

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

March 22, 2022

3:07 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 BILL NO. 401

"An Act relating to certain investments of state funds in the Russian Federation and financial institutions profiteering from the Russian Federation's invasion of Ukraine; providing indemnity and immunity for certain investment actions taken in compliance with law; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 396

"An Act restricting certain investments of state funds in certain Russian entities; and providing for an effective date."

- HEARD & HELD

CS FOR SENATE BILL NO. 95(STA)

"An Act relating to the right of first refusal of a volunteer search and rescue group with respect to obsolete or surplus state property."

- HEARD & HELD

HOUSE BILL NO. 309

"An Act exempting candidates for municipal office and municipal office holders in municipalities with a population of 15,000 or less from financial or business interest reporting requirements;

relating to campaign finance reporting by certain groups; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 142

"An Act relating to eligibility for the permanent fund dividend."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 401

SHORT TITLE: NO STATE INVESTMENT IN RUSSIAN FEDERATION

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/16/22	(H)	READ THE FIRST TIME - REFERRALS
03/16/22	(H)	STA, FIN
03/22/22	(H)	STA AT 3:00 PM GRUENBERG 120

BILL: HB 396

SHORT TITLE: DIVEST INVESTMENTS IN RUSSIAN ENTITIES

SPONSOR(s): STATE AFFAIRS

03/09/22	(H)	READ THE FIRST TIME - REFERRALS
03/09/22	(H)	STA, FIN
03/10/22	(H)	STA AT 3:00 PM GRUENBERG 120
03/10/22	(H)	Heard & Held
03/10/22	(H)	MINUTE(STA)
03/15/22	(H)	STA AT 3:00 PM GRUENBERG 120
03/15/22	(H)	Heard & Held
03/15/22	(H)	MINUTE(STA)
03/17/22	(H)	STA AT 3:00 PM GRUENBERG 120
03/17/22	(H)	<Bill Hearing Canceled>
03/22/22	(H)	STA AT 3:00 PM GRUENBERG 120

BILL: SB 95

SHORT TITLE: SEARCH AND RESCUE SURPLUS STATE PROPERTY

SPONSOR(s): WILSON

03/03/21	(S)	READ THE FIRST TIME - REFERRALS
03/03/21	(S)	STA, FIN
03/16/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/16/21	(S)	Heard & Held
03/16/21	(S)	MINUTE(STA)
03/30/21	(S)	STA AT 3:30 PM BUTROVICH 205

03/30/21 (S) Moved CSSB 95(STA) Out of Committee  
 03/30/21 (S) MINUTE(STA)  
 03/31/21 (S) STA RPT CS (FORTHCOMING) 3DP 2NR  
 03/31/21 (S) NR: SHOWER, REINBOLD  
 03/31/21 (S) DP: KAWASAKI, COSTELLO, HOLLAND  
 04/03/21 (S) STA CS RECEIVED NEW TITLE  
 04/07/21 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/07/21 (S) Heard & Held  
 04/07/21 (S) MINUTE(FIN)  
 04/27/21 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/27/21 (S) Moved CSSB 95(STA) Out of Committee  
 04/27/21 (S) MINUTE(FIN)  
 04/28/21 (S) FIN RPT CS(STA) 7DP  
 04/28/21 (S) DP: STEDMAN, BISHOP, HOFFMAN, WILSON,  
 WIELECHOWSKI, OLSON, VON IMHOF  
 05/03/21 (S) TRANSMITTED TO (H)  
 05/03/21 (S) VERSION: CSSB 95(STA)  
 05/04/21 (H) READ THE FIRST TIME - REFERRALS  
 05/04/21 (H) CRA, STA  
 05/13/21 (H) CRA RPT 4DP 2NR 1AM  
 05/13/21 (H) DP: DRUMMOND, MCCABE, PATKOTAK, SCHRAGE  
 05/13/21 (H) NR: MCCARTY, PRAX  
 05/13/21 (H) AM: HANNAN  
 05/13/21 (H) CRA AT 8:00 AM BARNES 124  
 05/13/21 (H) Moved CSSB 95(STA) Out of Committee  
 05/13/21 (H) MINUTE(CRA)  
 03/22/22 (H) STA AT 3:00 PM GRUENBERG 120

BILL: HB 309

SHORT TITLE: APOC; CAMPAIGN CONTRIBUTIONS/REPORTING

SPONSOR(S): KREISS-TOMKINS

02/07/22 (H) READ THE FIRST TIME - REFERRALS  
 02/07/22 (H) CRA, STA  
 03/03/22 (H) CRA AT 8:00 AM BARNES 124  
 03/03/22 (H) Heard & Held  
 03/03/22 (H) MINUTE(CRA)  
 03/08/22 (H) CRA AT 8:00 AM BARNES 124  
 03/08/22 (H) Heard & Held  
 03/08/22 (H) MINUTE(CRA)  
 03/10/22 (H) CRA AT 8:00 AM BARNES 124  
 03/10/22 (H) Moved CSHB 309(CRA) Out of Committee  
 03/10/22 (H) MINUTE(CRA)  
 03/14/22 (H) CRA RPT CS(CRA) 1DP 1NR 3AM  
 03/14/22 (H) DP: MCCARTY  
 03/14/22 (H) NR: SCHRAGE  
 03/14/22 (H) AM: DRUMMOND, MCCABE, HANNAN

03/15/22 (H) STA AT 3:00 PM GRUENBERG 120  
03/15/22 (H) Heard & Held  
03/15/22 (H) MINUTE (STA)  
03/22/22 (H) STA AT 3:00 PM GRUENBERG 120

**WITNESS REGISTER**

LUCINDA MAHONEY, Commissioner  
Department of Revenue  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 401, on behalf of the House Rules Standing Committee, sponsor by request of the governor.

ADAM HYKES  
Homer, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 396.

SENATOR DAVID WILSON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced CSSB 95(STA), as the prime sponsor.

JASMIN MARTIN, Staff  
Senator David Wilson  
Juneau, Alaska

**POSITION STATEMENT:** Presented a sectional analysis of CSSB 95(STA), on behalf of Senator Wilson, prime sponsor.

MARK STIGAR, President  
Alaska Search and Rescue Association  
Palmer, Alaska

**POSITION STATEMENT:** Provided invited testimony during the hearing on CSSB 95(STA).

THOR VUE, Chief Procurement Officer  
Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on CSSB 95(STA).

PAUL FUSSEY, Lt.  
Alaska State Troopers  
Department of Public Safety  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on CSSB 95(STA).

JOHN HARSHFIELD, State Property Manager  
Shared Services of Alaska  
Department of Administration

**POSITION STATEMENT:** Answered questions during the hearing on CSSB 95(STA).

CLAIRE GROSS, Staff  
Representative Jonathan Kreiss-Tompkins  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced several amendments, on behalf of Representative Kreiss-Tompkins, prime sponsor of CSHB 309(CRA).

HEATHER HEBDON, Executive Director  
Alaska Public Offices Commission  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on CSHB 309(CRA).

ALPHEUS BULLARD, Attorney  
Legislative Legal Services  
Legislative Affairs Agency  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on CSHB 309(CRA).

#### **ACTION NARRATIVE**

[3:07:45 PM](#)

**CHAIR JONATHAN KREISS-TOMKINS** called the House State Affairs Standing Committee meeting to order at 3:07 p.m. Representatives Tarr, Story, Eastman, Vance, Kaufman, Eastman, and Kreiss-Tompkins were present at the call to order. Representative Claman (via teleconference) arrived as the meeting was in progress.

^#hb401

#### **HB 401-NO STATE INVESTMENT IN RUSSIAN FEDERATION**

[3:08:40 PM](#)

CHAIR KREISS-TOMKINS announced that the first order of business would be HOUSE BILL NO. 401, "An Act relating to certain investments of state funds in the Russian Federation and

financial institutions profiteering from the Russian Federation's invasion of Ukraine; providing indemnity and immunity for certain investment actions taken in compliance with law; and providing for an effective date."

[3:09:24 PM](#)

LUCINDA MAHONEY, Commissioner, Department of Revenue (DOR), introduced HB 401, on behalf of the House Rules Standing Committee, sponsor by request of the governor. She provided a PowerPoint presentation, titled "HB 401 - Divestment regarding Russian Entities." She began on slide 3, which read as follows [original punctuation provided]:

HB 401 Bill Summary

- Prohibits investment in and requires divestment of Russian assets in funds subject to AS 37.10.
- Assets include all sovereign debt of the Russian Federation and publicly traded securities of a company identified by the United States Department of Treasury, Office of Foreign Assets (OFAC).
- Provides for a 180-day exit from the assets once identified.
- Divestment is not required for comingled funds, but the fiduciary is required to request that fund managers consider divestment annually on January 31.
- Precludes the Commissioner of Revenue or other fiduciary from conducting business with banks who are "profiteering" from the Russian invasion of Ukraine.

COMMISSIONER MAHONEY provided an explanation of the Office of Foreign Assets (OFAC), U.S. Department of Treasury. She said OFAC was tasked with identifying Russian institutions close to President Vladimir Putin that were likely involved in funding the invasion of Ukraine. She reported that 13 Russian entities were identified and consequently included in the U.S. sanctions. She said the goal of the sanctions was to cripple the core infrastructure of the Russian financial system such that it would diminish funding for the war.

[3:16:58 PM](#)

COMMISSIONER MAHONEY continued to slide 4, which read as follows [original punctuation provided]:

HB 401 Bill Summary (continued)

- May allow investments if not doing so would be inconsistent with applicable fiduciary responsibilities but requires at least three alternative investment opportunities to be considered.
- Excludes Alaska Permanent Fund Corporation (APFC) and the Alaska Retirement Management Board (ARMB), allowing divestment decisions by these entities' boards.
- Exempts those taking divestment actions or inactions, in good faith, from liability for doing so.
- Provides reporting mechanisms to the Legislature as to the divestment activity undertaken.
- Expires on July 1, 2023.

[3:19:58 PM](#)

COMMISSIONER MAHONEY turned to slide 8, which read as follows [original punctuation provided]:

Treasury Russian Equity Investments - 1/31/22

**Treasury Russian equity investments -0.23% of \$50.6 billion in assets:**

State Investments -0.10% of \$7.7 billion in assets

- 0.10% of state assetshad Russian equity exposure on 1/31/22 (\$7.4 million).
- 1 passive/index investment manager.

**Defined Benefit Retirement Systems -0.28% of \$33.9 billion in assets**

- 0.28% of the retirement funds had Russian equity exposure on 1/31/22 (\$93.5 million).
- 7 investment managers -4 active, 3 passive/index.

**Participant Directed -0.15% of \$9.0 billion in assets**

- 0.15% of participant directed assetshad Russian equity exposure on 1/31/22 (\$13.4 million).

- 4 investment managers -2 managers active, 2 passive/index funds.
- All of the Russian exposure is through commingled funds where the ARMB is not the direct fiduciary for the funds.

**Treasury has directed a halt to the purchase of Russian securities at this time due to illiquidity and risk uncertainty.**

[3:21:07 PM](#)

COMMISSIONER MAHONEY concluded on slide 9, which read as follows [original punctuation provided]:

What are others doing?

**States**

- Research and surveys administered by The Pennsylvania Treasurershow that as of 3/12/22, there were a total of 37 states currently looking into or currently freezing state money or pension funds going to Russian companies, investments or oligarchs.
- Other actions taken by other states include the following:
  - Looking into or currently banning state agencies from doing business with Russian state-owned firms and subcontractors.
  - Blocking Russian businesses and nonprofits from acquiring property in their state for 1 year.
  - Looking into or ending sister state relationship with Russia.
  - Officially condemned Russia's invasion.
  - Welcoming refugees.
  - Calling on businesses to ban Russian made goods.

**Norway Sovereign Wealth Funds**

- Norway announced that they are divesting from Russia.
- Russian assets at the end of 2021 made up 0.2% of Norway fund (\$3 billion in total).
- Recognize that divestment takes time because they want to ensure sales are not made to sanctioned individuals/entities.

[3:22:15 PM](#)

REPRESENTATIVE EASTMAN asked how profiteering would be defined.

COMMISSIONER MAHONEY shared her understanding that profiteering would be defined "based on the day that we would be evaluating this." She expected that the circumstances, evaluations, and volatility would change constantly. She provided an example.

REPRESENTATIVE EASTMAN asked whether the [Alaska Permanent Fund Corporation (APFC)] board had a policy against unfair or excessive profits.

COMMISSIONER MAHONEY answered no.

[3:24:38 PM](#)

REPRESENTATIVE STORY inquired about the differences between HB 401 and HB 396.

COMMISSIONER MAHONEY explained that HB 401 excluded APFC and the Alaska Retirement Management Board (ARMB) and included provisions for profiteering; additionally, the repeal dates were different, as well as the divestment timelines. Furthermore, HB 401 would create a new statute, which would need to be repealed when the issue was resolved, whereas HB 396 was identified as "uncodified statute in law."

[3:27:03 PM](#)

REPRESENTATIVE VANCE asked why the legislation was needed if the state followed the prudent investor rule and it would be imprudent to invest in Russian assets for the foreseeable future.

COMMISSIONER MAHONEY acknowledged that external managers had been directed not to purchase any new Russian investments; however, HB 401 pertained to the management of existing investments. She pointed out that trustees from APFC and ARMB could have different ideas on what constituted a prudent investment strategy.

REPRESENTATIVE VANCE sought to confirm that HB 401 was essentially asking the legislature to decide what was socially acceptable for state funds.

COMMISSIONER MAHONEY clarified that HB 401 would enable the Treasury Division, DOR, to make a divestment decision and take the potentially social component off the table.

REPRESENTATIVE VANCE asked how much the state could stand to lose by divesting.

COMMISSIONER MAHONEY said there was always the potential that nothing would be recovered, and the state would lose all of it, which would be the worst-case scenario. She highlighted the enormous amount of uncertainty in the current environment.

[3:31:15 PM](#)

REPRESENTATIVE TARR asked whether divestment actions were trending in other states.

COMMISSIONER MAHONEY suspected that the answer was yes, as Americans tended to be very supportive of Ukraine.

[3:33:15 PM](#)

HAIR KREISS-TOMKINS announced that HB 401 was held over.

^#hb396

**HB 396-DIVEST INVESTMENTS IN RUSSIAN ENTITIES**

[3:34:52 PM](#)

CHAIR KREISS-TOMKINS announced that the next order of business would be HOUSE BILL NO. 396, "An Act restricting certain investments of state funds in certain Russian entities; and providing for an effective date."

CHAIR KREISS-TOMKINS opened public testimony.

[3:35:23 PM](#)

ADAM HYKES, said, as an investor in the Alaska Permanent Fund, he had a huge problem with forcing a divestment policy that he would not otherwise support. He opined that Ukraine was a "hot button issue," further speculating that the bill was hastily thrown together. He expressed his opposition to the practice of placing economic sanctions on another nation. He reiterated his opposition to HB 396.

[3:38:24 PM](#)

CHAIR KREISS-TOMKINS closed public testimony on HB 396 and announced that the bill was held over.

^#sb95

**SB 95-SEARCH AND RESCUE SURPLUS STATE PROPERTY**

[3:39:21 PM](#)

CHAIR KREISS-TOMKINS announced that the next order of business would be CS FOR SENATE BILL NO. 95(STA), "An Act relating to the right of first refusal of a volunteer search and rescue group with respect to obsolete or surplus state property."

[3:39:42 PM](#)

SENATOR DAVID WILSON, Alaska State Legislature, prime sponsor, introduced CSSB 95(STA). He paraphrased the sponsor statement, which read as follows [original punctuation provided]:

Search and rescue operations across the State of Alaska are largely done by volunteer organizations dispatched by the Alaska State Troopers. These groups provide lifesaving services to our state at minimal cost. SB 95 provides assistance to the groups at no cost to the state. While search and rescue groups can be reimbursed for costs incurred during specific operations, the state does not generally provide them with equipment.

This legislation allows a volunteer search and rescue organization to exercise the right of first refusal on items related to search and rescue before the property is sold, leased, licenses, or disposed of. Right of first refusal means the organization can buy the equipment at a fair market value set by the department of administration. This bill enables these volunteer search and rescue groups to more easily obtain the equipment they need to fulfill their lifesaving mission.

Thank you for your consideration of this important legislation.

[3:42:22 PM](#)

JASMIN MARTIN, Staff, Senator David Wilson, on behalf of Senator Wilson, prime sponsor, summarized the intent of the bill and presented a sectional analysis of CSSB 95(STA) [included in the committee packet], which read as follows [original punctuation provided]:

**Section 1:** Names this act the Ellie Mae Act.

**Section 2:** Amends AS 44.68.110 to allow an organized volunteer search and rescue group to exercise right of first refusal for surplus state items related to search and rescue before they are disposed of by the state.

[3:44:11 PM](#)

MARK STIGAR, President, Alaska Search and Rescue Association, explained that the goal of the legislation was to allow the volunteer search and rescue groups to fulfill their purpose as easily as possible by making equipment available to them. He explained that the groups were made up of volunteers and relied entirely on fundraising, as they didn't receive any money from state entities.

REPRESENTATIVE VANCE asked how these groups were defined in statute and whether they were required to meet certain criteria so that they weren't receiving an unfair advantage over other groups.

MR. STIGAR shared his understanding that the search and rescue operations groups were identified by a resource list maintained by the Alaska State Troopers (AST).

SENATOR WILSON directed attention to page 1, lines 8-10, which defined the groups as "A group of volunteers that is organized to provide search and rescue services in the state, including participation in a search and rescue party under AS 18.60.120".

[3:49:08 PM](#)

REPRESENTATIVE KAUFMAN wondered whether procurement items could be influenced by those receiving the first option to refuse.

MS. MARTIN assured Representative Kaufman that state property was disposed of by the Department of Administration (DOA) in the best interest of the state; further that the responsibility was taken very seriously.

[3:50:16 PM](#)

CHAIR KREISS-TOMKINS asked how common it was for personal property to be used to execute the missions carried out by the search and rescue organizations.

MS. MARTIN deferred to Mr. Stigar.

MR. STIGAR estimated that at least 90 percent of the property was personal property. For example, he said all of the 25 search and rescue canines were "personal property" of their handlers. He said the exception was a small number of radios provided by the state.

CHAIR KREISS-TOMKINS asked how DOA would interpret the language on page 1, line 8.

[3:53:11 PM](#)

THOR VUE, Chief Procurement Officer, DOA, attempted to clarify the question.

CHAIR KREISS-TOMKINS asked how to determine which entities were eligible and which individuals in said entities were eligible.

MR. VUE explained that DOA worked closely with the Department of Public Safety (DPS) to ensure that the organizations were recognized. In regard to individual eligibility, he imagined that officers within the eligible entities would be selected as the organizations' representatives.

CHAIR KREISS-TOMKINS asked how DPS would assess which entities were eligible, should the legislation pass.

[3:55:12 PM](#)

PAUL FUSSEY, Lt., Alaska State Troopers, DPS, stated that he would work closely with Mr. Vue to establish the appropriate qualifications.

[3:55:54 PM](#)

REPRESENTATIVE EASTMAN asked whether loans should be added to the list on page 1, line 12, of the bill.

MS. MARTIN pointed out that "leased" was included in the list, which could capture the intent described by Representative Eastman. She recalled a discussion that took place in the Senate Finance Committee about making this a leasing program;

however, the property in question would be past its valuable life, so keeping it as inventory would no longer benefit the state.

REPRESENTATIVE EASTMAN asked whether it was the bill sponsor's intent for a volunteer group to have priority over a borough search and rescue team.

MS. MARTIN answered yes, the bill would apply to volunteer organizations. She reasoned that organizations with a payroll have more resources and wouldn't necessarily need to purchase state equipment at a reduced cost.

[3:58:51 PM](#)

REPRESENTATIVE STORY asked how big the surplus [of equipment] was and whether other groups should be included in the scope of the bill.

SENATOR WILSON opined that the bill would be a "nominal" way for the state to assist search and rescue groups at zero cost. He said his intent was to help search and rescue groups across Alaska that were in need of goods and services, which the state would typically donate.

REPRESENTATIVE STORY requested a response from DOA.

[4:01:05 PM](#)

JOHN HARSHFIELD, State Property Manager, Shared Services of Alaska, DOA, reported that between 30-50 items were posted per day. The auction averaged 300 items at any given point, he said.

[4:02:34 PM](#)

REPRESENTATIVE EASTMAN directed attention to the language "state property that may assist in carrying out search and rescue services". He asked who was being granted the authority to make that determination.

MS. MARTIN said DOA would be empowered to make that determination. She reiterated that the department was required, by statute, to dispose of equipment in the best interest of the state.

REPRESENTATIVE EASTMAN posed a scenario in which multiple search and rescue groups were interested in the same item. He asked how that would be handled.

MS. MARTIN shared her understanding that it would be resolved with a bidding procedure.

CHAIR KREISS-TOMKINS expressed his interested in hearing a response from DOA; additionally, he inquired about the process by which property was currently disposed of.

[4:04:39 PM](#)

MR. HARSHFIELD said currently, the state used [www.govdeals.com](http://www.govdeals.com) to source out its auction items. He explained that the website had the capability to create multiple tiers of bidders, which included a public tier and a tier for state employees. He said if the bill were to pass, an additional tier would be created for search and rescue groups.

CHAIR KREISS-TOMKINS sought to confirm that state employees had the right to first refusal and could effectively flag interest in an item, which in turn, would remove it from the public bidding process.

MR. HARSHFIELD clarified that the item would be moved to the state employee tier, wherein the item could be pulled for state use only.

CHAIR KREISS-TOMKINS asked how the right of first refusal functioned with the multi-tier system described by Mr. Harshfield. He considered a scenario in which a surplus DPS airplane was up for auction and asked whether any bid constituted the right of first refusal.

MR. HARSHFIELD answered yes, the winning bidder on the tier would obtain the property. He explained that any item in the search and rescue tier would not be available to the public.

CHAIR KREISS-TOMKINS sought to confirm that any single bid would effectively block an item from advancing to the public tier.

MR. HARSHFIELD confirmed.

[4:08:10 PM](#)

MS. MARTIN added that DOA had mentioned a "buy it now" price or a minimum bid for a scenario in which multiple search and rescue groups were not bidding on the same item.

CHAIR KREISS-TOMKINS asked how a minimum bid or a "buy it now" price would work.

MR. HARSHFIELD explained that DPS would set an estimate on the price of an item before it was sent to the surplus program. The surplus program would then list the item for search and rescue groups to purchase at that set price.

[4:09:18 PM](#)

MR. HARSHFIELD, in response to a question from Representative Eastman, stated that set prices would be a rarity and something that would require further discussion.

CHAIR KREISS-TOMKINS asked how common it was for a minimum bid to be exceeded in an auction scenario.

MR. HARSHFIELD said most items with a set price sold well above the set price. He noted that typically, set prices were reserved for higher value items to accrue more money for the state.

CHAIR KREISS-TOMKINS asked how much revenue DOA grossed in a fiscal year through the surplus property program.

MR. HARSHFIELD said DOA grossed zero, as all the income from the program went straight to the general fund (GF).

CHAIR KREISS-TOMKINS asked for the gross figure from sales.

MR. HARSHFIELD answered slightly over \$260,000 in 2021. He noted that the figure excluded vehicles and heavy equipment, which were sold through DOT&PF.

CHAIR KREISS-TOMKINS asked Mr. Harshfield to follow up with the total sales for vehicles and heavy equipment.

[4:12:01 PM](#)

REPRESENTATIVE VANCE asked why the act was referred to as the Ellie Mae Act.

SENATOR WILSON said he wanted to honor a service [indisc.] that passed away.

[4:12:23 PM](#)

REPRESENTATIVE TARR asked whether in general, the surplus property program secured an appropriate price for the items' real value.

MR. HARTFIELD estimated that most auction items brought in 5-15 percent of their original value.

SENATOR WILSON pointed out that the items were originally purchased for state use. He said the intent was for the items to remain in state service for the remainder of their useful life.

CHAIR KREISS-TOMKINS remarked, "How do you assess the potentially - expanding the class of volunteers in communities who might benefit from state surplus equipment?"

[4:16:38 PM](#)

SENATOR WILSON clarified that the equipment in question would go to organizations - not individuals.

CHAIR KREISS-TOMKINS asked how the program would work for an informally organized group, such as [the search and rescue group] in Cake, Alaska, which lacked a tax status and bank account.

MS. MARTIN said the groups must be organized to access the DOA portal. She believed that the term "organized" would best capture the search and rescue groups in Alaska without being overly prescriptive.

CHAIR KREISS-TOMKINS announced that CSSB 95(STA) was held over.

^#hb309

**HB 309-APOC; CAMPAIGN CONTRIBUTIONS/REPORTING**

[4:19:07 PM](#)

CHAIR KREISS-TOMKINS announced that the final order of business would be HOUSE BILL NO. 309, "An Act exempting candidates for municipal office and municipal office holders in municipalities with a population of 15,000 or less from financial or business

interest reporting requirements; relating to campaign finance reporting by certain groups; and providing for an effective date." [[Before the committee was CSHB 309(CRA).]

CHAIR KREISS-TOMKINS moved to adopt Amendment 1, [labeled 32-LS0540\W.2, Bullard, 3/19/22], which read:

Page 6, line 20:  
Delete "January 1, 2023"  
Insert "July 1, 2022"

REPRESENTATIVE EASTMAN objected for the purpose of discussion.

[4:20:26 PM](#)

CLAIRE GROSS, Staff, Representative Jonathan Kreiss-Tompkins, Alaska State Legislature, explained that Amendment 1 would change the effective date from January 1, 2023, to July 1, 2022.

REPRESENTATIVE EASTMAN asked why this change was needed.

MS. GROSS said after speaking with the Alaska Public Offices Commission (APOC), moving the effective date to July 1 would alleviate unnecessary candidate POFD statements for the 2022 October elections for the 25 municipalities below 25,000.

[4:21:26 PM](#)

REPRESENTATIVE VANCE asked APOC to comment on the effective date change.

[4:21:49 PM](#)

HEATHER HEBDON, Executive Director, APOC, shared her understanding that Amendment 1 would still allow sufficient time for APOC to coordinate with the clerks in the 25 municipalities that would be impacted.

REPRESENTATIVE EASTMAN withdrew his objection. There being no further objection, Amendment 1 was adopted.

[4:22:30 PM](#)

CHAIR KREISS-TOMKINS moved to adopt Amendment 2, [labeled 32-LS0540\W.3, Bullard, 3/21/22], which read:

Page 1, line 3, following "**groups**":

Insert "relating to the filing of public official financial disclosure reports by municipalities;"

Page 6, following line 12:

Insert a new bill section to read:

"\* **Sec. 9.** AS 39.50.145 is amended by adding a new subsection to read:

(b) Notwithstanding an exemption elected under (a) of this section, a municipality may file with the commission public official financial disclosure reports for its municipal officers and candidates for elective municipal office. The commission shall maintain a report filed under this subsection as a public record while kept on file, but a person for whom a report is filed under this subsection is not subject to the requirements of AS 39.50.060, 39.50.070, or 39.50.135. In this subsection, "municipal officer" includes a borough or city mayor, borough assemblyman, city councilman, school board member, elected utility board member, city or borough manager, or member of a city or borough planning or zoning commission within a home rule or general law city or borough or a unified municipality."

Renumber the following bill sections accordingly.

REPRESENTATIVE EASTMAN objected for the purpose of discussion.

[4:22:39 PM](#)

MS. GROSS said Amendment 2 would provide an affirmative statement that nothing would stop the municipalities from using APOC's existing system for filing disclosures.

REPRESENTATIVE EASTMAN sought to confirm that the language pertained to a municipality filing a disclosure on behalf of an individual, as opposed to an individual filing his/her own disclosure.

MS. GROSS clarified that the intent was for the language to pertain to candidates and public officials from municipalities.

REPRESENTATIVE EASTMAN suggested that the language be amended for clarity.

CHAIR KREISS-TOMKINS asked to hear from Mr. Bullard first. He asked how the language "a municipality" on lines 8-9 of

Amendment 2 related to individual candidates filing a POFD with APOC.

[4:24:49 PM](#)

ALPHEUS BULLARD, Attorney, Legislative Legal Services, Legislative Affairs Agency, clarified that Amendment 2 did not pertain to individual candidates and municipal officials. Instead, he said, the proposed amendment was addressed to municipalities. He was unsure whether individual candidates or municipal officials could submit a POFD under this provision, as it was directed at municipalities.

CHAIR KREISS-TOMKINS welcomed a conceptual amendment from Representative Eastman.

[4:25:31 PM](#)

REPRESENTATIVE EASTMAN proposed Conceptual Amendment 1 to Amendment 2, such that "a municipality" on line 9 was deleted and replaced with "an individual".

CHAIR KREISS-TOMKINS asked for Ms. Hebdon to comment on Conceptual Amendment 1.

[4:25:59 PM](#)

MS. HEBDON opined that the intent would be clearer if "a municipality" was replaced with "a municipal officer" or "a municipal candidate".

REPRESENTATIVE VANCE sought to clarify whether the sponsor's intent was for the amendment to allow municipalities "to make that judgment to require candidates and officers to file with the commission" versus giving direction to an individual. She sought to confirm that the amendment would effectively allow municipalities to continue to participate in the existing APOC requirement.

CHAIR KREISS-TOMKINS answered yes and withdrew Amendment 2. He moved to adopt Amendment 3, labeled [32-LS0540\W.5, Bullard, 3/21/22], which read:

Page 1, line 3, following "**groups**";:  
Insert "**requiring online disclosure of public officials' financial and business interest reports**;"

Page 6, following line 1:

Insert a new bill section to read:

"\* **Sec. 8.** AS 39.50.050 is amended by adding a new subsection to read:

(e) The commission shall post each record filed under this chapter so that the record may be viewed on the commission's Internet website for as long as the commission keeps the record on file."

Renumber the following bill sections accordingly.

REPRESENTATIVE EASTMAN objected.

[4:27:28 PM](#)

MS. GROSS explained that Amendment 5 would require all submitted POFDs to be viewable online.

REPRESENTATIVE EASTMAN agreed with that sentiment.

CHAIR KREISS-TOMKINS questioned the purpose of POFDs and wondered whether their statutory intent was fulfilled if POFDs were being dutifully submitted and never accessed thereafter. He opined that Amendment 3 encapsulated the intent of POFDs, characterizing its potential impact as "more of a splash of cold water to a lot of people who currently file POFDs every year."

[4:28:56 PM](#)

REPRESENTATIVE EASTMAN expressed his concern that the language "on file" on line 10 of Amendment 3 was ambiguous. He suggested deleting that verbiage to add clarity. Additionally, he expressed concern about the impact of the provision should it be retroactive and suggested that old POFD filers be allowed to opt out for a period of time if they so choose.

CHAIR KREISS-TOMKINS clarified that his intent was not for the amendment to have a retroactive effect.

[4:30:42 PM](#)

REPRESENTATIVE VANCE questioned how the amendment would change things moving forward.

MS. HEBDON conveyed that typically, statements published through APOC's website were not purged at any time. She noted that the commission was statutorily required to maintain [the records]

for at least six years. She explained that part of the tension revolved around the municipal clerks being the official record holders for municipal filing.

CHAIR KREISS-TOMKINS asked where the six-year requirement originated.

MS. HEBDON cited AS 39.50.050(b).

CHAIR KREISS-TOMKINS sought to confirm that APOC was required to keep these records on file for at least six years; however, the current practice was to keep POFDs published on APOCs website forever.

MS. HEBDON answered yes.

[4:33:22 PM](#)

REPRESENTATIVE TARR attempted to clarify which category of POFDs were not available online and whether Amendment 3 would change that. Additionally, she questioned whether there should be a timeframe for removing POFDs from APOC's website.

MS. HEBDON reported that the only POFDs published on APOC's website were candidates for state and municipal offices; the governor and lieutenant governor; and legislative financial statements for seated and past legislators. She reiterated that the remainder of POFDs were available to the public but not published on APOC's website.

CHAIR KREISS-TOMKINS listed municipal elected officials; heads of departments and their deputies; division heads; deputy directors of divisions; special assistants to the heads of state agencies; judicial officers; and members of boards and commissions as the remaining individuals who submit the POFDs that were not published on APOC's website.

MS. HEBDON clarified that the POFDs submitted by the individuals in that list were not necessarily paper files. She explained that many were required to file their POFDs electronically, which allowed APOC to file them in its system without publishing them on the website. She indicated that only municipal officers and candidates in communities of 15,000 or less were filing paper statements.

[4:37:02 PM](#)

REPRESENTATIVE KAUFMAN asked for the bill sponsor's thoughts on Amendment 1, which accelerated the effective date, given the magnitude of Amendment 3.

CHAIR KREISS-TOMKINS said he felt good about it in consultation with APOC. Nonetheless, he suggested that POFDs should potentially expire from public view after a certain amount of time. He pointed out that if Amendment 3 were to pass, every person who filed a POFD electronically would have their mortgage, stocks, and income viewable online. He urged the committee to consider that factor.

[4:38:42 PM](#)

REPRESENTATIVE EASTMAN expressed concern that posting POFDs online was excessive. He suggested limiting the viewership to IP addresses from Alaska.

CHAIR KREISS-TOMKINS said Representative Eastman had highlighted the tension between public disclosure and reasonable privacy. He added that he was sensitive to that tension and reiterated his interest in being intentional about the scope of the POFD requirement. He opined that the idea involving Alaskan IP addresses was compelling and asked Ms. Hebdon to comment.

MS. HEBDON declined to comment on the logistics of accomplishing that proposal.

[4:41:14 PM](#)

REPRESENTATIVE EASTMAN suggested that access could be limited to anyone with a myAlaska account and asked whether that kind of restriction was possible.

MS. HEBDON was unsure of the answer. She said it was not something that APOC had considered.

[4:42:27 PM](#)

REPRESENTATIVE KAUFMAN remarked:

If the intent is to show that there might be a conflict of interest with holdings in the POFD reports, what is the benefit of reporting that if the holding is a very small percentage.

MS. HEBDON said the legislature had decided that a holding of \$1,000 or more might pose a significant conflict of interest. She reiterated that the threshold was a legislative directive and therefore a policy call.

[4:43:31 PM](#)

REPRESENTATIVE EASTMAN said the requirement to disclose customers was a repeated concern raised by [constituents]. He shared several personal anecdotes.

REPRESENTATIVE VANCE, regarding Amendment 3, said she liked the idea of transparency; however, she questioned whether there were any legal concerns about the constitutional right to privacy, adding that she wouldn't want a disclosure requirement to discourage volunteers.

CHAIR KREISS-TOMKINS speculated that any legal concerns would have been raised when the POFD statutes were initially passed. He believed that Representative Vance's question was more to who should be filing POFDs.

REPRESENTATIVE VANCE asked who aside from the public would utilize this information.

CHAIR KREISS-TOMKINS pointed out that the POFD process only occurred once an individual was selected to a board or commission. He opined that it wouldn't make sense for all the members of boards and commissions in Alaska to file POFDs if they were to be published online; alternatively, he argued that the legislature should save them the hassle of filing if their POFDs were to remain offline tucked away in an electric file. He opined that the POFD filer requirements should be scaled back pending further conversations.

REPRESENTATIVE EASTMAN agreed.

[4:49:06 PM](#)

REPRESENTATIVE CLAMAN responded to the suggestion to limit online POFD access to those with an Alaska IP address or myAlaska account. He opined that unintentionally excluding members of the press could be a dangerous implication.

CHAIR KREISS-TOMKINS asked whether Ms. Hebdon had any concern about the words "on file" on line 10 of Amendment 3.

MS. HEBDON said if the amendment were to pass, APOC would have to take a more detailed look at how files were maintained.

CHAIR KREISS-TOMKINS opined that the expiration of viewability was an important question for the committee to address. He withdrew Amendment 3, noting that the idea could be better incorporated in a potential forthcoming committee substitute (CS).

[4:51:57 PM](#)

REPRESENTATIVE TARR expressed her desire to prioritize public disclosure for elected officials specifically.

CHAIR KREISS-TOMKINS agreed.

[4:52:39 PM](#)

REPRESENTATIVE VANCE moved to adopt Amendment 4, [labeled 32-LS0540\W.7, Bullard, 3/21/22], which read:

Page 1, line 3, following "**certain**":  
Insert "**candidates and**"

Page 2, line 11, following "**year**":  
Insert "**;**"

**(3) candidate or group, if the candidate or group**

**(A) indicates, on a form prescribed by the commission, an intent not to raise and not to expend more than \$3,000 in a calendar year in a municipal election in a municipality with a population of 15,000 or less;**

**(B) accepts contributions totaling not more than \$3,000 in a calendar year for the purposes of influencing the outcome of a municipal election in a municipality with a population of 15,000 or less; and**

**(C) makes expenditures totaling not more than \$3,000 in a calendar year for the purposes of influencing the outcome of a municipal election in a municipality with a population of 15,000 or less"**

Page 2, line 30, following "**(C)**":  
Insert "**is**"

Page 3, line 5:  
Delete "**(g) (2)**"

Insert "(g) (2) or (3)"

REPRESENTATIVE EASTMAN objected for the purpose of discussion.

[4:52:46 PM](#)

REPRESENTATIVE VANCE explained that Amendment 4 would exempt groups that expended under \$3,000 annually from filing with the commission.

REPRESENTATIVE EASTMAN suggested making it a unanimous \$5,000 for candidates and groups alike.

REPRESENTATIVE VANCE explained that her intent was to make candidates and groups accountable to the same amount; however, she believed that \$3,000 fair, as it was a compromise between the \$2,500 reporting requirement for individuals and the \$5,000 reporting requirement for groups.

CHAIR KREISS-TOMKINS suggested incorporating the idea into a CS. He asked if that would be amenable.

REPRESENTATIVE VANCE agreed.

[4:58:17 PM](#)

REPRESENTATIVE VANCE withdrew Amendment 4.

[5:01:13 PM](#)

CHAIR KREISS-TOMKINS announced that HB 309(CRA) was held over.  
#

[5:01:43 PM](#)

#### **ADJOURNMENT**

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