH RIDDLE, OPERATIONS MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), asked Representative Wool to restate his question.

Representative Wool restated his question. He asked if the Section 2, subsection (d), lines 21 through 23 made any changes to existing statute. He asked for verification that currently a child in a correspondence program was counted in the district where the program was housed.

Ms. Riddle indicated he was correct.

Representative Wool asked if the amendment was creating new law or whether it was already in statute. He did not understand what the amendment did.

Ms. Riddle responded that currently it was in statute for in-state students.

Representative Wool asked for verification that the amendment only pertained to students who were out-of-state taking correspondence because either they had just left Alaska or were about to come to Alaska.

[2:42:29 PM](#)

Representative Thompson offered to have his staff explain the amendment further.

SENATOR GARY STEVENS, SPONSOR, highlighted the teacher shortage in Alaska. He remarked that the bill helped solve the problem. He stated that the bill did not lower standards and cut red tape to allow teachers in good

standing from other states to come to Alaska and quickly become certificated to teach in the school system. He relayed the bill was supported by school districts. He emphasized the amendment had nothing to do with the bill. He stated the legislation was simple and he asked the committee to avoid messing it up with the amendment.

Representative Thompson reiterated the intent of his amendment.

Co-Chair Merrick MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Carpenter, LeBon, Rasmussen  
OPPOSED: Ortiz, Edgmon, Josephson, Wool, Merrick, Foster

Representative Johnson was absent from the vote.

The MOTION to adopt Amendment 1 FAILED (4/6).

[2:45:55 PM](#)

Representative Carpenter remarked that Section 3 of the bill deleted the requirement to pass a competency examination and inserted the words "complete education requirements under" two new statutes AS 14.20.20 (h) and (k) within 90 days. He stated the statutes were provided in Sections 6 and 7. He detailed that Section 6 dealt with multicultural education and cross cultural communications and subsection (k) pertained to alcohol and drug related disabilities (i.e., students with learning disabilities), suicide prevention, and dating violence. He asked what was currently in the competency exam that would no longer be covered without the competency exam.

Senator Stevens indicated that the goal was to get the teachers into the system as quickly as possible, not to eliminate any of the responsibilities such as taking suicide prevention classes and Alaska history and cultural studies. He relayed that the teachers had to pass all of the items over time. He asked his staff to provide further detail.

[2:47:49 PM](#)

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, reminded committee members the bill was a direct result of emergency regulations that had been written and adopted by the current administration in the context of COVID-19. He expounded it had successfully resulted in getting teachers in classrooms more quickly during the epidemic. He explained the statute in the bill was crafted in alignment with the regulations to create efficiencies. For example, it was presumed the individuals had taken a competency exam when they had obtained their regular certification in another state. The legislation maintained requirements for courses on sexual abuse awareness, alcohol and suicide prevention, and cultural awareness, but provided more time for teachers to complete them.

Representative Carpenter appreciated the need to address getting teachers into the state. He noted there was other legislation in the building that was trying to address a reading deficiency problem. He had been informed that there were baccalaureate degree programs that did not actually teach teachers how to teach kids how to read. He had been told there were teachers employed in Alaska who did not know how to teach kids how to read. He remarked that the legislation would eliminate the competency exam requirement and trust that a teacher from another state knew how to teach Alaska's kids how to read. He asked if the competency examination tested or confirmed that a teacher knew how to teach kids how to read. He asked how Alaska would assess whether a teacher from another state knew how to teach kids to read.

Senator Stevens responded that the bill was about teachers being hired by a district. He remarked that the legislature was not involved in the hiring process. He stated that school districts would not hire someone who was incompetent.

Mr. Lamkin aligned himself with the senator's comments. He stated it had been a concern voiced through the committee process. There were stringent processes individuals had to go through in order to get an Alaska certification. He stated the bill was an effort to try to make it less burdensome but not eliminate something such as a competency exam. He deferred to Ms. Meredith as the person who made the approvals.

[2:51:28 PM](#)

Ms. Meredith asked for Representative Carpenter to restate his question.

Representative Carpenter restated his question.

Ms. Meredith responded that she administered teacher certification for the state. She stated the competency exam was a basic test related to reading, writing, and math and most states had an exam as part of their licensure requirements. The bill would remove the requirement for teachers to provide the documentation within a year. In terms of a teacher's ability to teach reading, there was not a specific test. There were currently proposals in other legislation to include the concept as a requirement. The other types of exams taken by teachers were content specific. Presently, an elementary teacher would have to take a broader test that would test the person's ability to teach all content areas. She noted the requirements were currently regulatory, not statutory.

Representative Carpenter asked if the broad array of assessments would change under the bill.

Ms. Meredith responded that the basic competency exam requirement was the only exam that would be removed by the legislation. She noted the additional regulatory requirements for content area exams.

Vice-Chair Ortiz stated as a former principal he could relate to the initial answer by the bill sponsor. He stated that the process of determining a teacher's ability to teach reading would not be covered in an objective exam. He detailed the responsibility resided with the hiring district, the principal, and hiring committee. He continued that hopefully there was a thorough process through letters of recommendation and other methods to assess a teacher's ability to teach reading rather than relying on a specific exam.

[2:57:02 PM](#)

Representative Carpenter begged to differ. He stated that one of the other bills the committee had seen included phonics and phonetic reasoning. He stated the concepts were taught in some but not all schools. He thought a multiple choice test could be devised to test an individual's

knowledge on the areas. He did not think removing the competency examination was in the best interest of Alaskan students.

Vice-Chair Ortiz believed the other bill working its way through the body was about an assessment of an incoming primary age student and where their ability was in recognition of basic reading skills. He explained it was a measurement of a student's reading readiness or their ability to read by the third grade. He stated it was a different thing than having a teacher apply to a district. He stated the ability to teach kids to read was the question; the question was not about having the skills to be a reader.

[2:59:16 PM](#)

Representative Josephson asked how many people who took the competency exam did not pass.

Ms. Meredith estimated there was a 3 percent to 5 percent failure rate for the competency exam. There were others that had been adopted and abilities for an educator to retake the test. She noted it was often very difficult, particularly in rural communities, for the retakes to take place. She stated individuals often had to fly at their expense to retake the test.

Vice-Chair Ortiz asked about the practice Ms. Meredith had mentioned. He assumed it did not relate to teaching reading itself to primary age students. He noted Ms. Meredith had spoken previously about content such as basic math, science, history, and other. He wondered if the exam tested a teacher's ability to teach reading.

Ms. Meredith reported that the basic competency exam did not look at a person's ability to teach reading or the knowledge behind the science of reading. The exam tested reading comprehension.

[3:02:16 PM](#)

Representative Johnson noted Alaska was 49th in the nation for its education system. She remarked on the state's teacher shortage. Her biggest concern was not people who were qualified to teach in Alaska. Her bigger concern was about the unique conditions teachers may encounter in

Alaska, especially in rural areas. She highlighted the point of the legislation was to expand the state's teacher base. She remarked that many times teachers from out-of-state were often already in Alaska because they were married to a military member stationed in the state.

Co-Chair Merrick acknowledged Representative Mike Cronk in the room.

Senator Stevens agreed with the statements made by Representative Johnson. He explained the purpose of the bill was workforce development. The bill aimed to cut the red tape and get certificated teachers who were successful in other districts to have the ability to apply for teaching jobs in Alaska. He recalled past testimony from a superintendent of the Anchorage School District that 7 percent of the district were military spouses. He remarked that sometimes military members were only in Alaska for two to three years and if a person had to wait a year to get accepted into the education system, a year had been lost. He added there were also other teachers who wanted to teach in Alaska who were certificated in other states.

[3:04:52 PM](#)

Representative Carpenter appreciated that Alaska needed more teachers; however, he emphasized that Alaska did not need more teachers who fit into the 3 to 5 percent practice test failure rate. He surmised they would just assume the situation would no longer occur. He remarked that the bill would no longer require the competency exam. He suggested that it was a concept that businesses and military organizations had when they had a recruiting problem. The question was whether standards should be lowered to fill positions. He asked how the bill sponsor knew the legislation would not lower standards. He emphasized they would not know because they were not asking.

Mr. Lamkin clarified Section 2 of the bill. He explained the target population of the bill was teachers with years of experience. The teachers held a baccalaureate degree and currently held a legitimate teaching certificate in another state. He highlighted that other state's certification processes always included a competency of some kind. The bill recognized that teachers had completed the test previously; therefore, they would not have to take it again

to teach in Alaska. It was an expensive and onerous test and sometimes relied on spotty internet in rural Alaska.

Ms. Meredith concurred with Mr. Lamkin. The cases that she saw with difficulty often involved teachers in the rural areas in Alaska. She remarked that individuals ended up being successful, but it was a laborious process.

[3:08:06 PM](#)

Representative Carpenter wondered if he had just heard that teachers with years of experience had to take the competency exams multiple times.

Ms. Meredith agreed that teachers had to take a competency exam. She explained they may have passed one of the exams in the past but due to various aspects of the testing companies they were unable to bring the exams forward to DEED, meaning they had to take another exam that was sometimes very difficult to pass.

Representative Carpenter disagreed with removing the requirement for a competency exam that experienced teachers had a challenge passing. He stated it reduced the state's standards.

Vice-Chair Ortiz appreciated Representative Carpenter's concerns. He understood that everyone had a concern of not lowering the bar in relationship to the community of teachers in Alaska. He referenced the portion of the bill that enabled incoming teachers to not immediately take the competency exam. He emphasized the exam did not measure the competency to teach. He detailed the test measured content about a person's knowledge of history or math. He stated he could have all kinds of knowledge about history but that did not mean he could teach it. He stated the responsibility resided with the local district, hiring committees, and principal to look at the applicant, their letters of reference and years of experience to determine whether the person was in the best interest of meeting the kids' needs in the classroom.

Vice-Chair Ortiz believed an individual would not be hired if the district did not think they would provide good education to the students. He considered it may be further complicated due to the shortage of teacher applicants and districts may have to be more accepting of applicants than

they may have been in the past; however, the competency exam would not change the situation.

[3:11:52 PM](#)

Representative Wool appreciated the conversation and the need to get teachers in schools. He highlighted that Fairbanks was in desperate need for substitute teachers. He believed on any given day there were hundreds of substitute teachers teaching kids. He stated he knew of kids who had substitute teachers for weeks who were not teachers and were not required to have a degree. He asked how many substitute teachers were teaching Alaskan children on any given day.

Ms. Riddle replied that he did not have the information on hand but could get back to the committee.

Representative Carpenter thought the committee was placing significant trust in teachers from out-of-state if it was not requiring a competency exam.

Senator Stevens reminded members the purpose of the bill was to fill a shortage with competent teachers by hiring certificated teachers from out-of-state. He remarked that the bill did not mean that every certificated teacher who wanted a job in Alaska would be hired. He shared he had been on school boards for many years, and he knew the districts were very careful to hire the proper teachers. He added that 7 percent of the teachers in Anchorage were military spouses. He stated that without the bill the state would lose years of experience in the classroom. The bill did not solve all of the problems, but it did help.

[3:15:41 PM](#)

AT EASE

[3:16:32 PM](#)

RECONVENED

Co-Chair Foster MOVED to report CSSB 20(FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

Representative Carpenter OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Rasmussen, Thompson, Wool, Johnson, Josephson,  
LeBon, Ortiz, Foster, Merrick  
OPPOSED: Carpenter

Representative Edgmon was absent from the vote.

The MOTION PASSED (9/1).

CSSB 20(FIN) was REPORTED out of committee with five "do pass" recommendations, one "do not pass" recommendation, three "no recommendation" recommendations, and one "amend" recommendation and with one previously published fiscal impact note: FN3 (EED).

[3:17:50 PM](#)

AT EASE

[3:19:10 PM](#)

RECONVENED

#sb243

CS FOR SENATE BILL NO. 243 (FIN)

"An Act relating to the power cost equalization endowment fund; relating to power cost equalization; and providing for an effective date."

[3:19:25 PM](#)

Co-Chair Merrick indicated the bill had last been heard on May 9.

[3:19:39 PM](#)

Representative Thompson MOVED to ADOPT Amendment 1, 32-LS1573\I.1, (Nauman/Klein, 5/7/22) (copy on file):

Page 2, following line 6:

Insert a new bill section to read:

"\* Sec. 2. AS 42.45.085(d) is amended to read:

(d) If the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), exceed the appropriation under (a) of this section for the current fiscal year, the legislature may appropriate 70 percent of the difference between the earnings of the fund for the

previous closed fiscal year, as calculated under AS 42.45.080(c)(2), and the appropriation made under (a) of this section for the current fiscal year as follows:

- (1) if the amount calculated under this subsection is less than \$30,000,000, that amount to a community revenue sharing or community assistance fund; or more,
- (2) if the amount calculated under this subsection is \$30,000,000 or
  - (A) \$30,000,000 to a community revenue sharing or community assistance fund; and
  - (B) the remaining amount, not to exceed \$25,000,000, to the renewable energy grant fund established under AS 42.45.045, to the bulk fuel revolving loan fund established under AS 42.45.250, [OR] for rural power system upgrades, for bulk fuel upgrades, or to a combination of the funds or purposes listed in this subparagraph."

Renumber the following bill sections accordingly.

Co-Chair Merrick OBJECTED for discussion.

Representative Thompson explained that the amendment added bulk fuel upgrades to a list of types of projects that AS 42.45.085(d) may fund. The list currently included the renewable energy fund, the bulk fuel revolving loan fund, and rural power system upgrades. He stated that adding bulk fuel upgrades to the list allowed the Alaska Energy Authority (AEA) to capture federal funds on a one-to-one basis if it undertook any bulk fuel upgrades. He invited Mr. Thayer to comment.

3:20:30 PM

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), elaborated on the amendment. He explained there was a cascading waterfall of funds available depending on when the fund reached a certain level of earnings. He elaborated that the first \$30 million or so would go to the Power Cost Equalization (PCE) payments, the next \$30 million would go to the community assistance program, and up to \$25 million could be used into the three programs mentioned by Representative

Thompson (renewable energy fund, the bulk fuel revolving loan fund, and power houses). He explained that the amendment added bulk fuel as one of the choices. For example, power houses had been included for \$10 million in the current year, which had received a \$10 million match. He expounded that if bulk fuel had been included in the category, AEA could put any available dollar amount into bulk fuel and receive a federal match one for one.

Mr. Thayer relayed there was currently \$300 million in deferred maintenance on power houses and \$800 million deferred maintenance in bulk fuel. He explained the amendment would be another mechanism to help with deferred maintenance if the earnings of the endowments supported the cascades.

[3:22:35 PM](#)

Co-Chair Foster asked to hear from the bill sponsor or his staff on the amendment.

TIM GRUSSENDORF, STAFF, SENATOR LYMAN HOFFMANN, stated that the Senate Finance Committee would prefer no amendments. He relayed there were already three competing entities for the \$25 million if the cascades got to that point. The fourth entity would compete with the first three. He noted that the legislature selected where the \$25 million would go and could split the funds how they chose. He believed when the renewable energy source had been added, there was an effort to move away from fossil fuels and work towards renewable energy sources. He suggested that the legislature could provide a separate appropriation for bulk fuel. He remarked the match for bulk fuel would not be consistent because of market fluctuations.

[3:24:32 PM](#)

Representative Josephson asked what a bulk fuel upgrade looked like.

Mr. Thayer deferred the question to a colleague.

TIM SANDSTROM, CHIEF OPERATING OFFICER, ALASKA ENERGY AUTHORITY (via teleconference), responded that a typical rural bulk fuel system consisted of vertical or horizontal tanks with secondary containment built into the tank system and sometimes as a dike around the system. There were

approximately 400 rural facilities, several in each community that were owned by school districts, Native corporations, or other entities. He explained the facilities were in a continued state of disrepair with approximately \$800 million in deferred maintenance. The tanks often had a great deal of corrosion and sometimes the secondary containment was compromised, which was the type of project the possible funding would meet.

Representative Josephson asked for verification there was currently \$800 million in need for the tanks.

Mr. Sandstrom responded affirmatively.

Representative Josephson saw the environmental benefit; however, he would be concerned that when a legislator offered an undesignated general fund (UGF) amendment on bulk fuel that a counter argument would be the amendment was unnecessary because bulk fuel could participate in specific program (as proposed in Amendment 1). He remarked that the funds were merely incremental whereas an \$800 million problem existed. He did not see the amendment as a great way to get there.

[3:27:05 PM](#)

Representative Wool remarked that he believed the proposed addition would be competing with renewable energy fund dollars. He thought the goal should be to replace diesel fuel demand with other energy sources sooner rather than later. He thought \$800 million [in deferred maintenance] was a significant amount of money. He would be opposing the amendment. He thought UGF may be a better approach.

Vice-Chair Ortiz asked for the name of the three entities currently competing for the funding.

Mr. Grussendorf responded that the three entities included the bulk fuel revolving loan fund, the rural power systems upgrade, and the renewable energy fund.

[3:28:45 PM](#)

Representative Carpenter asked how many individual tanks the \$800 million price tag represented.

Mr. Sandstorm responded that there were 400 facilities, which typically had between two and ten bulk fuel tanks comprising a system.

Representative Carpenter asked if any of the tanks had regulatory inspection requirements that resulted in required system upgrades.

Mr. Sandstrom answered affirmatively. He detailed there were two primary regulatory bodies responsible for tank inspections including the U.S. Coast Guard and the Department of Environmental Conservation. He highlighted the concern that the regulatory agencies had not been very active in enforcing and doing monetary finds in the past; however, they were beginning to do so as of the current year. One of AEA's primary efforts was to mitigate the effects and keep the facilities co-compliant and safe.

Representative Carpenter asked how many facilities were currently known to be out of compliance.

Mr. Sandstrom responded that AEA was currently undertaking an inventory assessment that was anticipated to be complete by the end of the year. Anecdotally about 75 percent of the facilities had some regulatory violations of varying significance.

Representative Carpenter asked if there were any facilities with leaks needing immediate repairs.

Mr. Sandstrom replied there were none at the current time.

[3:31:05 PM](#)

Representative Thompson noted that earlier in the year there had been an effort to remove the \$25 million cap related to available funds; however, the effort had not been successful. He commented that many of the small communities had old degrading tanks. He stated it had been the purpose of the proposed amendment. He could see the amendment was taking up a significant amount of the committee's time.

Representative Thompson WITHDREW Amendment 1.

Representative Wool stated he had an amendment that he did not offer which was to lower the amount from 750kWh to

650kWh. He wanted to have a discussion about the topic. He believed there was scarcity of data in terms of what people were using. He was amenable to the increase. He had written to a couple of utilities including one in Fairbanks and Mat-Su Electric. The monthly consumption average by a home in Fairbanks was 568kWh per month and the average in Mat-Su was around 604kWh. He had not seen any data on PCE communities. He spoke about increased costs. He considered whether some homes would even need the increase. He believed some people could expand their consumption through space heaters, especially if diesel costs were high. He spoke about the desire for energy efficiency to heat homes. He suggested heat pumps could be used in some areas. He would like to see more data on consumption and need from AEA.

[3:35:28 PM](#)

Co-Chair Foster MOVED to report CSSB 243(FIN) out of Committee with individual recommendations and the accompanying fiscal note

There being NO OBJECTION, it was so ordered.

CSSB 243(FIN) was REPORTED out of committee with five "do pass" recommendations and five "no recommendation" recommendations and with one previously published fiscal impact note: FN1 (CED).

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

#

ADJOURNMENT

[3:36:05 PM](#)

The meeting was adjourned at 3:36 p.m.