

ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE

April 6, 2021

3:03 p.m.

MEMBERS PRESENT

Representative Jonathan Kreiss-Tomkins, Chair
Representative Matt Claman, Vice Chair
Representative Geran Tarr
Representative Andi Story
Representative James Kaufman
Representative David Eastman

MEMBERS ABSENT

Representative Sarah Vance

COMMITTEE CALENDAR

HOUSE BILL NO. 63

"An Act relating to the duties of the Department of Transportation and Public Facilities; renaming the Alaska Marine Transportation Advisory Board the Alaska Marine Highway Operations Board; relating to the membership and duties of the Alaska Marine Highway Operations Board; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 137

"An Act requiring the Department of Administration to maintain and operate certain offices that provide services related to motor vehicles; and providing for an effective date."

- MOVED CSHB 137(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 63

SHORT TITLE: ALASKA MARINE HIGHWAY OPERATIONS BOARD

SPONSOR(S): REPRESENTATIVE(S) STUTES

02/18/21	(H)	PREFILE RELEASED 1/15/21
02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	TRA, STA
03/11/21	(H)	TRA AT 1:30 PM BARNES 124

03/11/21 (H) Heard & Held
03/11/21 (H) MINUTE (TRA)
03/18/21 (H) TRA AT 1:30 PM BARNES 124
03/18/21 (H) Moved CSHB 63 (TRA) Out of Committee
03/18/21 (H) MINUTE (TRA)
03/20/21 (H) TRA RPT CS (TRA) NT 4DP 2NR
03/20/21 (H) DP: DRUMMOND, HANNAN, SPOHNHOLZ,
HOPKINS
03/20/21 (H) NR: MCCABE, CRONK
03/30/21 (H) STA AT 3:00 PM GRUENBERG 120
03/30/21 (H) Heard & Held
03/30/21 (H) MINUTE (STA)
04/06/21 (H) STA AT 3:00 PM GRUENBERG 120

BILL: HB 137

SHORT TITLE: MOTOR VEHICLE OFFICES
SPONSOR(S): REPRESENTATIVE(S) FIELDS

03/17/21 (H) READ THE FIRST TIME - REFERRALS
03/17/21 (H) STA, CRA
03/30/21 (H) STA AT 3:00 PM GRUENBERG 120
03/30/21 (H) Heard & Held
03/30/21 (H) MINUTE (STA)
04/06/21 (H) STA AT 3:00 PM GRUENBERG 120

WITNESS REGISTER

KERRY CROCKER, Staff
Representative Louise Stutes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing on HB 63, answered questions on behalf of Representative Stutes, prime sponsor.

ROB CARPENTER, Deputy Commissioner
Department of Transportation & Public Facilities
Juneau, Alaska

POSITION STATEMENT: During the hearing on HB 63, answered questions.

MALENA MARVIN
Petersburg, Alaska

POSITION STATEMENT: Testified in support of HB 63.

SHANNON NYE
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 63.

SHANNON ADAMSON, Regional Representative
Masters, Mates, and Pilots
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 63.

NANCY BIRD
Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 63.

MIKE COONS
Palmer, Alaska

POSITION STATEMENT: Testified in opposition to HB 137.

NONA SAFRA
Homer, Alaska

POSITION STATEMENT: Testified in support of HB 137.

PETER MCKEE
Anchorage, Alaska

POSITION STATEMENT: Provided comments not on topic with the published agenda.

REPRESENTATIVE ZACK FIELDS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, answered questions regarding HB 137.

LESLIE ISAACS, Director
Division of Administrative Services
Department of Administration
Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 137, answered questions.

TRISTAN WALSH, Staff
Representative Zack Fields
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing on HB 137, answered questions on behalf of Representative Fields, prime sponsor.

SABRINA JAVIER, Fiscal Analyst
Legislative Finance Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing on HB 137, answered questions.

ACTION NARRATIVE

[3:03:46 PM](#)

CHAIR JONATHAN KREISS-TOMKINS called the House State Affairs Standing Committee meeting to order at 3:03 p.m. Representatives Tarr, Story, Claman, Kaufman, Eastman, and Kreiss-Tomkins were present at the call to order.

HB 63-ALASKA MARINE HIGHWAY OPERATIONS BOARD

[Contains discussion of SB 103.]

[3:04:44 PM](#)

CHAIR KREISS-TOMKINS announced that the first order of business would be HOUSE BILL NO. 63, "An Act relating to the duties of the Department of Transportation and Public Facilities; renaming the Alaska Marine Transportation Advisory Board the Alaska Marine Highway Operations Board; relating to the membership and duties of the Alaska Marine Highway Operations Board; and providing for an effective date." [Before the committee was CSHB 63(TRA).]

[3:05:55 PM](#)

CHAIR KREISS-TOMKINS invited questions from the committee.

REPRESENTATIVE STORY asked whether an effective date of July 1, 2021, or an immediate effective date would allow the legislation to move forward as effectively as possible.

[3:08:33 PM](#)

KERRY CROCKER, Staff, Representative Louise Stutes, Alaska State Legislature, on behalf of Representative Stutes, prime sponsor, deferred to the Department of Transportation & Public Facilities (DOT&PF).

[3:09:18 PM](#)

ROB CARPENTER, Deputy Commissioner, Department of Transportation & Public Facilities, said "the governor's bill" [SB 103] has an

immediate effective date. He stated that policy wise, the department supports "getting this in place" as soon as possible.

REPRESENTATIVE STORY asked how the legislation would be implemented if it were effective immediately.

MR. CARPENTER was unsure. He pointed out that it would take time to convene the Alaska Marine Highway Operations Board ("the board"), establish board members, and effectively operate. Further, he acknowledged that Alaska Marine Highway System's (AMHS's) reliability is a concerning issue. For those reasons, he said, "the sooner this board can convene and take action, the better."

[3:11:00 PM](#)

REPRESENTATIVE CLAMAN stated his understanding that in addition to the bill before the committee, there's the governor's bill, which is not identical. He asked for the department's position on CSHB 63(TRA).

MR. CARPENTER reiterated that conceptually, the department is fully supportive and aligned on the policy goals that came from the reshaping work group. He noted that there are several minor issues that the department would like to resolve with the bill sponsor, most notably, the "separation of powers issue" in regard to the appointment of board members, which was identified by the Department of Law (DOL) and the Legislative Finance Division.

REPRESENTATIVE CLAMAN sought to verify that the administration would likely support this legislation if the aforementioned concerns could be resolved.

MR. CARPENTER reiterated that [DOT&PF] is "supportive, conceptually, of the policy direction" of the bill. He declined to express support for the final product at present.

[3:12:59 PM](#)

REPRESENTATIVE STORY indicated that she would like the board to be seen as a decision-making board; further, that the board would remain throughout administration changes. She pointed out that CSHB 63(TRA) specifies that the head of the Division of Marine Transportation would sit on the board and advise the commissioner [of DOT&PF]. She asked whether the board would have enough authority to implement lasting changes.

MR. CARPENTER said he envisions the deputy commissioner being on the board. He opined that if a high-level member from the agency were on the board, that would give the board considerable authority; alternatively, if there were no DOT&PF representation, the board would take on more of an advisory role.

MR. CROCKER expressed interest in resolving that issue with the department.

CHAIR KREISS-TOMKINS asked whether the department has a position on the public corporation concept.

[3:16:06 PM](#)

MR. CARPENTER stated his understanding that the reshaping workgroup considered many different possibilities, including the corporate model to which there were both benefits and downsides. He emphasized the importance of the intermodal transportation aspects associated with having AMSH under DOT&PF, along with the substantial administration functions that the department provides. He opined that operating under a corporate model would require duplicating those administration functions, which would be challenging.

CHAIR KREISS-TOMKINS responded, "Sounds like it's complicated."

[3:18:03 PM](#)

REPRESENTATIVE KAUFMAN asked whether there is a quality/risk management position in AMHS that assures the processes are working and continuously being improved upon. He noted that typically, that position would report to someone high in the organizational structure.

MR. CARPENTER relayed that the reshaping work group recommended a "change management team" consisting of three people that would facilitate the board's transition and work on operations to ensure that goals were being accomplished. He stated that the department is considering adding a position to facilitate that recommendation and report back to the Office of the Commissioner's.

REPRESENTATIVE KAUFMAN expressed support for the addition of that new position. Additionally, he indicated that the board should be enabled to help support that process.

[3:20:31 PM](#)

REPRESENTATIVE EASTMAN opined that "change management" sounds similar to "transition" and asked whether the change management team would exist temporarily or permanently.

MR. CARPENTER said he is unsure whether it would be a long-term non-permanent position or a permanent position. He conveyed that he envisions the position interfacing closely with the board and ensuring that communications between AMHS, the board, and the commissioner's office are clear. He added that the continued necessity of the position could be decided in the future.

REPRESENTATIVE KAUFMAN emphasized that the position he envisioned would be a permanent position. He speculated that any organization managing the operational risk posed by Alaska's waters wouldn't proceed with the endeavor without a position that's looking at optimizing the organization on a continuous basis and trying to drive improvement with the full support of upper management. He reiterated the need for an effective position that handles quality, integrity, and risk-management.

[3:23:08 PM](#)

CHAIR KREISS-TOMKINS opened public testimony on CSHB 63(TRA).

[3:23:39 PM](#)

MALENA MARVIN urged the committee's support for HB 63. She opined that "diversity is the spice of life and makes for a good public board." She indicated that she likes that the bill allows the legislature to appoint a portion of the board members as opposed to appointments made only by the governor. In addition to ensuring that the board represents diverse communities around the state, she said, the provision differentiates HB 63 from SB 103 by buttressing the new board against "changes in the political wind." She also expressed support for the provision that directs the commissioner of DOT&PF to incorporate the recommendations of the board into the department's long-term plans, which further stabilizes AMHS and ensures that the agency doesn't reverse course with each political appointee, she said. To succeed, she opined that the board must be able to shape long-term planning. She stated her belief that under current statute, a single politician can unilaterally sink the ship "without ever having ridden it." She

advised working with Alaska's congressional delegation to invest in an innovative, climate friendly fleet for the future. She stressed the need for an affordable and dependable marine highway in coastal Alaska to keep communities connected.

[3:26:43 PM](#)

SHANNON NYE stated her support for HB 63. She recommended involving active employees and licensed marine engineers in this process, as they have a unique and valuable perspective. She advised involving people that know the ships and actively engage in fuel consumption, deck quarters, and overhauls - people that are familiar with the problems and know the numbers. She urged the committee to involve these people in furthering AMHS.

[3:28:24 PM](#)

SHANNON ADAMSON, Regional Representative; Masters, Mates, and Pilots (MMP); informed the committee that she sailed with AMHS as a licensed deck officer for seven years and currently serves on MTAB [Marine Transportation Advisory Board]. She expressed MMP's support for the bill for several reasons. Firstly, board members are appointed by more than just the governor, resulting in more diversity to level the political playing field; Secondly, the bill language requires DOT&PF to incorporate the board's recommendations in long-term plans. She pointed out that every report on AMHS in the last 10 years has recommended a change in the management structure. She shared her belief that HB 63 would initiate that process.

[3:29:53 PM](#)

CHAIR KREISS-TOMKINS asked for examples of recommendations from MTAB to DOT&PF, which had not been followed up on or executed.

MS. ADAMSON recalled that five years ago, a dynamic pricing model was recommended by MTAB to increase fares close to sailing while decreasing fares when the boats were not full. The idea was that because it costs the same to sail from point A to point B regardless of the number of passengers, the dynamic pricing model would help fill the boat.

[3:30:58 PM](#)

NANCY BIRD, expressed strong support for HB 163, adding that she does not support [SB 103]. She said the new board for AMHS is "desperately" needed to accomplish long-term planning.

Furthermore, she opined that the appointment of members must be as non-partisan as possible. She shared her belief that the past five years demonstrated the negative side of operating AMHS by political whims. She urged the passage of HB 163 with the inclusion of an immediate effective date.

[3:32:00 PM](#)

CHAIR KREISS-TOMKINS, after ascertaining there was no one else who wished to testify, closed public testimony on CSHB 63(TRA) and invited questions from the committee.

REPRESENTATIVE EASTMAN directed attention to page 4, line 7 of CSHB 63(TRA) and inquired about the legal significance of [the commissioner] approving each component of the plan.

MR. CROCKER stated his understanding that there is no legal obligation for the department to follow the plan. He expressed his hope that the department would be more inclined to follow the recommendations of the new board as opposed to the current board [MTAB].

REPRESENTATIVE KAUFMAN suggested that the board could issue a corrective action notice, which would provide notification that a serious problem required corrective action. Even without a direct "authority mechanism," he said, there would still be public and legislative awareness. He indicated that there are ways to craft levers that would create awareness of existing problems and drive improvement.

[3:34:22 PM](#)

REPRESENTATIVE EASTMAN remarked:

I'm just wondering if there's a reason that we have, in the bill ... this requirement for a plan to be approved if there's really no requirement for anybody to follow it once it is approved.

MR. CROCKER shared his belief that the language in question was already in the existing statute.

[3:35:08 PM](#)

REPRESENTATIVE STORY inquired about the present status of MTAB and whether it would help the new board implement its directive.

MR. CARPENTER stated that MTAB is not meeting at present. He shared his belief that [CSHB 63(TRA)] stymied any effort for MTAB to convene, given the proposed changes. He speculated that if the passage of CSHB 63(TRA) were delayed, MTAB could reconvene to take action or discuss with the department.

REPRESENTATIVE STORY asked who has the authority to schedule MTAB meetings.

MR. CARPENTER was unsure of the answer. He speculated that "the director" organizes the meetings.

REPRESENTATIVE STORY expressed her hope that MTAB could meet, as any direction they could offer to the new board would be helpful.

[3:37:47 PM](#)

CHAIR KREISS-TOMKINS in response to Mr. Carpenter, sought to clarify which director he had referenced.

MR. CARPENTER clarified that he meant to say the chair of the MTAB board, not the director.

[3:38:16 PM](#)

REPRESENTATIVE STORY inquired as to MTAB's current chair.

MR. CARPENTER answered Robert Venables. He expounded that [board] meetings may be called by the chair or by the majority of the members of the board, as per AS 19.65.140.

[3:38:49 PM](#)

CHAIR KREISS-TOMKINS announced that CSHB 63(TRA) would be held over.

HB 137-MOTOR VEHICLE OFFICES

[3:39:09 PM](#)

CHAIR KREISS-TOMKINS announced that the final order of business would be HOUSE BILL NO. 137, "An Act requiring the Department of Administration to maintain and operate certain offices that provide services related to motor vehicles; and providing for an effective date." [Before the committee, adopted on 3/30/21 as a working document, was the proposed committee substitute (CS) for

HB 137, labeled 32-LS0650\B, Bullard/Dunmire, 3/29/21 ("Version B".]

[3:39:42 PM](#)

CHAIR KREISS-TOMKINS opened public testimony on HB 137, Version B.

[3:40:04 PM](#)

MIKE COONS expressed his opposition to HB 137. He opined that the bill is not needed, as "finance" allocated full funding for the DMV offices in question. He recalled that DOA made a recommendation to the legislature, which was turned down; therefore, this bill is not necessary. Instead, he requested that the committee hear HB 140, sponsored by Representative Vance, which would have more immediate impact to seniors throughout the state, he said.

[3:41:05 PM](#)

NONA SAFRA stated her support for HB 137. As an advocate for seniors, veterans, and those with disabilities, she expressed concern about the continued possibility of DMV closures in rural Alaska, which would leave many Alaskans with only privatized DMVs that charge unregulated, arbitrary convenience fees. She pointed out that DOA is under no obligation to keep local DMV offices open and, as the former commissioner noted, has the authority to close DMVs at will. She pointed out that those who require medical care outside the state need a Real ID to travel, which entails an in-person visit to the DMV. She added that if a local DMV closes, that trip could require hundreds of miles of travel through harsh weather and poor road conditions. Additionally, she indicated that many residents cannot use online services for lack of internet connection or broadband issues. She remarked that HB 137 recognizes that state DMVs are integral to rural communities and keeps rural Alaskans from being treated differently than their urban counterparts. She urged the passage of HB 137 to maintain access for all Alaskans.

[3:44:32 PM](#)

PETER MCKEE provided comments not on topic with the published agenda.

[3:48:34 PM](#)

CHAIR KREISS-TOMKINS, after ascertaining there was no one else who wished to testify, closed public testimony on HB 137, Version B, and invited questions from the committee.

REPRESENTATIVE EASTMAN sought to clarify whether the state would be excluded from [hiring] a short-term contract employee at a state-operated [DMV] office.

[3:49:50 PM](#)

REPRESENTATIVE ZACK FIELDS, Alaska State Legislature, shared his understanding that the bill would not prohibit the state from [hiring] a temporary employee to operate a state DMV.

REPRESENTATIVE EASTMAN asked whether that response is based on the bill sponsor's personal intent or an attorney's opinion.

REPRESENTATIVE FIELDS said it's how the bill was written. He surmised that agency operations had never been construed to preclude use of temporary employees; further, he shared his belief that temporary employees are used by many agencies.

[3:50:50 PM](#)

CHAIR KREISS-TOMKINS announced that the committee would consider several amendments. He noted that he would be offering Amendment 1 on behalf of the bill sponsor, Representative Fields.

[3:51:10 PM](#)

CHAIR KREISS-TOMKINS moved to adopt Amendment 1 to HB 137, Version B, labeled 32-LS0650\B.1, Bullard, 4/5/21, which read:

Page 1, line 4, through page 2, line 4:

Delete all material and insert:

"* Section 1. AS 28.05 is amended by adding a new section to read:

Sec. 28.05.013. Maintenance and operation of certain offices that provide motor vehicle services.

(a) The department, or the department in partnership with a municipal, state, or federal agency, shall maintain and operate at least one office that provides the public with services related to motor vehicles in each community of the state

(1) with a population of 850 persons or more; and

(2) that had, on January 1, 2021, an office providing services related to motor vehicles operated by the department, or by a municipal, state, or federal agency in partnership with the department.

(b) An office under (a) of this section shall provide the public with all services related to motor vehicles that the office offered in the community on January 1, 2021.

(c) In this section, "community" means a place in the unorganized borough, in a borough, or in a unified municipality that is not incorporated as a municipality and in which 850 or more individuals reside as a social unit."

Renumber the following bill section accordingly.

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

[3:51:25 PM](#)

REPRESENTATIVE FIELDS explained that Amendment 1 clarifies that the term "operate" indicates that the department shall operate a DMV in one of these communities and that outsourcing to a private sector entity that could raise prices or potentially fail to offer core DMV services would not satisfy the legislative intent, as the purpose is to continue offering core public service, including some that cannot be provided by a private firm.

[3:52:15 PM](#)

REPRESENTATIVE EASTMAN referenced line 13 of Amendment 1 and remarked:

What happens when we have a technological development and the state ceases to offer a service statewide, but we have in statute that ... the DMV is going to have to keep requiring that service at these particular locations. Is that prudent?

REPRESENTATIVE FIELDS stated that there are certain services that can only be accomplished at the DMV versus a private provider. He said the intent of Amendment 1 is to continue offering those services, such as driver's license tests, driver's license renewals for persons over age 69, commercial driver's licenses, and driver's license reinstatement. He opined that the intent is clear: to offer core services at the

DMV. Further, he speculated that if there were a power outage, the courts would understand.

[3:53:38 PM](#)

REPRESENTATIVE EASTMAN pointed out that the amendment does not specify "core services" or "services that only the DMV can provide," it says "all services." For that reason, he opined that Amendment 1 is poorly worded, as all accessible services at DMV locations must continue to be accessible at those locations.

REPRESENTATIVE FIELDS said, "these are the services that DMV offers at its locations." He reiterated that the purpose of the bill is to continue providing DMV services consistently in rural communities and not discriminate against communities based on size.

[3:54:18 PM](#)

REPRESENTATIVE KAUFMAN insisted that because of the political process, the [DMV] offices were not closed. He remarked:

The people that represent those districts said, "Nope, can't do it," and the vote went accordingly in the budgeting process. What that gives is the flexibility. You don't start to get into the weeds of having something codified that locks you into a certain thing.

REPRESENTATIVE KAUFMAN characterized the bill as "a solution looking for a problem." He said the issue was already voted down with a great deal of unanimity.

REPRESENTATIVE FIELDS acknowledged that the legislation mirrors prior debates. He explained that sometimes, an administration follows budget recommendations and other times, they may push back. Because of the leadership transition at DOA, he believed moving forward with the bill is a prudent way to ensure that DMV facilities remain open. He added that the budget language was a positive step but not as strong as a bill.

[3:56:58 PM](#)

REPRESENTATIVE EASTMAN referenced line 6 of Amendment 1 and asked what circumstances would require the department to be in partnership with a federal agency to accomplish one or more of the services.

REPRESENTATIVE FIELDS recalled that when the then Barrow [now Utqiagvik] DMV closed, the community considered a wide range of options to continue providing its services. He explained that the purpose in broadly referencing public agencies is to ensure there would be an opportunity to offer core services more efficiently. He pointed out that there is a long-standing relationship between federal statutes and state provision of services, including the Motor Carrier Safety Improvement Act of 1999 and the Commercial Motor Vehicle Safety Act of 1986. He said because of the long-standing state/federal relationship, it made sense to reference federal agencies, as the potential permutations of public agencies offering DMV services vary by community.

[3:58:21 PM](#)

REPRESENTATIVE EASTMAN considered a scenario in which a community had a state DMV office that offered 10 services and a federal agency that offered one service that related to motor vehicles. Should Amendment 1 be adopted, he offered his understanding that the DMV office could close if the federal office remained open and continued to provide that one service.

REPRESENTATIVE FIELDS characterized Representative Eastman's understanding of Amendment 1 as "absurd." He added that offering one service would not satisfy the intent of the bill.

[3:59:23 PM](#)

REPRESENTATIVE CLAMAN withdrew his objection to the adoption of Amendment 1.

REPRESENTATIVE EASTMAN objected. He characterized Amendment 1 as "poorly written." Furthermore, he opined that the "intent [is] different than what's actually on the page."

[3:59:58 PM](#)

REPRESENTATIVE STORY expressed her support for Amendment 1 based on discussions surrounding the Pioneer Homes last year. She recalled that legislators clearly expressed their intent regarding the Pioneer Homes; nonetheless, "the department" continued to act with different intent. She relayed that it took legislation [House Bill 96] to change that.

[4:00:45 PM](#)

REPRESENTATIVE CLAMAN noted that with all amendments, Legislative Legal Services drafts the sponsor's intent consistent with legislative drafting standards and requirements. He opined that the current language in Amendment 1 appropriately conveys the sponsor's intent. He expressed his support for the amendment and stated his belief that the language is not ambiguous.

[4:01:48 PM](#)

A roll call vote was taken. Representatives Tarr, Story, Claman, and Kreiss-Tomkins voted in favor of the adoption of Amendment 1. Representatives Kaufman and Eastman voted against it. Therefore, Amendment 1 was adopted by a vote of 4-2.

[4:02:24 PM](#)

REPRESENTATIVE EASTMAN moved to adopt Amendment 2 to HB 137, Version B [as amended], labeled 32-LS0650\B.2, Bullard/Dunmire, 4/6/21, which read:

Page 1, lines 1 - 2:

Delete "; **and providing for an effective date**"

Page 2, line 5:

Delete all material.

REPRESENTATIVE CLAMAN objected.

REPRESENTATIVE EASTMAN indicated that Amendment 2 would forego the immediate effective date, which is currently in HB 137, [Version B as amended], and implement the "normal" practice of providing for an effective date 90 days after the bill is passed into law.

REPRESENTATIVE CLAMAN asked whether the bill sponsor was supportive of Amendment 2.

[4:03:53 PM](#)

REPRESENTATIVE FIELDS answered no. He explained that the immediate effective date conveys the legislature's intent to keep the DMV offices open.

REPRESENTATIVE CLAMAN maintained his objection to the adoption of Amendment 2.

[4:04:34 PM](#)

A roll call vote was taken. Representatives Eastman and Kaufman voted in favor of the adoption of Amendment 2. Representatives Tarr, Story, Claman, and Kreiss-Tomkins voted against it. Therefore, Amendment 2 failed by a vote of 2-4.

[4:05:10 PM](#)

CHAIR KREISS-TOMKINS invited final questions from the committee.

[4:06:50 PM](#)

LESLIE ISAACS, Director, Division of Administrative Services, Department of Administration, in response to a question from Representative Kaufman regarding two fiscal notes from DOA, shared his understanding that one fiscal note had costs in the outlying years and the other had those costs removed. He asked if that is correct.

[4:07:27 PM](#)

REPRESENTATIVE KAUFMAN answered yes.

MR. ISAACS explained that DOA was trying to decide the impact this legislation would have on future years. He believed that an amended fiscal note would be submitted by DOA that would reinsert the fiscal year 2023 (FY 23) - FY 26 costs as ongoing expenses. He expounded that should the bill be approved, this budget decrement would not be able to be offered in the future as a cost-saving measure; therefore, those costs needed to be reflected in outlying years as well. He asked if that makes sense.

REPRESENTATIVE KAUFMAN asked which fiscal note is "official."

MR. ISAACS indicated that the fiscal note with the figure "582" in the outlying years is accurate. He noted that another adjustment should be made with respect to the revenue, as there would be no change in the revenue associated with this legislation because the activity associated with the existing DMV services will continue. He stated that the fiscal note was attempting to convey that these savings could not be offered in the future. He remarked:

It doesn't work well with the format of the fiscal note ... to show a loss in savings. So, we would have to remove the revenue aspect of that fiscal note and include outlying expenditures for what would be the official version of the fiscal note.

[4:10:26 PM](#)

REPRESENTATIVE CLAMAN expressed confusion, as only one fiscal note was included in the committee packet.

[4:10:42 PM](#)

TRISTAN WALSH, Staff, Representative Zack Fields, Alaska State Legislature, on behalf of Representative Fields, prime sponsor, concurred [that there is only one fiscal note].

CHAIR KREISS-TOMKINS agreed that he had only seen one fiscal note, which showed 582.5 in FY 22, nothing in the prior years, and zero in the revenue line. He suggested that Representative Kaufman was referring to a "phantom" fiscal note.

[4:11:33 PM](#)

REPRESENTATIVE FIELDS, in response to Mr. Isaacs, opined that claiming that the bill would cost money because DOA wouldn't be able to close a DMV office in the future is a novel way of presenting a fiscal note. He added that typically, a fiscal note indicates whether the bill would increase or decrease costs. He stated that the bill does not increase the number of services offered by the DMV; therefore, there is no additional net cost. He proceeded to list the positive profit turned by the following DMV offices: Delta Junction, \$108,000; Eagle River, \$1.1 million; Haines, \$33,000; Homer \$457,000; Tok, \$162,000; Valdez, \$68,000. He said if DOA were to provide an accurate fiscal note, it would show a loss in DGF revenue, adding that it is inaccurate to claim that the bill would cost \$0.5 million more. He deferred to Ms. Javier to explain the cost per facility.

[4:13:07 PM](#)

SABRINA JAVIER, Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, confirmed that there is only one fiscal note, which she identified by the control code "ShScA". She cooccurred with Representative Fields that the fiscal note makes it look like DOA is adding 582.5 in additional DGF funds

for General Fund program receipt authority. She noted that the numbers listed by the bill sponsor came from an ad hoc report on FY 20 revenues.

[4:15:28 PM](#)

REPRESENTATIVE KAUFMAN shared his belief that the unpopularity of the proposed DMV closures resulted in expeditious action by the [House] Finance subcommittee. He recalled that there was no support for the proposal. He expressed his hesitation to "locking" the legislature into something that may make sense in the future both politically and fiscally. He added that he would hate to "needlessly dance on the grave of [the subcommittee's] prior decision."

[4:16:30 PM](#)

REPRESENTATIVE EASTMAN characterized the legislation as "a singularly terrible piece of legislation for [his] district." He reflected on the growth of [District 10], noting that having [a DMV office] in his district would be a benefit for residents. He suggested that should the bill pass, that opportunity may be eliminated because the state may not want to be "handcuffed" to adding a DMV office near existing offices. He opined that the bill is a backdoor method of attempting to "handcuff" future legislators into appropriations. He emphasized his opposition to HB 137.

[4:19:10 PM](#)

REPRESENTATIVE CLAMAN moved to report CSHB 137, Version 32-LS0650\B, Bullard/Dunmire, 3/29/21, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[4:19:28 PM](#)

REPRESENTATIVE EASTMAN objected, then subsequently withdrew his objection. There being no further objection, CSHB 137(STA) was reported out of the House State Affairs Standing Committee.

[4:19:59 PM](#)

CHAIR KREISS-TOMKINS provided general closing remarks.

[4:21:04 PM](#)

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 4:21 p.m.