

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

March 1, 2022

3:06 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 29

Urging the United States Congress to pass the Postal Service Reform Act of 2021; urging the United States Congress to pass the Postal Banking Act; and urging the United States Postal Service to continue delivering mail six days a week under historic delivery standards.

- HEARD & HELD

CS FOR SENATE BILL NO. 71(FIN)

"An Act relating to special request registration plates celebrating the arts; relating to artwork in public buildings and facilities; relating to the management of artwork under the art in public places fund; relating to the powers and duties of the Alaska State Council on the Arts; establishing the Alaska arts and cultural investment fund; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 234

"An Act relating to political contributions; and providing for an effective date."

- MOVED CSHB 234(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 29

SHORT TITLE: SUPPORT UNITED STATES POSTAL SERVICE

SPONSOR(s) : REPRESENTATIVE(s) RAUSCHER

02/11/22 (H) READ THE FIRST TIME - REFERRALS
02/11/22 (H) STA
03/01/22 (H) STA AT 3:00 PM GRUENBERG 120

BILL: SB 71

SHORT TITLE: COUNCIL ON ARTS: PLATES & MANAGE ART

SPONSOR(s) : SENATOR(s) STEVENS

02/05/21 (S) READ THE FIRST TIME - REFERRALS
02/05/21 (S) STA, FIN
03/09/21 (S) STA AT 3:30 PM BUTROVICH 205
03/09/21 (S) Heard & Held
03/09/21 (S) MINUTE(STA)
03/23/21 (S) STA AT 3:30 PM BUTROVICH 205
03/23/21 (S) Moved SB 71 Out of Committee
03/23/21 (S) MINUTE(STA)
03/24/21 (S) STA RPT 1DP 4NR
03/24/21 (S) NR: SHOWER, COSTELLO, KAWASAKI,
REINBOLD
03/24/21 (S) DP: HOLLAND
04/06/21 (S) FIN AT 9:00 AM SENATE FINANCE 532
04/06/21 (S) Heard & Held
04/06/21 (S) MINUTE(FIN)
04/19/21 (S) FIN AT 9:00 AM SENATE FINANCE 532
04/19/21 (S) Heard & Held
04/19/21 (S) MINUTE(FIN)
04/21/21 (S) FIN AT 9:00 AM SENATE FINANCE 532
04/21/21 (S) Moved CSSB 71(FIN) Out of Committee
04/21/21 (S) MINUTE(FIN)
04/23/21 (S) FIN RPT CS 5DP 2NR NEW TITLE
04/23/21 (S) DP: STEDMAN, BISHOP, HOFFMAN,
WIELECHOWSKI, VON IMHOF
04/23/21 (S) NR: WILSON, OLSON
05/05/21 (S) TRANSMITTED TO (H)
05/05/21 (S) VERSION: CSSB 71(FIN)
05/06/21 (H) READ THE FIRST TIME - REFERRALS
05/06/21 (H) STA, FIN
05/13/21 (H) STA AT 3:00 PM GRUENBERG 120
05/13/21 (H) <Bill Hearing Postponed to 5/15/21>
05/15/21 (H) STA AT 10:00 AM GRUENBERG 120

05/15/21 (H) -- Testimony <Invitation Only> --
05/17/21 (H) STA AT 9:00 AM GRUENBERG 120
05/17/21 (H) -- MEETING CANCELED --
05/18/21 (H) FIN AT 9:00 AM ADAMS 519
05/18/21 (H) <Bill Hearing Canceled>
03/01/22 (H) STA AT 3:00 PM GRUENBERG 120

BILL: HB 234

SHORT TITLE: POLITICAL CONTRIBUTION LIMITS

SPONSOR(S): REPRESENTATIVE(S) SCHRAGE

01/18/22 (H) PREFILE RELEASED 1/7/22
01/18/22 (H) READ THE FIRST TIME - REFERRALS
01/18/22 (H) STA
02/01/22 (H) STA AT 3:00 PM GRUENBERG 120
02/01/22 (H) Heard & Held
02/01/22 (H) MINUTE(STA)
02/10/22 (H) STA AT 3:00 PM GRUENBERG 120
02/10/22 (H) Heard & Held
02/10/22 (H) MINUTE(STA)
02/15/22 (H) STA AT 3:00 PM GRUENBERG 120
02/15/22 (H) Heard & Held
02/15/22 (H) MINUTE(STA)
03/01/22 (H) STA AT 3:00 PM GRUENBERG 120

WITNESS REGISTER

REPRESENTATIVE GEORGE RAUSCHER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced HJR 29, as the prime sponsor.

RYAN MCKEE, Staff

Representative George Rauscher

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HJR 29, on behalf of Representative Rauscher, prime sponsor.

ALAN SORUM, Mayor Pro Tem

City of Valdez

Valdez, Alaska

POSITION STATEMENT: Provided invited testimony during the hearing on HJR 29.

SENATOR GARY STEVENS

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Provided an overview of SB 71, as the prime sponsor.

TIM LAMKIN, Staff

Senator Gary Stevens

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 71, on behalf of Senator Stevens, prime sponsor.

BENJAMIN BROWN, Chair

Alaska State Council on the Arts

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 71.

KELLY O'SULLIVAN, Fiscal Analyst

Legislative Finance Division

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 71.

REPRESENTATIVE CALVIN SCHRAGE

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 234, as the prime sponsor.

ERIK GUNDERSON, Staff

Representative Calvin Schrage

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced an amendment to HB 234, on behalf of Representative Schrage, prime sponsor.

TOM LUCAS

Alaska Public Offices Commission

Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 234.

ACTION NARRATIVE

[3:06:41 PM](#)

CHAIR JONATHAN KREISS-TOMKINS called the House State Affairs Standing Committee meeting to order at 3:06 p.m. Representatives Tarr, Kaufman, Story, Vance, Claman, and Kreiss-Tomkins were present at the call to order. Representative Eastman arrived as the meeting was in progress.

HJR 29-SUPPORT UNITED STATES POSTAL SERVICE

[3:08:27 PM](#)

CHAIR KREISS-TOMKINS announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 29, Urging the United States Congress to pass the Postal Service Reform Act of 2021; urging the United States Congress to pass the Postal Banking Act; and urging the United States Postal Service to continue delivering mail six days a week under historic delivery standards.

[3:08:49 PM](#)

REPRESENTATIVE GEORGE RAUSCHER, Alaska State Legislature, introduced HJR 29, as the prime sponsor. He paraphrased the sponsor statement [included in the committee packet], which read in its entirety as follows:

HJR 29 recognizes that the United States Postal Service plays a crucial role in communities across Alaska, especially in areas of Alaska accessible only by air or water.

We have seen over the years that prices have been rising, while at the same time delivery of mail has been slowed. The Postal Service has also lost \$69 billion over the past 11 fiscal years, in addition to unfunded liabilities that are twice the amount of their annual revenue.

This is noticeable in rural Alaska, where the Federal Government's failure to recognize the need for adequate staffing has hit those communities especially hard.

This resolution would send a formal request from the Alaska State Legislature, to Congress, asking them to pass Senate Bill 1720, the Postal Service Reform Act of 2021.

And finally, would request that the United States Congress pass Senate Bill 4616, the Postal Banking Act of 2020.

Time is of the essence and action is required to preserve the United States Postal Service and the services it provides for the residents of Alaska

[3:11:18 PM](#)

RYAN MCKEE, Staff, Representative George Rauscher, Alaska State Legislature, on behalf of Representative Rauscher, prime sponsor, indicated that a forthcoming change would replace "S. 1720" [the Postal Service Reform Act of 2021] with "HR 3076" in the bill language to ensure that the proper federal legislation was being cited. He said Representative Rauscher's office would work through the chair to draft the amendment.

[3:12:21 PM](#)

REPRESENTATIVE CLAMAN inquired about the sponsors of the corresponding federal legislation.

MR. MCKEE offered to follow up with the requested information.

[3:12:43 PM](#)

REPRESENTATIVE STORY asked for a summary of the federal legislation.

MR. MCKEE explained that HR 3076, the Postal Service Reform Act of 2022, would require the Office of Personnel Management to create the postal service health benefits program for postal employees and retirees, and repeal the requirement that the United States Postal Service (USPS) pre-fund future retiree health benefits. He relayed that the USPS would be required to deliver mail six days per week and create an online dashboard with service performance data at the national and local level. HR 3076 would allow USPS to form strategic partnerships with state, local, and tribal governments to provide non-postal and noncommercial services. Additionally, S. 4619, the Postal Banking Act of 2020, would create a pilot program aimed at providing for low interest loans to low-income communities and establish an alternative to predatory loans.

[3:14:36 PM](#)

CHAIR KREISS-TOMKINS welcomed invited testimony.

[3:14:50 PM](#)

ALAN SORUM, Mayor Pro Tem, City of Valdez, urged passage of the proposed resolution. He opined that USPS worked well when properly supported, acknowledging its vitality to the state of Alaska and its rural residents. He highlighted existing disruptions, such as staffing issues and personnel shortages, at the local postal office in Valdez and other communities. Nationally, USPS was experiencing problems with the cost of service. He understood that Alaska's federal delegation was working to resolve some of these issues, recognizing the importance of USPS to the state. He indicated that HJR 29 was intended to support the federal delegation in its efforts to pass legislation addressing postal service reform. In response to the question from Representative Claman, he reported that The Postal Service Reform Act of 2021 was co-sponsored by U.S. Senators Lisa Murkowski and Dan Sullivan. Its companion bill, HR 3076, was co-sponsored by Congressman Don Young.

[3:19:01 PM](#)

REPRESENTATIVE EASTMAN asked why the postal service no longer offered banking services.

MR. SORUM shared his understanding that in 1910, banks were struggling, which created the need for an alternative location where people could access their savings and basic banking services.

[3:19:53 PM](#)

REPRESENTATIVE CLAMAN inquired about the provisions in the federal bills related to unfunded liabilities for pension payments and the requirement to pre-pay the pensions. He asked whether the proposed legislation would maintain the pension obligations while removing the pre-funding requirement.

MR. SORUM answered yes, explaining that the legislation would establish an organization to oversee that.

[3:21:03 PM](#)

CHAIR KREISS-TOMKINS invited additional questions from the committee for the bill sponsor.

3:21:10 PM

REPRESENTATIVE EASTMAN turned attention to page 2 of the resolution, which cited a loss of \$69 billion over the last 11 years. He asked whether that figure was accurate.

MR. MCKEE answered yes.

REPRESENTATIVE EASTMAN highlighted USPS's unsustainable unfunded liabilities that were twice annual revenues in addition to the loss of \$69 billion. He sought to confirm that the proposed fix was for the postal service, which was going bankrupt, to get into banking.

MR. MCKEE answered yes, through the pilot program, which could raise an estimated \$9 billion annually through low interest loans and banking services.

REPRESENTATIVE EASTMAN asked how they would fund the low interest loans.

MR. MCKEE offered to follow up with the requested information.

3:22:50 PM

REPRESENTATIVE KAUFMAN requested additional information on the underlying federal legislation, which would clarify unanswered questions.

REPRESENTATIVE EASTMAN requested sectional analyses of the underlying federal legislation.

MR. MCKEE offered to follow up with the requested information for HR 3076, as it was a current bill in Congress.

REPRESENTATIVE EASTMAN sought to confirm that HJR 29 referenced a second piece of federal legislation.

MR. MCKEE clarified that [S.4614] the Postal Banking Act of 2020 died in the last session of Congress; however, he understood that parts of it could be added to existing legislation.

REPRESENTATIVE EASTMAN asked which parts were being recommended in HJR 29 and whether sectional analyses could be provided for those "parts."

MR. MCKEE clarified that HJR 29 was urging Congress to pass HR 3076, the Postal Service Reform Act of 2022, and reintroduce and pass S. 4614, the Postal Banking Act of 2020.

[3:25:53 PM](#)

CHAIR KREISS-TOMKINS announced that HJR 29 was held over.

SB 71-COUNCIL ON ARTS: PLATES & MANAGE ART

[3:27:05 PM](#)

CHAIR KREISS-TOMKINS announced that the next order of business would be CS FOR SENATE BILL NO. 71(FIN), "An Act relating to special request registration plates celebrating the arts; relating to artwork in public buildings and facilities; relating to the management of artwork under the art in public places fund; relating to the powers and duties of the Alaska State Council on the Arts; establishing the Alaska arts and cultural investment fund; and providing for an effective date."

[3:28:05 PM](#)

SENATOR GARY STEVENS, Alaska State Legislature, prime sponsor, introduced SB 71. He paraphrased the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

Senate Bill 71 was introduced at the request of the Alaska State Council on the Arts (ASCA).

ASCA is the state arts agency for Alaska, and exists to promote the creation, enjoyment, and practice of the arts by all Alaskans.

ASCA was founded in 1966 by passage of its enabling legislation by the 4th Alaska State Legislature. In 2017 the 30th State Legislature passed House Bill 137 which re-designated ASCA as a public corporation and governmental instrumentality of the State of Alaska and restructured the agency. In 2019 ASCA was shut down for several months following the veto of all its funding in late June. The Legislature restored funding in July, and the funds remained in the budget signed into law in August 2019.

When ASCA re-opened following the period of time in which the agency was not in operation, its Board of Trustees sought out ways in which operations could be improved. Some of the possible changes they identified require statutory changes. SB 71 contains four discrete provisions which are meant to allow for more stable operations of the ASCA.

First, SB 71 would attach a surcharge to the highly successful Alaska Artistic License Plate Program launched with the passage of SB 154 by the 29th State Legislature (2016), and modified by the passage of SB 204 in the 30th Legislature (2018). The bill would allow ASCA to set the amount of the surcharge in an amount not to exceed \$50 as a means of generating income to help support ASCA's operations.

Second, this legislation clarifies ASCA's management responsibility for public artwork created through its programs, to include the management of the relocation, disposition, or exchange of such artwork.

Third, this legislation would codify the existing practice of the Department of Law serving as legal counsel for ASCA. This comports with normal operating procedures for agencies of the State of Alaska.

Fourth, SB 71 provides ASCA with the means to maintain and strengthen its partnerships with non-profit foundation supporters, which have been very successful in recent years, and which now result in over half of ASCA's operating budget coming from non-governmental sources. The statutory changes proposed in SB 71 would hold harmless, ASCA's private-sector fund raising efforts in the state budget process.

Thank you for your consideration of this important piece of legislation.

[3:29:31 PM](#)

REPRESENTATIVE EASTMAN inquired about the legal counsel referred to in Section 5 of the bill.

[3:29:50 PM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, on behalf of Senator Stevens, prime sponsor of SB 71, explained that the addition in Section 5 was in response to processes that occurred during the budget cycle, which required representation that put the Department of Law (DOL) in conflict with the Alaska State Council on the Arts (ASCA). He deferred to Mr. Brown for a more thorough explanation.

[3:30:43 PM](#)

BENJAMIN BROWN, Chair, Alaska State Council on the Arts, recalled that the governor vetoed ASCA funding in 2019, which created challenges for the council. He said in response to those vetoes, he reached out to the assistant attorney general (AG) at DOL for legal advice regarding the agency shut down. The assistant AG also represents the Department of Education & Early Development (DEED), he noted. He reported that per the Alaska Rules of Professional Conduct, an attorney cannot represent two clients with adverse interests; therefore, DOL could not represent both ASCA and DEED. He said he didn't want to see the assistant AG put in that difficult position, so he wanted to create a provision in the enabling statute for ASCA that would allow a different attorney than the one representing DEED to be assigned.

[3:34:14 PM](#)

REPRESENTATIVE EASTMAN wondered whether Section 5 would be effectively telling the assistant AG that he/she could not help the administration implement that policy agenda.

[3:35:28 PM](#)

REPRESENTATIVE TARR contextualized the situation previously described by Mr. Brown.

[3:36:15 PM](#)

REPRESENTATIVE STORY asked whether the Alaska arts and cultural investment fund was "sweepable."

MR. LAMKIN referenced AS 37.05.142 pertaining to program receipts. He explained that as a public corporation, ASCA dealt with public and private moneys simultaneously. He indicated that the proposed legislation provided that money gathered from private donors would be held harmless in the event of a vetoed budget.

[3:37:58 PM](#)

MR. BROWN, in response to Representative Story, believed that the funds would be sweepable. He explained that the bill delineated that the Alaska arts and cultural investment fund was composed of private foundation funds invested by partners, such as the Rasmuson Foundation, in the work done as a public corporation of the state. He added that the bill illustrated that the funds were different than designated and undesignated general funds. He shared his understanding that it wouldn't make a practical difference in terms of "sweepability."

[3:39:36 PM](#)

REPRESENTATIVE STORY reiterated her interest in learning whether the fund was sweepable.

[3:39:52 PM](#)

The committee took a brief at-ease.

[3:40:02 PM](#)

CHAIR KREISS-TOMKINS said he would prefer if the fund was "non-sweepable."

[3:40:16 PM](#)

REPRESENTATIVE CLAMAN expressed his interest in seeing a written response from the AG on the "sweepability" of these funds to gain clarity on the issue.

CHAIR KREISS-TOMKINS agreed.

[3:41:39 PM](#)

REPRESENTATIVE EASTMAN asked which provision in the bill pertained to holding the funds harmless.

MR. LAMKIN said he would need a moment to review the bill.

[3:41:53 PM](#)

REPRESENTATIVE CLAMAN shared his understanding that it was Section 6 of the bill.

[3:42:12 PM](#)

MR. LAMKIN noted that AS 44.27.059 was outside of the Executive Budget Act and therefore, the receipt authority would not be subject to an outright veto. He deferred to Mr. Brown.

MR. BROWN agreed with Representative Claman that a position from the AG on the fund's "sweepability" would be welcome.

[3:43:57 PM](#)

REPRESENTATIVE EASTMAN asked whether the bill would curtail the legislature or the governor's ability to limit or veto receipt authority.

[3:44:46 PM](#)

MR. BROWN stated his understanding that Representative Eastman was asking whether the bill would diminish legislative appropriation authority or the governor's veto authority, adding that the answer was no. He explained that the legislature would still have to give ASCA the ability to receive statutorily designated program receipts that would go into a fund, which was different than the current structure. He noted that in the event that the council were vetoed "out of existence" again, the process for accounting for or returning those funds would be clearer. He added that the primary intent was to ensure that the funds were in a specific place, so investing entities had a degree of confidence as to where they were.

[3:46:38 PM](#)

REPRESENTATIVE CLAMAN contended that the question for the committee was whether funds donated to the ASCA by nonstate government entities or money appropriated by the legislature to the ASCA should be sweepable. He said he had "no confidence" that 35.06. answered that question in the current environment, opining that clarity needed to be determined and clearly provided in the legislation. He reiterated his belief that prospective counsel should weigh in, as they would be responsible for litigating any future lawsuit on "sweepability."

[3:48:36 PM](#)

CHAIR KREISS-TOMKINS asked Ms. O'Sullivan to speak to the "sweepability" of the fund being established under SB 71 and funds like it.

[3:49:23 PM](#)

KELLY O'SULLIVAN, Fiscal Analyst, Legislative Finance Division, shared her understanding that the fund would not be sweepable because money appropriated to the fund could be spent without further appropriation.

CHAIR KREISS-TOMKINS asked whether Ms. O'Sullivan could assess how the administration might perceive the fund's "sweepability."

MS. O'SULLIVAN suspected that the administration would determine the fund as non-sweepable.

[3:50:42 PM](#)

MS. O'SULLIVAN, in response to a question from Representative Tarr, shared her understanding that the significant language was "to carry out the purposes of this chapter" on page 3, lines 27-28; however, she noted that she was not an attorney.

REPRESENTATIVE TARR asked where "sweepability" was addressed in the bill.

MS. O'SULLIVAN said in general, if a fund was established that could be spent without further appropriation, it was subject to the sweep.

REPRESENTATIVE TARR offered to follow up with Legislative Legal Services.

[3:52:52 PM](#)

REPRESENTATIVE VANCE directed attention to Section 6 and asked what would happen with donations received by ASCA if the legislature did not make an annual appropriation to the fund.

MS. O'SULLIVAN stated that typically, the money would stay in the fund.

REPRESENTATIVE VANCE turned to page 3, lines 24-25 and sought to clarify whether donations would lapse.

MS. O'SULLIVAN replied "Typically, donations do not lapse."

[3:54:41 PM](#)

REPRESENTATIVE CLAMAN referencing page 3, lines 22-24, provided a scenario in which \$100 was contributed to ASCA. He asked whether that \$100 would be a contribution to the general fund (GF), which would then be appropriated by the legislature to the Alaska arts and cultural investment fund. He asked whether that was accurate.

MS. O'SULLIVAN said generally, all money appropriated to the fund, including donations and GF program receipts, were included in the appropriation.

REPRESENTATIVE CLAMAN restated his question, seeking to confirm whether a donation was effectually a contribution to the GF that was then appropriated by the legislature to the ASCA.

MS. O'SULLIVAN believed that was true, as typically, moving money into a fund required an appropriation. She suggested following up with Legislative Legal Services.

[3:56:49 PM](#)

REPRESENTATIVE EASTMAN restated his prior question, asking whether Section 5 created an impediment to the AG carrying out the administration's policy decision regarding ASCA.

MR. BROWN shared a personal anecdote. He said ultimately, it would not impede the governor from carrying out his policy objective, it would just provide adequate legal representation to both entities as those policy decisions unfolded.

[3:59:29 PM](#)

REPRESENTATIVE EASTMAN asked whether the council would be opposed to distinguishing between counsel in an advisory capacity versus counsel in a representative capacity to avoid a scenario in which the state was suing itself.

MR. BROWN believed that was not a necessary step, as it would not comport with the way law was practiced in Alaska and the U.S.

[4:01:07 PM](#)

REPRESENTATIVE CLAMAN requested hearing from the AG at the next bill hearing to gain perspective on the conflict-of-interest issue.

MR. LAMKIN noted that the issue was covered quite a bit in the Senate, which led to an amendment that added the language on page 3, lines 17-18.

[4:02:19 PM](#)

MR. BROWN pointed out that ASCA had endeavored to work with Governor Dunleavy and the administration on this legislation. He believed that the governor was ready to sign the bill into law if passed by the House.

CHAIR KREISS-TOMKINS said with all respect to the work done in the Senate, the committee would still like to hear from DOL.

[4:03:17 PM](#)

REPRESENTATIVE KAUFMAN inquired about the council's funding structure.

[4:04:14 PM](#)

CHAIR KREISS-TOMKINS held that line of questioning for the next bill hearing. He announced that SB 71 was held over.

HB 234-POLITICAL CONTRIBUTION LIMITS

[4:05:05 PM](#)

CHAIR KREISS-TOMKINS announced that the final order of business would be HOUSE BILL NO. 234, "An Act relating to political contributions; and providing for an effective date." [Before the committee was Version I, adopted as the working draft on 2/1/22.]

[4:06:19 PM](#)

REPRESENTATIVE CLAMAN announced that Amendment 1 and Amendment 2 would not be offered.

[4:06:54 PM](#)

REPRESENTATIVE EASTMAN moved to adopt Amendment 3, [labeled 32-LS1197\I.9, Bullard, 2/14/22], which read as follows:

Page 2, lines 18 - 19:

Delete "Beginning in the first quarter of calendar year 2032 and every 10 years thereafter"

Insert "In the first quarter of each year"

Page 2, line 21:

Delete "10-year period "

Insert "year"

Page 2, line 22, following "increment.":

Insert "The adjustment takes effect May 1 of each year."

REPRESENTATIVE KREISS-TOMKINS objected for the purpose of discussion.

[4:07:04 PM](#)

REPRESENTATIVE EASTMAN remarked:

I value the discussion and conversation that we did on a previous bill, which had this same amendment, and I thought the work compromise that we came to together on that was probably more preferable than the language here but as this was offered some time ago, there hasn't been an opportunity to adjust the language there, but certainly wouldn't oppose doing that.

[4:07:33 PM](#)

REPRESENTATIVE CALVIN SCHRAGE, Alaska State Legislature, opined that adjusting the contribution limits annually could cause additional confusion and artificially inflate the contribution limit. He expressed his opposition to Amendment 3.

REPRESENTATIVE CLAMAN agreed with the bill sponsor. He believed that the public would be better served by adjusting the contribution limits at the same time as redistricting so that changes occurred simultaneously. He stated his opposition to Amendment 3.

[4:09:54 PM](#)

REPRESENTATIVE EASTMAN opined that without Amendment 3, the bill would effectively lack inflation proofing. He believed that if

the 10-year timeframe was maintained, a future legislature would find itself in the same predicament.

CHAIR KREISS-TOMKINS shared his conflicting feelings. He explained that as a "policy vacuum," he preferred annual inflation adjustment; however, from a systems management perspective, he was compelled by the argument that adjusting contribution limits was a large recurring change that should coincide with the redistricting cycle for consistency on a decadal basis.

[4:13:03 PM](#)

REPRESENTATIVE KAUFMAN spoke of natural cycles that occur on a two-year, four-year, and ten-year basis. He suggested selecting a cycle with a shorter cadence than ten years to negate some of the concerns.

REPRESENTATIVE VANCE pointed out that if the legislature chose not to limit freedom of speech by means of political contribution, inflation wouldn't be an issue in regard to this matter.

CHAIR KREISS-TOMKINS said, "Sounds like that's an endorsement of no contribution limits at all."

[4:14:29 PM](#)

REPRESENTATIVE TARR reflected on increasing the minimum wage, which included a CPI adjustment. She pointed out that the high inflation at present was an unusual circumstance related to the pandemic and the supply chain disruption, which was causing the high demand.

REPRESENTATIVE STORY pointed out that some people felt their speech was limited by their income, as they could not donate as much as a wealthy person.

[4:16:07 PM](#)

REPRESENTATIVE EASTMAN opined that the days of low inflation were done unless the U.S. decided to overhaul its entire financial system. He stated that without inflation adjustments, the contribution limits would decrease over time, which would eventually lead to intervention by the courts.

[4:17:48 PM](#)

A roll call vote was taken. Representatives Vance, Kaufman, and Eastman voted in favor of the adoption of Amendment 3. Representatives Tarr, Story, Claman, and Kreiss-Tomkins voted against it. Therefore, Amendment 3 failed by a vote of 3-4.

[4:18:21 PM](#)

CHAIR KREISS-TOMKINS moved to adopt Amendment 4, [labeled 32-LS1197\I.10, Bullard, 2/21/22], which read:

Page 1, line 6:

Delete "\$1,000 [\$500] per year"

Insert "\$2,000 each campaign period [\$500 PER YEAR]"

Page 1, line 7, following the second occurrence of "candidate,":

Insert "or"

Page 1, lines 8 - 9:

Delete ", or to a group that is not a political party"

Insert "[, OR TO A GROUP THAT IS NOT A POLITICAL PARTY]"

Page 1, line 10, following "party":

Insert "or other group"

Page 1, lines 13 - 14:

Delete "\$2,000 [\$1,000] per year

(1)"

Insert "(1) \$4,000 each campaign period [\$1,000 PER YEAR

(1)]"

Page 2, line 1, following "(2)":

Insert "\$5,000 each year"

Page 2, line 4:

Delete "\$2,000 [\$1,000] a year"

Insert "(1) \$4,000 each campaign period [\$1,000 A YEAR]"

Page 2, line 5, following the second occurrence of "candidate,":

Insert "or"

Page 2, line 6, following "candidate":

Delete ", to a group,"

Insert ";

(2) \$5,000 each year [,] to a group [,]"

Page 2, lines 11 - 12:

Delete "\$2,000 [\$1,000] per year"

Insert "\$4,000 each campaign period [\$1,000 PER YEAR]"

Page 2, line 13:

Delete "\$4,000 [\$2,000] per year"

Insert "\$8,000 each campaign period [\$2,000 PER YEAR]"

Page 2, line 18:

Delete "2032"

Insert "2031"

Page 2, following line 22:

Insert new bill sections to read:

*** Sec. 6.** AS 15.13.110(i) is amended to read:

(i) During a campaign period, the commission may not change the manner or format in which reports required of a candidate under this chapter must be filed. [IN THIS SUBSECTION, "CAMPAIGN PERIOD" MEANS THE PERIOD BEGINNING ON THE DATE THAT A CANDIDATE BECOMES ELIGIBLE TO RECEIVE CAMPAIGN CONTRIBUTIONS UNDER THIS CHAPTER AND ENDING ON THE DATE THAT A FINAL REPORT FOR THAT SAME CAMPAIGN MUST BE FILED.]

*** Sec. 7.** AS 15.13.400 is amended by adding a new paragraph to read:

(20) "campaign period" means the period beginning on the date that a candidate becomes eligible to receive campaign contributions under this chapter and ending on the date that a final report for that same campaign must be filed."

Renumber the following bill section accordingly.

REPRESENTATIVE EASTMAN objected.

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

[4:18:52 PM](#)

ERIK GUNDERSON, Staff, Representative Calvin Schrage, Alaska State Legislature, explained that Amendment 4 would increase the contribution limit and implement per-campaign period limits, as opposed to annual limits. The amendment would also change the inflation adjustment date to begin 2031 and every 10 years thereafter. Additionally, Amendment 4 defined "campaign period" and noted that the Alaska Political Offices Commission (APOC) may not change the manner or format in which reports were required of candidates during the campaign cycle.

[4:21:02 PM](#)

REPRESENTATIVE EASTMAN inquired about the impact on future campaign account provisions.

MR. GUNDERSON said the changes in Amendment 4 would not impact the current status of future campaign accounts.

REPRESENTATIVE EASTMAN inquired about the benefits of redefining a "campaign period."

MR. GUNDERSON recalled the courts highlighting a barrier to entry for challengers that run for office, as most challengers file during an election year whereas incumbents typically fundraise year-round. He believed that a per-campaign cycle would place challengers and incumbents on the same playing field with the same limits regardless of when they enter the race.

REPRESENTATIVE EASTMAN asked how APOC would interpret the proposed language on Page 3, lines 5-7, of Amendment 4.

[4:23:54 PM](#)

REPRESENTATIVE SCHRAGE deferred to APOC.

[4:25:05 PM](#)

TOM LUCAS, Alaska Public Offices Commission, asked Representative Eastman to restate the question.

[4:25:17 PM](#)

REPRESENTATIVE EASTMAN restated the question, asking whether the language on page 3, lines 5-7, of Amendment 3 would interfere with the uniformity of campaign periods.

MR. LUCAS understood that the campaign period could be different for each candidate, as the campaign period would begin on the date a letter of intent was filed. Regardless of the number of days in each individual candidate's campaign period, the contribution limit would be the same.

[4:27:34 PM](#)

The committee took a brief at-ease.

[4:28:04 PM](#)

REPRESENTATIVE CLAMAN sought to confirm that under current statute, there was a limited period of time within which the candidate was allowed to collect contributions.

MR. LUCAS confirmed.

REPRESENTATIVE CLAMAN asked what that period of time was.

MR. LUCAS answered 18 months prior to the election.

REPRESENTATIVE CLAMAN remarked:

It doesn't increase the amount of contributions available it just gets to the period of time within which I can accept contributions and that actually isn't just driven by when I file my letter of intent, it's also by the statute that limits the period within which I can collect contributions.

MR. LUCAS confirmed.

REPRESENTATIVE CLAMAN sought to confirm that the window for collecting contributions was 18 months before the election, which was somewhat further limited by when the candidate filed a letter of intent. He reiterated that in no event could that period be longer than 18 months. He asked if that was correct.

MR. LUCAS confirmed.

REPRESENTATIVE CLAMAN said it didn't get much clearer: the campaign period was the 18-month period limited by the filing date. He believed that the purpose of defining "campaign period" was to provide that clarity.

[4:30:30 PM](#)

REPRESENTATIVE EASTMAN suggested changing the language on page 3, line 6, of Amendment 4 from "a candidate becomes eligible to receive campaign contributions" to "a candidate becomes eligible to file for office" to clarify the intent.

REPRESENTATIVE TARR believed that the suggested language would be problematic because fundraising was allowed prior to filing. She opined that the existing language in Amendment 4 was clear and should not be confused by trying to incorporate a reference to filing for office with the Division of Elections (DOE).

[4:32:16 PM](#)

REPRESENTATIVE EASTMAN believed that the statement made by Representative Tarr further proved his point. He shared his understanding that candidates could fundraise before filing for office but not before they were eligible to file, which initiated the 18-month window. He opined that if the campaign period, by definition, were to begin when a candidate filed for office, it would be uniform for all candidates in the election cycle.

[4:33:10 PM](#)

REPRESENTATIVE CLAMAN read a lengthy statement regarding the U.S. Supreme Court's decision in Citizens United v. Federal Election Commission in 2010, as well as McCutcheon v. Federal Election Commission in 2014. He concluded that the alignment between the average dividend amount for a two-year period and the proposed \$2,000 campaign period limit on an individual contribution was a significant factor that should be considered in looking at the proposed amendment. For that reason, he said he was in support of Amendment 4 and instituting a \$2,000 individual limit.

[4:39:47 PM](#)

REPRESENTATIVE EASTMAN acknowledged that changing the campaign period would provide clarity for the public's understanding; however, he believed it didn't relate to future campaign account provisions. He pointed out that if a candidate wanted to take money from a future campaign account, the \$4,000 limit wouldn't apply.

[4:41:13 PM](#)

REPRESENTATIVE CLAMAN withdrew his objection.

REPRESENTATIVE EASTMAN withdrew his objection. There being no further objection, Amendment 4 was adopted.

CHAIR KREISS-TOMKINS invited comments on the bill, as amended.

[4:41:46 PM](#)

REPRESENTATIVE TARR asked whether a different effective date should be considered.

REPRESENTATIVE SCHRAGE deferred to Mr. Gunderson.

[4:43:10 PM](#)

MR. GUNDERSON conveyed that with the effective date occurring after APOC's advisory opinion was implemented, candidates would not be statutorily required to repay any money they had raised; however, they couldn't raise any additional funds. He provided an example in which a candidate raised an aggregate of \$2,501 over the past two years, noting that the candidate could not raise beyond the \$2,000 limit, per CSHB 234, Version I, as amended.

[4:43:58 PM](#)

REPRESENTATIVE TARR asked whether the \$501 would need to be reported and returned.

REPRESENTATIVE SCHRAGE shared his understanding that as long as contributions received to date were in line with APOC's advisory decision, no donations would need to be returned to donors. He reiterated that a candidate who received more than \$2,000 could retain those donations, as they were presumably gathered before the proposed legislation went into effect. He noted that the candidate in question would not be allowed to receive any additional funds from those donors.

[4:45:22 PM](#)

REPRESENTATIVE EASTMAN believed that the explanation provided by the bill sponsor put a different view on the underlying legislation, opining that it would effectively benefit incumbent candidates. He recommended solving the disparity by making the bill go into effect at the end of the current campaign period.

[4:46:27 PM](#)

REPRESENTATIVE SCHRAGE conceded that the bill would retain a temporary advantage for incumbents. However, he noted that the incumbent advantage already existed to a greater degree under the current system. He pointed out that if the effective date were to begin at the next campaign period, all candidates would be subject to APOC's advisory opinion until that time, which was perceived to lack any true authority by some.

[4:48:21 PM](#)

REPRESENTATIVE CLAMAN shared his understanding that the majority of the public supported campaign contribution limits and did not pay attention to the incremental progress on those issues. He opined that reinstating reasonable limits would show the public that the legislature was responding to their concerns.

[4:49:08 PM](#)

REPRESENTATIVE CLAMAN moved to report CSHB 234, Version 32-LS1197\I, Bullard, 1/22/22, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 234(STA) was moved from the House State Affairs Standing Committee.

[4:50:05 PM](#)

CHAIR KREISS-TOMKINS made a motion to authorize the chair of the House State Affairs Standing Committee to introduce a committee bill relating to the Alaska Permanent Fund Corporation's investment and divestment in assets relating to Russia.

REPRESENTATIVE EASTMAN objected for the purpose of discussion.

[4:50:24 PM](#)

CHAIR KREISS-TOMKINS discussed the committee process regarding committee sponsored legislation and his general intention for the motion.

[4:51:47 PM](#)

REPRESENTATIVE EASTMAN referenced a bill he had sponsored relating to divestment. He expressed his hope that the bill would not be urging Alaska Permanent Fund Corporation (APFC) to

"ditch" investments immediately. He asked Chair Kreiss-Tomkins how that would work.

CHAIR KREISS-TOMKINS answered, "TBD [to be decided]." He said he would be happy to share a copy of the draft legislation with the committee and incorporate feedback.

REPRESENTATIVE VANCE found it "interesting" that this discussion was happening now, as opposed when Russia embargoed Alaska seafood in 2013. She encouraged the committee to act with prudence.

REPRESENTATIVE TARR expressed her support for the motion.

REPRESENTATIVE STORY believed that time was of the essence to send a clear message regarding Ukraine.

[4:55:31 PM](#)

REPRESENTATIVE EASTMAN asked how much was currently invested in Russian assets; further, he sought further clarification on the asset classes that would be divested from.

CHAIR KREISS-TOMKINS, referencing an Anchorage Daily News (ADN) article, reported that APFC had circa \$200 million invested in Russian assets. He shared his understanding that most were equities in Russian companies, such as oil and gas companies and banks. He said this was the type of question to "thoroughly probe" during the committee process with APFC.

REPRESENTATIVE EASTMAN indicated his opposition to investing in entities that were attempting to eliminate another country's sovereignty; however, from an economic perspective, he suspected that Russian assets would be significantly depressed in value. He recommended waiting before divesting, as making such a swift political statement could be costly.

CHAIR KREISS-TOMKINS agreed that such a decision should be fully vetted before taking action on it.

[5:00:06 PM](#)

REPRESENTATIVE EASTMAN maintained his objection.

[5:00:47 PM](#)

A roll call vote was taken. Representatives Tarr, Story, Claman, and Kreiss-Tomkins voted in favor of the motion. Representatives Eastman, Vance, and Kaufman voted against it. Therefore, the motion passed by a vote of 4-3.

[5:01:51 PM](#)

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 5:01 p.m.