

SENATE FINANCE COMMITTEE

April 5, 2022

9:03 a.m.

9:03:25 AM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Natasha von Imhof  
Senator Bill Wielechowski  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Erin Shine, Staff, Senator Click Bishop; Emma Torkelson, Staff, Senator Josh Revak; Representative Bart LeBon, Sponsor.

PRESENT VIA TELECONFERENCE

John Lee, Director, Senior and Disability Services, Department of Health and Social Services; Anthony Newman, Deputy Director, Senior and Disability Services, Department of Health and Social Services; Lizette Stiehr, Executive Director, Alaska Association for Developmental Disabilities, Chugiak; Michele Girault, Board Resident of Key Coalition and Executive Director, Hope Community Resources, Anchorage; Craig Baxter, Program Manager, Residential Licensing, Division of Behavioral Health, Department of Health and Social Services.

SUMMARY

SB 98      ADULT FOSTER CARE FOR DISABLED

SB 98 was HEARD and HELD in committee for further consideration.

SB 173 DENTIST SPEC. LICENSE/RADIOLOGIC EQUIP

CSSB 173(FIN) was REPORTED out of committee with four "do pass" recommendations and with three "no recommendation" recommendations, and with three previously published fiscal impact notes: FN 1(DHS), FN 2(DHS), and FN 3(CED).

SB 193 EXTEND BOARD OF CHIROPRACTIC EXAMINERS

CSSB 193(FIN) was REPORTED out of committee with five "do pass" recommendations and with two "no recommendation" recommendations, and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

SB 199 PERM FUND; PERMANENT FUND DIVIDEND

SB 199 was HEARD and HELD in committee for further consideration.

SB 204 HUNTING PERMIT/TAG AUCTIONS/RAFFLES

CSSB 204(RES) was REPORTED out of committee with five "do pass" recommendations and with two "no recommendation" recommendations, and with one previously published indeterminate fiscal note: FN 1(DFG).

CSHB 85(L&C)

FINANCIAL INSTITUTIONS; LIABILITY

SCS CSHB 85(L&C) was REPORTED out of committee with four "do pass" recommendations and with three "no recommendation" recommendations, and with three previously published zero fiscal notes: FN 5(DEC), FN 6(CED), and FN 7(CED).

#sb173

SENATE BILL NO. 173

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

[9:04:43 AM](#)

Co-Chair Bishop relayed that it was the third hearing for SB 173, and the committee had opened and closed public testimony on February 24, 2022. The committee's intention was to hear a brief bill reintroduction, cover fiscal notes, and look to the will of the committee.

Senator Wilson, Sponsor, explained that SB 173 would transfer the inspection of dental radiological equipment from the Board of Dental Examiners to the Department of Health and Social Services and would establish a specialty license.

Senator Wilson discussed the fiscal notes. He addressed FN 1 from the Department of Health. In FY 23 there was a total of \$95,000 with \$92,500 in outgoing years. The legislation was expected to have an impact on Medicaid provider enrollment. The additional scope could not be absorbed by the current staff and the fiscal note reflected an increase of one permanent part-time Medicaid Program Specialist 2 position, located in Anchorage.

Co-Chair Bishop addressed FN 1. He thought the \$95,000 in FY 23 as well as the cost in outgoing years would be a split between Undesignated General Funds (UGF) and federal funds.

Senator Wilson clarified that the fiscal note showed \$47,500 federal receipts and \$47,500 in matching UGF. In outgoing years, the funding amount would also be split.

Senator Wilson addressed FN 2 from the Department of Health, OMB Component 2252. The note showed operating costs of \$193,200 with \$224,200 in outgoing years. The bill would transfer the responsibilities of registration and certification of dental radiological devices from the board to the department effective July 1, 2023. The funds would allow the department media to promulgate the regulations.

Senator Wilson MOVED to report CSSB 173(FIN) out of Committee with individual recommendations and the

accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 173(FIN) was REPORTED out of committee with four "do pass" recommendations and with three "no recommendation" recommendations, and with three previously published fiscal impact notes: FN 1(DHS), FN 2(DHS), and FN 3(CED).

[9:08:02 AM](#)

AT EASE

[9:09:29 AM](#)

RECONVENED

#sb193

SENATE BILL NO. 193

"An Act extending the termination date of the Board of Chiropractic Examiners; and providing for an effective date."

[9:09:32 AM](#)

Co-Chair Bishop explained that it was the second hearing of SB 193. He relayed that the committee had opened and closed public testimony on March 30, 2022. The committee's intention was to consider a proposed Committee Substitute (CS), cover the fiscal note, and look to the will of the committee.

Co-Chair Stedman MOVED to ADOPT proposed committee substitute for SB 193, Work Draft 32-LS1486\G (Ambrose, 3/30/22).

Co-Chair Bishop OBJECTED for discussion.

[9:10:09 AM](#)

ERIN SHINE, STAFF, SENATOR CLICK BISHOP, discussed one change to the bill, which was found on page 1, line 6. The proposed change amended the sunset date for the Board of Chiropractic Examiners from June 30, 2024, to June 30, 2027. The date coincided with the recommendation from the legislative auditor.

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

Senator Olson asked for the reason the earlier date had in place.

Ms. Shine relayed that the Senate Labor and Commerce Committee had added the date. She continued that the bill that was introduced had a five-year sunset date, and previous committee had recommended the two-year sunset. She thought there had been some concerns related to licensing.

Senator Wilson discussed a new fiscal note from the Department of Commerce, Community and Economic Development, OMB Component 2360. He detailed that FY 23 and FY 24 showed a total of \$21,800 in Designated General Funds (DGF) from license fees. The funds would allow for the continuation of board travel and capabilities.

Co-Chair Stedman MOVED to report CSSB 193(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 193(FIN) was REPORTED out of committee with five "do pass" recommendations and with two "no recommendation" recommendations, and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

[9:12:20 AM](#)

AT EASE

[9:14:09 AM](#)

RECONVENED

#sb204

SENATE BILL NO. 204

"An Act relating to auctions or raffles for hunting harvest permits and big game tags; and providing for an effective date."

Co-Chair Bishop relayed that it was the second hearing for SB 204. The committee had previously opened and closed public testimony and intended to hear a quick bill reintroduction.

[9:14:38 AM](#)

EMMA TORKELSON, STAFF, SENATOR JOSH REVAK, explained that the bill proposed to moderately increase the harvest permits available for auction and raffle to leverage additional Pittman-Robertson funds, and to give the Department of Fish and Game and Alaska charities the ability to better contribute to wildlife protection and conservation programs around the state.

Senator Wilson addressed FN 1, a previously published indeterminate fiscal note from the Department of Fish and Game, OMB Component 473. The changes would not burden the department, but future revenues were expected to fluctuate from year to year therefore the department submitted a zero fiscal note with indeterminate revenue.

Senator von Imhof made a motion.

[9:16:00 AM](#)

AT EASE

[9:16:38 AM](#)

RECONVENED

Senator von Imhof wanted to make a clarification related to the motion.

[9:17:02 AM](#)

AT EASE

[9:17:23 AM](#)

RECONVENED

Senator von Imhof explained that she had mistakenly read the wrong bill number. She wanted to restate the motion to report CSSB 204(RES) out of committee.

Senator von Imhof MOVED to report CSSB 204(RES) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 204(RES) was REPORTED out of committee with five "do pass" recommendations and with two "no recommendation" recommendations, and with one previously published indeterminate fiscal note: FN 1(DFG).

[9:17:57 AM](#)

AT EASE

[9:19:53 AM](#)

RECONVENED

#hb85

CS FOR HOUSE BILL NO. 85 (L&C)

"An Act relating to the Alaska Banking Code; relating to mutual savings banks; relating to interstate state banks and international banks; relating to the pledging of bank assets as collateral security to tribal organizations; relating to the pledging of bank assets for interest swap agreements; relating to state business licenses; relating to persons who make loans secured by interests in vessels or facilities; relating to liability for the release or threatened release of hazardous substances; relating to the Model Foreign Bank Loan Act; and providing for an effective date."

[9:19:56 AM](#)

Co-Chair Bishop shared that it was the second hearing for HB 85. The committee had previously opened and closed public testimony and intended to hear a quick bill reintroduction and look to the will of the committee.

[9:20:14 AM](#)

REPRESENTATIVE BART LEBON, SPONSOR, spoke to the bill. He explained that the bill proposed to update several aspects of Alaska's outdated banking statutes found in Title VI. The bill would broadly bring regulatory parity between national charter banks and state charter banks and increase regulatory efficiency. The bill had the support of the Alaska Bankers Association and was introduced in collaboration with the Division of Banking and Securities. He referenced a memo to the co-chairs dated February 16, 2022, in response to the committee's questions (copy on file). He noted that there was invited testimony and staff available to answer questions.

Co-Chair Bishop addressed a zero fiscal note (FN 5) from the Department of Environmental Conservation, OMB Component 3094. He read from the summary on page 2:

It is unclear how many current or future contaminated sites may have no other party able to cover the department's costs of overseeing or conducting response or remediation.

Co-Chair Bishop spoke to a zero fiscal note (FN 6) from the Department of Commerce, Community and Economic Development, OMB Component 2808. He read from the fiscal note analysis:

HB 85 adjusts statutory requirements for state and mutual savings banks to modernize the state's banking laws.

Changes to regulations will be required, but will be combined with planned regulations projects.

Co-Chair Bishop addressed a zero fiscal note (FN 7) from Department of Commerce, Community and Economic Development, OMB Component 2360. The note indicated that the Division of Corporations, Business and Professional Licensing (CBPL) did not expect fiscal impact from the legislation.

Co-Chair Stedman MOVED to report SCS CSHB 85(L&C) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS CSHB 85(L&C) was REPORTED out of committee with four "do pass" recommendations and with three "no recommendation" recommendations, and with three previously published zero fiscal notes: FN 5(DEC), FN 6(CED), and FN 7(CED).

[9:23:46 AM](#)

AT EASE

[9:24:59 AM](#)

RECONVENED

#sb98

SENATE BILL NO. 98

"An Act relating to medical assistance for recipients of adult foster care services; establishing an adult foster care home license and procedures; and providing

for the transition of individuals from foster care to adult foster care homes."

9:25:04 AM

Co-Chair Bishop relayed that it was the first hearing of SB 98 during the current session. The committee had heard the bill and had opened and closed public testimony on April 7, 2021. The committee's attention was to consider a proposed CS, hear a bill reintroduction, and then set the bill aside.

Co-Chair Stedman MOVED to ADOPT proposed committee substitute for SB 98, Work Draft 32-GS1708\G (Foote, 4/2/22).

Co-Chair Bishop OBJECTED for discussion.

Ms. Shine addressed explained that the proposed CS took a slightly different approach than Version A of the bill that came to committee. The CS removed "adult foster home" and added "adult home care," which would extend opportunities for participation beyond individuals aging out of foster care to include other adults with disabilities. The change would also add a new service and a license placement type of adult home care for adults with disabilities and seniors. The CS also proposed to change the "Department of Health and Social Services" to the "Department of Health" in applicable areas because of Executive Order 121 [an order passed by the governor in 2022 that would divide the Department of Health and Social Services into two departments aligned by functionality]. The CS proposed an effective date of July 1, 2022, to coincide with the effective date of the executive order.

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. The CS for SB 98 was ADOPTED.

9:26:53 AM

AT EASE

9:27:01 AM

RECONVENED

JOHN LEE, DIRECTOR, SENIOR AND DISABILITY SERVICES,  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via

teleconference), spoke in support of the bill. He thanked the committee for hearing the bill. He thanked Co-Chair Bishop's office for working to amend the bill in ways that he thought would strengthen home and community-based services. He discussed working towards increasing the reach of the bill to more individuals with disabilities. He discussed working with stakeholders on the concept of expanding the bill to include others and create more options to remain in home and community-based settings.

Mr. Lee continued his testimony. He suggested that changes would make services less expensive, have a less demanding workforce expectation, and would be open to more providers. He noted that there was work to be done on regulation and he was confident that the bill would create a setting to serve the population as well as allow for many seniors to stay in local communities. He summarized that the change would create a small economic opportunity in rural areas. He noted that the new adult home care services would be less expensive than some services, but more expensive than others. He emphasized that aside from new additional staff needed to monitor the new service, the amendments to the bill were cost neutral. Research conducted by the department had shown that savings from the bill would offset additional costs.

[9:31:30 AM](#)

ANTHONY NEWMAN, DEPUTY DIRECTOR, SENIOR AND DISABILITY SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), addressed a Sectional Analysis (copy on file):

Section 1: Adds a new section to AS 47.07, Medicaid Assistance for Needy Persons, to create a new program—adult home care services for individuals. Adult home care services will be available for individuals at least 18 years of age or older who are enrolled in a home and community-based waiver.

The Department of Health will develop regulations establishing the standards and rates of the program and providing an efficient process to allow existing foster homes to transition into the new adult home care license.

Section 2: Amends AS 47.32.010(b) to add a new setting, "adult home care homes," that shall be subject to the centralized licensing functions of the Department of Health.

Section 3: Adds a new section to AS 47.32 that defines the conditions under which the department may license an adult home care home. A person may be licensed to operate such a home for up to two persons aged 18 or older who are enrolled in home and community-based waiver services. This section requires the department to streamline the application process necessary for the person to be approved as an adult home care home provider and requires that the department approve variances of building code requirements to the extent permitted by state, local, or federal law.

Section 4: Amends uncodified law by adding a new section that requires the Department of Health to submit for approval by the United States Department of Health and Human Services an amendment to the state medical assistance plan, waivers, or an 1115 demonstration waiver as necessary to allow eligible individuals to receive adult come care services and other long-term care services that are not duplicative.

Section 5: Amends uncodified law adding a new section related to the conditional effect of section 4 and the required state plan amendments submitted to the United States Department of Health and Social Services. Requires the department to notify the revisor of statutes of the approval of state plan amendments.

Section 6: Effective date related to the requirement for the department to provide notification of the revisor of statutes of approval of state plan amendments.

Section 7: Provides for a July 1, 2022 effective date to align with the effective date of Executive Order 121 and the change of the applicable department to the Department of Health.

[9:34:24 AM](#)

LIZETTE STIEHR, EXECUTIVE DIRECTOR, ALASKA ASSOCIATION FOR DEVELOPMENTAL DISABILITIES, CHUGIAK (via teleconference), spoke in support of the bill. She expressed gratitude for the committee's inquiry about expanding the bill to serve more people. She described that her organization had asked the same question. She explained that currently group homes that were allowed to provide services must meet the same licensing that applied to group and assisted living homes. She strongly supported a shared vision that believed in a flexible system that supported individuals toward having meaningful lives and choice. She thought the bill would expand living options for people that experienced developmental disabilities. She loved the fact that the bill would allow foster children to remain in the same home.

9:36:20 AM

MICHELE GIRAULT, BOARD RESIDENT OF KEY COALITION AND EXECUTIVE DIRECTOR, HOPE COMMUNITY RESOURCES, ANCHORAGE (via teleconference), testified in support of the bill. She thought the bill aligned with the shared vision mentioned by Ms. Stiehr and provided greater flexibility for those providing services to youth with disabilities. She discussed current statute and the administrative burden it caused. She explained that the bill would simplify the process of allowing a family to transition from a child license to an adult home care license with the likely outcome of youth being able to stay in the same home. She thought the bill would allow for youth to have continuity of care.

Ms. Girault continued her testimony. She noted that youth with disabilities had options to stay in the public school system until the age of 20. She urged the committee to support the bill. She thought the expanded outreach of the bill to support additional adults would also provide benefits.

Senator Wielechowski understood that the statute for long-term care only included authority for homes for people over 60 and asked if the bill should amend the statute to include the homes.

Mr. Lee did not think the change Senator Wielechowski described needed to be made. He asked for additional testifiers to weigh in on the matter.

Co-Chair Bishop asked if department staff could address the question.

[9:40:17 AM](#)

CRAIG BAXTER, PROGRAM MANAGER, RESIDENTIAL LICENSING, DIVISION OF BEHAVIORAL HEALTH, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), addressed Senator Wielechowski's question. He did not believe the statute needed to be amended. He thought it might be beneficial to reach out to someone that dealt with long-term care.

Co-Chair Bishop suggested that Mr. Lee provide a written response to Senator Wielechowski's before the bill was heard in committee again.

Mr. Lee agreed to provide the information.

Co-Chair Stedman considered the fiscal notes and observed that there was an increase in Medicaid services of \$168,000 per year. He was curious as to how the department would cap the amount so that it did not continue to escalate. He mentioned the slight decrease in state population. He acknowledged problems controlling costs in health and social services in the state over the last decade.

Mr. Baxter thought Co-Chair Stedman might be looking at an old fiscal note as the current fiscal note did not project any cost increases to Medicaid services.

[9:42:28 AM](#)

AT EASE

[9:42:47 AM](#)

RECONVENED

Co-Chair Bishop asked if Mr. Lee anticipated forthcoming updated fiscal notes for the proposed CS.

Mr. Lee answered in the affirmative.

Co-Chair Stedman observed that the fiscal notes in front of him were dated from March of the previous year. He wanted to see updated fiscal notes and expressed concerned about the growth of the department. He mentioned the budget for the Department of Corrections as an area of concern.

Senator von Imhof thought the bill represented an age-old conundrum, particularly with legislation related to social services. She compared the cost of the bill with the alternatives and considered that sometimes up-front costs saved more money in the future. She emphasized that the bill would put people in stable homes. She looked forward to updated fiscal notes. She was worried about the costs to the department but also thought the committee should consider the cost of not passing such legislation.

SB 98 was HEARD and HELD in committee for further consideration.

[9:44:53 AM](#)

AT EASE

[9:45:11 AM](#)

RECONVENED

#sb199

SENATE BILL NO. 199

"An Act relating to use of income of the Alaska permanent fund; relating to the amount of the permanent fund dividend; relating to the duties of the commissioner of revenue; and providing for an effective date."

[9:45:15 AM](#)

Co-Chair Bishop relayed that it was the second hearing for SB 199. The committee intended to consider a CS.

Co-Chair Stedman made a motion to adopt a Committee Substitute.

[9:45:57 AM](#)

AT EASE

[9:46:22 AM](#)

RECONVENED

Co-Chair Stedman restated the motion.

Co-Chair Stedman MOVED to ADOPT proposed committee substitute for SB 199, Work Draft 32-LS1529\I (Nauman, 3/25/22).

Co-Chair Bishop OBJECTED for discussion.

Ms. Shine explained that the proposed CS took a different approach to paying a Permanent Fund Dividend (PFD). She explained that the previous version of the bill proposed to have an escalating step-up to a 50/50 dividend, with a \$1,100 PFD in FY 23, a \$1,200 PFD in FY 24, a \$1,300 PFD in FY 25, with a \$1,300 PFD plus inflation in FY 26 and beyond. She noted there was a trigger for a 50/50 PFD if the legislature adopted \$700 million in new revenue. The proposed CS took a similar approach, but a different PFD payout. She directed attention to Section 3, which would proposed to amend the appropriation for a PFD to a 50/50 PFD in FY 23, while in FY 24 and beyond there would be a 25 percent of market value (POMV) dividend (with 75 percent going to the General Fund).

Ms. Shine continued to address the proposed CS. She noted that the new version proposed in Section 5 to amend AS 37.13.145(b). She discussed conditional effect language in Section 11, which would require \$800 million in new revenues (as compared to June 30, 2022) by December 15, 2026. If the condition were to take place, in FY 28 and beyond, there would be a 50/50 POMV dividend. There were some technical and conforming amendments made between the two different Committee Substitutes. The changes were to ensure the language conformed to a supreme court case and to ensure that the version was sound.

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

[9:49:35 AM](#)

Co-Chair Stedman assumed that Co-Chair Bishop had requested updated analyses to be brought before the committee.

Co-Chair Bishop relayed that there were updated fiscal analyses that would be provided to the committee in due haste by the Legislative Finance Division (LFD). He expected the bill would be before the committee again soon.

Senator Olson asked what would happen if the \$800 million in new revenue proposed in the CS did not materialize.

Co-Chair Bishop answered that if the revenue did not materialize then the PFD would stay at a 25 POMV payout.

Senator Wilson asked why there had been a change from \$700 million to \$800 million in new revenue.

Co-Chair Bishop stated that the number was based on an analysis he saw two months previously. He mentioned that the number hit within \$25 million of the Bicameral Permanent Fund Working Group's number the previous year.

Co-Chair Stedman informed that the committee was working on the operating budget and would be coming out with a proposed CS in the next few days. He explained that the analysis from LFD would be updated. He thought there was an overall roughly 5 percent budgetary increase and mentioned escalating inflation issues.

[9:52:33 AM](#)

Senator Hoffman observed that the back end of the funding of the 50/50 dividend was quite similar to what the governor had introduced the previous year. He asked if it was the intent of the co-chairs to pay for the dividend through a fiscal note.

Co-Chair Stedman thought paying the dividend through a fiscal note would most likely be a good idea and stated that the committee would work through the budget process.

Senator Wilson wondered if the committee would also be considering other models to be presented next time the bill was before the committee.

Co-Chair Bishop asked if Senator Wilson was asking about running different scenarios.

Senator Wilson answered affirmatively.

Co-Chair Bishop stated that the co-chairs would encourage running different scenarios.

Senator Wielechowski thought Alaskans were concerned about stability and dividend predictability. He shared concerns

about the language that iterated "the legislature may appropriate funds" and he thought absent a constitutional amendment, Alaskans could not get the stability and predictability that was desired. He thought the bill would put the state in a position in which future legislatures could choose to ignore the bill language and pay out lesser dividend amounts than the statute called for. He noted that there were bills that proposed a constitutional payment of the dividend. He did not think the bill provided stability.

SB 199 was HEARD and HELD in committee for further consideration.

Co-Chair Bishop discussed the agenda for the afternoon meeting.

#

ADJOURNMENT

[9:55:42 AM](#)

The meeting was adjourned at 9:55 a.m.