

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

April 19, 2022

3:34 p.m.

MEMBERS PRESENT

Senator Mike Shower, Chair
Senator Lora Reinbold, Vice Chair
Senator Mia Costello
Senator Roger Holland
Senator Scott Kawasaki

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION: Governor's Infrastructure Plan from a policy perspective

- HEARD

SENATE BILL NO. 167

"An Act relating to elections, voter registration, ballots, and a system of tracking and accounting for ballots; establishing an election offense hotline; relating to election fraud, election interference, and election official misconduct; requiring signature verification, notice, and the opportunity to cure; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 57

"An Act establishing a violation for hindering the Alaska Sunset Commission; relating to the Legislative Budget and Audit Committee; relating to the duties of the legislature; relating to the legislative audit division and the legislative finance division; establishing the Alaska Sunset Commission to review and make recommendations on discontinuation of or changes to state entities; and relating to the powers and duties of the Alaska Sunset Commission."

- HEARD & HELD

SENATE BILL NO. 188

"An Act relating to criminal law and procedure; relating to a petition for a change of name for certain persons; relating to procedures for bail; relating to consecutive sentencing for violation of condition of release; relating to the duty to register as a sex offender; amending Rules 6(r) and 47, Alaska Rules of Criminal Procedure; amending Rule 12, Alaska Delinquency Rules; amending Rule 84, Alaska Rules of Civil Procedure; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 167

SHORT TITLE: ELECTIONS; FRAUD; BALLOTS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/18/22	(S)	READ THE FIRST TIME - REFERRALS
01/18/22	(S)	STA, FIN
01/27/22	(S)	STA AT 3:30 PM BUTROVICH 205
01/27/22	(S)	Heard & Held
01/27/22	(S)	MINUTE(STA)
02/03/22	(S)	STA AT 3:30 PM BUTROVICH 205
02/03/22	(S)	Heard & Held
02/03/22	(S)	MINUTE(STA)
02/10/22	(S)	STA AT 3:30 PM BUTROVICH 205
02/10/22	(S)	Scheduled but Not Heard
03/03/22	(S)	STA AT 3:30 PM BUTROVICH 205
03/03/22	(S)	<Bill Hearing Canceled>
04/19/22	(S)	STA AT 3:30 PM BUTROVICH 205

BILL: SB 57

SHORT TITLE: ALASKA SUNSET COMMISSION

SPONSOR(s): HUGHES

01/29/21	(S)	READ THE FIRST TIME - REFERRALS
01/29/21	(S)	STA, JUD, FIN
04/07/22	(S)	STA AT 3:30 PM BUTROVICH 205
04/07/22	(S)	Scheduled but Not Heard
04/19/22	(S)	STA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

MILES BAKER, Infrastructure Investment Coordinator
Office of the Governor
Anchorage, Alaska

POSITION STATEMENT: Delivered a presentation on the policies in the Governor's Infrastructure Plan.

ROB CARPENTER, Deputy Commissioner
Office of the Commissioner
Department of Transportation and Public Facilities (DOTPF)
Juneau, Alaska

POSITION STATEMENT: Answered questions related to transportation during the presentation of the policies in the Governor's Infrastructure Plan.

JAMES MARKS, Director
Division of Program Development and Statewide Planning
Department of Transportation and Public Facilities (DOTPF)
Juneau, Alaska

POSITION STATEMENT: Answered questions related to transportation during the presentation of the policies in the Governor's Infrastructure Plan.

ROBERT WELTON, representing self
Douglas, Alaska

POSITION STATEMENT: Stated opposition to SB 167 without significant amendments.

MORGAN LIM, representing
Planned Parenthood Alliance Advocates
Juneau, Alaska

POSITION STATEMENT: Stated opposition to SB 167, calling it a voter suppression bill.

SENATOR SHELLEY HUGHES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 57.

BUDDY WHITT, Staff
Senator Shelley Hughes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information related to SB 57 on behalf of the sponsor.

ACTION NARRATIVE

[3:34:56 PM](#)

CHAIR MIKE SHOWER called the Senate State Affairs Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators Costello, Kawasaki, Reinbold, Holland, and Chair Shower.

**PRESENTATION: GOVERNOR'S INFRASTRUCTURE PLAN FROM A POLICY
PERSPECTIVE**

[Contains discussion of SB 241.]

[3:35:21 PM](#)

CHAIR SHOWER announced a presentation on the policies embodied in the Governor's Infrastructure Plan. He clarified that the committee was not reviewing SB 241 per se; the intention was to discuss what the infrastructure bill does and what it brings to the state.

[3:36:38 PM](#)

MILES BAKER, Infrastructure Investment Coordinator, Office of the Governor, Anchorage, Alaska, stated that he would talk about the federal Infrastructure Investment and Jobs Act (IIJA) that passed last November, what the administration had been working on, and the policies involved in the appropriation bill that is in the Finance Committee.

MR. BAKER began the presentation with the summary on slide 2 of the Infrastructure Investment and Jobs Act (IIJA). It read as follows:

- Enacted November 15, 2021 (PL 117-58; HR 3684)
- 5-year reauthorization of established federal programs and some new programs
- Only a portion of "Alaska" funding will come through the State of Alaska
- Many program details are still pending
- Much less discretionary than recent stimulus: CARES, CRRSA, ARP
 - No "tranches" of unrestricted federal payments
 - Spending parameters established by federal agencies
- Traditional State/Local capital priorities largely ineligible
- Funding flows by formula (apportionment or allocation) or grants (competitive and discretionary)

- o Approximately 60% by formula and 40% in grants on a national basis
- Local governments, tribes and other entities eligible for most programs

MR. BAKER relayed that more than half the bill was related to transportation.

3:39:09 PM

CHAIR SHOWER asked if IIJA was being falsely sold because the funding wasn't necessarily separate or additional.

MR. BAKER confirmed that was correct.

SENATOR COSTELLO asked him to expand on the bullet in slide 2 that read:

- Traditional State/Local capital priorities largely ineligible

MR. BAKER explained that the point was that most of the funding was coming through existing federal programs or federal programs that have or will have specific guidance on the grant opportunities. This was unlike the three previous stimulus bills that provided considerable discretion to states and local governments to set up programs and immediately get money into the economy. IIJA was not a stimulus bill. It will stimulate Alaska's economy over the next several years, but it is not federal money to build things that would typically come through the legislative capital process.

3:41:51 PM

CHAIR SHOWER asked how much more the state will get over the next five years as a result of IIJA compared to what it usually might expect to receive.

MR. BAKER said the details for each of the programs isn't known at this point, but it was fairly clear for transportation. He noted that slide 3 illustrates new spending versus base level spending for DOTPF. The example shows that federal highway programs typically receive \$550 million and the new bill provides more than \$650 million. This means that IIJA will add about \$110 million more the first year and that will increase a little each of the next four years.

CHAIR SHOWER commented that the briefing was helpful already because he thought there would be more new money.

[3:43:56 PM](#)

SENATOR KAWASAKI asked when the new guidelines would be finalized.

MR. BAKER said he didn't know because it would take some time to work out the details for some programs. For example, the legislative language for broadband programs was very specific, whereas the new program for rural ferry service with the Federal Transit Administration (FTA) was created with just three lines of statutory language and an advance appropriation. The state is still waiting for FTA to expand that limited direction into detailed program language.

[3:46:04 PM](#)

SENATOR KAWASAKI asked when the state will know what the required match will be for the IIJA money coming in for local governments and tribes, and if it was prepared to help municipalities that are unable to meet the required match.

MR. BAKER relayed that the information about match will be included in the forthcoming program guidelines, but a 20 percent match was common. There are exceptions to that for things like a rural set-aside and some tribal programs. The guidance for the new cybersecurity program that will come from the Department of Homeland Security through the Department of Military & Veterans Affairs (DMVA) stipulates that 80 percent of the money that comes in must be sub-granted to local and tribal governments. That match is 10 percent and it increases 10 percent per year over the life of the program. The administration knows the match requirements for things in the governor's bill [SB 241] and that information is included where appropriate.

MR. BAKER said the governor recognizes that there may be a need for the state and local governments to have an additional match going forward, so this budget doesn't propose generic match programs other than those that are required. For example, DOTPF has the federal match requirement for transportation and aviation. He also noted that the administration recommended the continuation of two grants: one was for the Alaska Federation of Natives to continue the Tribal Navigation Program with COVID money and the other was for the Alaska Municipal League to do the same sorts of things for local governments. He opined that one of the outcomes likely will be policy recommendations about state match.

SENATOR REINBOLD asked whether the administration was asking for legislative support much like for the Request for Proposal Legislative (RPL) process where the governor wants a stamp of approval for taking charge of and directing money as he wishes, or if the administration needed the legislature's power of appropriation to direct funds, as required in the state constitution.

[3:50:34 PM](#)

MR. BAKER responded that [SB 241] is essentially an appropriation bill. With the exception of the new ferry program and the grants that he mentioned, it includes things the administration did not include in the FY2023 budgets. It combines capital, operating and some supplemental spending for the current year, as well as what are essentially amendments to what was submitted in December.

MR. BAKER stated that the administration needs the legislative authority to do this spending but it was different than the previous stimulus bills. It is what has come in through federal programs and under federal restrictions and guidance.

[3:53:03 PM](#)

SENATOR REINBOLD restated the question, asking whether the administration simply wanted a stamp of approval for the \$571 million on page 17 because it seemed to be fairly well set. She noted that she certainly wasn't asked to provide input and questioned whether any legislators had been consulted.

SENATOR REINBOLD said her second question was how the bill defines the terms "tribe" and "other tribal entities."

MR. BAKER responded that the administration did not make determinations about what should be in the bill by looking at a list of capital projects throughout the state. Most of the projects listed in the bill are for DOTPF and they go through the regular project evaluation board, project development process, and the Statewide Transportation Improvement Program (STIP) process.

CHAIR SHOWER asked what the administration really needs the legislature to do in the bill process, other than give a stamp of approval since this is federal money that is primarily for specific federal programs.

MR. BAKER responded that the bill reflects what the governor has identified will come to the state through federal programs and

for which legislative authority is required to receive the money.

CHAIR SHOWER asked if there would be an RPL process associated with the bill.

MR. BAKER replied the governor is recommending the use of state money in a few areas to respond to federal funding notices while the legislature is not in session. He said it's a balance between getting some authority to maneuver so as to not miss opportunities, being able to come back through the RPL process that's established through LB&A, or through the budget process next year.

SENATOR REINBOLD said she didn't like the RPL process because it didn't follow the constitution that assigned the power and duty of appropriation to the legislature. She opined that the bill was a big RPL with mandates that she didn't support. She recalled hearing that the bill was drafted last December and commented that waiting until April to introduce it was an indication that the administration only wanted a stamp of approval. She asked if her recollection was accurate.

MR. BAKER said the administration got the bill to the legislature as soon as it had numbers that could be supported. Understanding the funding in IIJA took time and in some cases they had to wait for the federal government to finish the FY2022 appropriation process, which happened about a month ago. For example, the estimates from the Department of Energy for the weatherization program through Alaska Housing Finance Corporation was \$35 million initially, but now it looked like it would be \$18 million. He said this has been the typical appropriation bill process where the executive introduces the bill and the legislature works it through its process to determine what authority is returned to the governor.

CHAIR SHOWER reminded everyone that this was a discussion about the policy decisions, not the bill itself because it wasn't in the committee's possession.

[4:01:23 PM](#)

SENATOR COSTELLO noted the requirement to establish an office of broadband and asked why the governor didn't do that through executive order.

MR. BAKER said each state is required to set up an office of broadband. This could be done through appropriation or statute

and the governor feels the bill he introduced is sufficient to do that. He noted that a bill was also going through the process and the governor had been communicating with the sponsor and was supportive of that approach.

SENATOR COSTELLO asked if he was aware that the Senate Labor and Commerce Committee had introduced a companion to the House bill establishing an office of broadband.

MR. BAKER answered no.

SENATOR COSTELLO said she'd read the federal legislation and traveled to Washington, DC to talk to the delegation, and her understanding was that the state just has to establish an office of broadband. She offered her view that the level of detail in the House bill might be getting ahead of itself if more information is forthcoming. She asked if it was the administration's opinion that it was necessary to establish an advisory board or if it believed that the Department of Commerce, Community and Economic Development (DCCED) could use its current process to identify grantees.

[4:04:32 PM](#)

MR. BAKER said he wasn't the lead on the policy call but he was aware that the administration believes the office of broadband should reside in DCCED and that there was funding in the bill for that. He acknowledged that there was a lot more guidance to come.

SENATOR COSTELLO summarized that she heard him say that the appropriation bill was sufficient to establish the office of broadband, that more details were forthcoming, and that the House and Senate legislation to establish an office of broadband wasn't necessary. She asked if that was accurate.

[4:05:30 PM](#)

MR. BAKER replied he wasn't the one to opine on that.

SENATOR COSTELLO said her point was that there was no need for a controversial bill about who sits on a broadband board if that's not required.

MR. BAKER responded that the governor's infrastructure bill appropriates federal funds to hire people to do the work required in a broadband office, but it does not create a broadband office by statute.

SENATOR COSTELLO asked who drafted the bill going through the process.

MR. BAKER said he didn't know.

[4:06:32 PM](#)

CHAIR SHOWER read the following items on slide 2 and asked for clarification because they seem to conflict:

- Traditional State/Local capital priorities largely ineligible
- Local governments, tribes and other entities eligible for most programs

MR. BAKER said the first bullet was his inartful way of saying this wasn't CAPSIS on steroids; that IIJA funding was not for projects that local government might propose or for legislative priorities for infrastructure buildout.

The second bullet emphasizes that not everything will come through the State of Alaska. For many programs in IIJA, the eligible entities are local governments, Railbelt utilities, nonprofits, tribes, and institutions of higher education.

CHAIR SHOWER offered his understanding that local tribes and governments could get these funds for infrastructure projects; it's just not through the normal legislative process.

MR. BAKER said that's fair, particularly with transportation. A road on tribal land could be funded through the Indian Reservation Road Program, or a local road project could be submitted to DOTPF and funded through the Community Transportation Program. Both those examples could get funding through IIJA and they're also the type that could come through CAPSIS. However, IIJA does not provide funding for such things as a high school gym, community center, or fire hall.

[4:09:55 PM](#)

SENATOR COSTELLO asked if there had been any discussion about avoiding fraud or waste of the massive amount of money coming to the state.

MR. BAKER answered that nothing in IIJA increases or suggests that there should be any greater scrutiny than normally comes through the Government Accountability Office (GAO) and the Office of the Inspector General (OIG). IIJA created a tremendous number of new grant opportunities and the expectation is that

the Alaska Federation of Natives will work with tribes and tribal entities and the Alaska Municipal League will work with communities to take advantage of these new opportunities while also working to prevent fraud, waste, or abuse.

SENATOR COSTELLO asked for the name of the governor's point person for broadband policy.

MR. BAKER relayed that it was Deputy Chief of Staff Tyson Gallagher

[4:12:20 PM](#)

SENATOR KAWASAKI referenced line 10 of [the Governor's Infrastructure Bill Summary (SB 241/HB 414)] and offered his reading that the \$620 million that was coming to the state was encumbered by \$51 million in state general funds (GF). He posed a hypothetical situation of a city partnering with the federal government to do an intersection project and asked if that money would come through DOTPF.

[4:13:38 PM](#)

ROB CARPENTER, Deputy Commissioner, Office of the Commissioner, Department of Transportation and Public Facilities (DOTPF), Juneau, Alaska, asked if he was inquiring about the ability of local communities to receive funding through DOTPF.

SENATOR KAWASAKI clarified that his question dovetailed Chair Shower's question about a local project that could have been in CAPSIS, but was also considered a federal project. He wondered whether the \$673 million [line 10 of the spreadsheet] that has the GF match from the state might be something that a city or municipality could participate in for an intersection project.

[4:14:43 PM](#)

MR. CARPENTER explained that there were two ways for a local community to get funding for something like an intersection project. The option that's available to all local communities is to submit a project to DOTPF's federally-directed Community Transportation Program where it will be scored and weighed against other projects around the state. The second option for federal funding is available to the Municipality of Anchorage and the Fairbanks North Star Borough because each has a Metropolitan Planning Organization (MPO). An MPO is able to receive Transportation Improvement Plan (TIP) money from DOTPF, based on a formula from the federal government, to plan and do its own projects for things like intersection improvements within the municipal boundaries.

SENATOR KAWASAKI asked if there was any expectation that municipalities will have to come up with a secondary match for transportation projects.

MR. CARPENTER replied there is no double match component in the bill.

SENATOR KAWASAKI asked when the legislature will know how the funds will be spent, so it could sign off on the program.

[4:18:22 PM](#)

MR. BAKER responded that the bill summary sheet of the appropriations was laid out in descending order of priority. He then described the first two programs on the IIJA federal programs & match on line 2.

DCCED:

- ~ AOGCC, as a member of the Oil and Gas Interstate Compact Commission, will receive \$32 million to spearhead a new Department of Interior program to plug and remediate 12 abandoned wells on state and private land. This program requires no match and the administration knows exactly where the money is going.
- ~ Broadband planning money. The administration expects \$6 million federal receipt authority from the National Telecommunications Information Agency to set up the broadband office and do the initial administrative planning to develop the state's five-year plan for broadband. This process will have robust public and future legislative engagement.

MR. BAKER said it depends on the program but ultimately these are all within the legislature's authority to approve or not.

[4:20:52 PM](#)

SENATOR KAWASAKI asked whether the project headings FHWA, AIP, EV, Bridge Programs referenced on line 10 for DOT were specific projects taken directly from the STIP and sorted from the highest to the lowest need or if they were chosen more randomly

MR. CARPENTER answered that nearly everything came from the STIP, although some of the projects in DOTPF's 10-year plan were advanced. He also noted the department's work in process on a STIP amendment that will match the bill.

SENATOR KAWASAKI asked how the MPOs in Fairbanks and Anchorage, and the forthcoming MPO in the MatSu will be able to take advantage of the infrastructure funds if the funding is already prescribed through the STIP.

MR. CARPENTER answered that the MPOs receive a separate allocation from DOTPF's Surface Transportation Block Grant Program based on a formula. It's a separate program from the Community Transportation Program (CTP) that is open to any community. He repeated his earlier explanation of the CTP.

CHAIR SHOWER suggested Mr. Baker continue with the presentation.

[4:25:22 PM](#)

MR. BAKER recapped his earlier explanation of slide 3 and noted that it was the \$550 million in new spending (split fairly evenly between transportation and other infrastructure) that was getting all the attention. The pie chart on slide 4 identifies the new spending by agency, and the pie chart on slide 5 identifies the spending categories. For example, the energy and power category encompasses grid efficiency, hydrogen, carbon mitigation, and rare earth elements; and resiliency refers to the money that is going towards making infrastructure more resilient to the impacts of climate change, cyber-attacks, drought, floods, and wildfires. He noted that large amounts of this money is not coming to Alaska because it is location-specific in the Lower 48 or FEMA money for the Gulf Coast region. Environmental remediation funds are mostly for: ecosystem restoration, legacy pollution of abandoned mines, brownfield mitigation, and super fund sites. The public lands category is for the US Forest Service Legacy Roads Program and wildfire risk mitigation.

SENATOR KAWASAKI asked if there were strings attached to the new money coming in for the new programs. He asked specifically about strings on wildfire [risk] mitigation regarding the types of workers employed and whether Davis Bacon wages would be required.

MR. BAKER replied that it's federal money so there are more than a few strings attached. For example, the new money for community wildfire defense grants that the Division of Forestry will sub-grant to communities, is expected to come with a list of eligible activities.

SENATOR KAWASAKI asked whether the administration intended to take every available dollar or if it already had or might in the

future decide that the tradeoff between the strings and the program wasn't worth it.

MR. BAKER relayed that the governor's direction was to look at and understand the implications of accepting the particular funds. At this point the administration had not passed up any of the funds that had been identified as an opportunity for the state. He acknowledged that this could change going forward.

[4:33:01 PM](#)

MR. BAKER reviewed the key principles of state infrastructure development outlined on slide 6:

- Include identifiable funding coming in FY22 or FY23
- Identify coordination & implementation needs
- Maintain pressure on UGF spending
- Provide Local Government & Tribal Support
- Maintain tight nexus to programs in federal legislation
- Pursue significant competitive opportunities for which Alaska is uniquely positioned

MR. BAKER explained that slide 7 breaks out the FY2022 and FY2023 spending by the different fund sources. The total spending is just over \$1 billion: \$868 million is federal receipt authority, about \$80 million is unrestricted general funds (UGF), and \$56 million of "other" (primarily federal) money.

[4:35:50 PM](#)

MR. BAKER described slide 8 as a high-level summary of the spreadsheet that Senator Kawasaki referenced.

Federal Programs & Match: The bulk of the legislation addresses existing federal programs and there is \$56 million (70 percent of the UGF) in pure match.

Additional Support of Federal Programs: The governor felt it would be beneficial to allocate additional state funding to make certain federal programs more state focused. The spreadsheet identifies: a little less than \$3 million for two cyber-security projects, increases to the SPAR database to access the EPA funding for brownfield sites, and \$3 million for critical minerals mapping.

Infrastructure Coordination & Implementation: This is in the governor's office. There is a \$2.5 million grant for the Navigator Program at AFN and \$0.5 for the Alaska Municipal League.

Competitive Opportunity Investments: The largest policy call in the bill is to pursue forthcoming Department of Energy opportunities.

[4:38:16 PM](#)

MR. BAKER displayed slide 10 that breaks out the three coordination appropriations mentioned earlier. It read:

Office of the Governor

- State Infrastructure Planning & Coordination
\$5,480.0 (\$5,000.0 UGF, \$480.0 CIP); 2 PFT

Alaska Municipal League (AML)

- Local Government Capacity Building & Technical Assistance \$500.0 UGF

Alaska Federation of Natives (AFN)

- Navigator Program \$2,500.0 UGF

[4:38:23 PM](#)

MR. BAKER reviewed slide 10 that expands on the last spending category in slide 8. There is \$5.5 million of UGF to pursue four categories of large opportunity for Alaska. They are Department of Energy opportunities in IIJA. These four categories are where the federal government has determined the US needs to pick up its game. The intent is to ultimately commercialize the efforts.

Investments in Competitive Opportunities

Electric Grid Modernization - AEA

- Grid reliability, resiliency and transmission
\$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

MR. BAKER explained that the federal legislation has \$5 billion to prevent outages and harden the grid against disruption. Another \$5 billion is for research and development to enhance electric reliability. \$1 billion is to modernize and upgrade infrastructure in rural and remote areas of the state. And a new transportation facilitation program is a DOE grant to support infrastructure on the electric grids.

The governor's bill proposes \$1 million to the Alaska Energy Authority to spend several months to further identify those opportunities. The work is underway with Railbelt and other rural utilities to develop teams to go after anticipated federal funding opportunities over the next two quarters.

Clean Hydrogen Technologies - AGDC

- Clean hydrogen infrastructure development
\$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

MR. BAKER said \$8 billion is proposed to fund no fewer than four clean hydrogen hubs. The decision about the locations will be made in the next year, so time is of the essence. He highlighted the work AGDC had done in the hydrogen area as a way to future-proof their AKLNG project, and that the bill proposes money to support the continuation of that effort.

Carbon Capture & Sequestration - DNR

- Carbon technology infrastructure research, development and demonstration \$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

Rare Earth & Critical Minerals - UA

- Rare Earth Elements (REE) Demonstration Facility
\$500.0 UGF
- Critical Minerals Security Projects \$9,500.0
(\$2,000.0 UGF, \$7,500.0 Fed)

MR. BAKER said these will be joint efforts. He relayed that DOE had already put out requests for comment or information on most of the grants and a myriad of interested entities had been working to ensure that Alaska put in a response so that its potential competitive advantages would be embedded once DOE refined its funding opportunities. If the state were to be successful in any of these areas, the administration would need to return to the legislature to talk about the forthcoming funding and any non-federal match that would be required.

CHAIR SHOWER commented that the presentation was helpful but it brought up more questions.

[4:44:45 PM](#)

SENATOR KAWASAKI asked if there were any strings attached to the programs for electric grid modernization, clean hydrogen, and carbon capture. He also asked whether DOTPF was using the inflators that the Associated General Contractors was using to calculate the general cost of each project in the near term.

MR. BAKER referenced the Rare Earth & Critical Minerals program that has the requirement to have an industry partner and a demonstration facility, and said the state will need to evaluate its willingness and capacity to meet those requirements when the time comes. He deferred the second question to Mr. Carpenter.

MR. CARPENTER deferred the question to James Marks.

[4:47:36 PM](#)

JAMES MARKS, Director, Division of Program Development and Statewide Planning, Department of Transportation and Public Facilities (DOTPF), Juneau, Alaska, said the department is looking at inflation with a laser focus, but is not applying an inflationary factor at this time. Instead it is looking at mitigating strategies such as earlier notices for bids to promote competition; creating steady flows in programing by region; and breaking up big projects.

CHAIR SHOWER thanked Mr. Baker for the briefing.

SB 57-ALASKA SUNSET COMMISSION

[4:49:49 PM](#)

CHAIR SHOWER announced the consideration of SENATE BILL NO. 57 "An Act establishing a violation for hindering the Alaska Sunset Commission; relating to the Legislative Budget and Audit Committee; relating to the duties of the legislature; relating to the legislative audit division and the legislative finance division; establishing the Alaska Sunset Commission to review and make recommendations on discontinuation of or changes to state entities; and relating to the powers and duties of the Alaska Sunset Commission."

[4:50:12 PM](#)

SENATOR SHELLEY HUGHES, Alaska State Legislature, Juneau, Alaska, sponsor of SB 57 stated that the bill needed work but she wanted to start the conversation about adjusting the constitutional spending cap. She described the genesis of the bill and continued the introduction, speaking to the following sponsor statement:

SB 57 "The Alaska Sunset Commission Act" will help ensure transparency, efficiency, cost-effectiveness, statutory alignment, and constitutional alignment in the operation of our state government. SB 57 establishes the Alaska Sunset Commission as an

apolitical, independent, and objective entity charged with reviewing, via detailed and robust audits, each department by division in the state on a rotating schedule. The Commission will make recommendations related to the performance and costs to the legislature. To prevent a division from sunseting and its statutory duties falling to the department's office of the commissioner, the legislature will need take up and act on the audit report.

The annual audit reports will also be available to the executive branch for purposes of both performance and structural improvements within departments as well as for the construction of the governor's budget each year.

The Commission will be comprised of nine individuals from the private sector with financial, budget analysis, accounting, operations management, and other areas of expertise who are appointed by the governor and confirmed by the legislature. The Commission will serve without compensation but will be entitled to per diem and travel expenses authorized for boards and commissions. The Commission may employ staff as it determines necessary to perform its duties.

Along with the submission of the audit report to the legislature, the Commission will provide any recommended statutory changes necessary to accomplish the recommendations in the report.

The size and scope of government can sometimes be hard to grasp and understand, and too often unwieldy and hard to control. Currently, the House and Senate Finance members are asked in a matter of a few months to figure out what is going on in each of the fourteen departments; essentially their only window is what the executive branch provides. With this limited information and in short order, legislators are tasked with making decisions each year involving spending billions of public dollars. Access to an extensive audit will help hold future governors accountable to building a responsible budget and will help legislators' appropriate public dollars wisely.

The result will be more cost-effective and efficient departments that better meet their statutory and

constitutional obligations. This in turn will result in overall improved state operations which will better serve Alaskans.

This is especially important as we aim for fiscal sustainability. Although oil prices are high now, we all know that this will not always be the case. While government serves many essential functions, we must bear in mind that its cost should be proportional to our relatively small population. The Commission will help ensure both: that the departments perform their essential functions well and that they do it cost effectively.

Senate Bill 57 is based upon the Texas model, the Texas Sunset Advisory Commission. That Commission was established in 1977 and is responsible for recommendations on the need for, performance of and improvements to agencies under review each year. Since its establishment, the Texas Sunset Advisory Commission has abolished 85 unneeded state agencies. Of that total, 39 agencies were completely abolished and 46 had their functions transferred to existing or newly created state agencies.

This bill will not dismantle Legislative Budget and Audit (LB&A) but note that LB&A's work is solely on behalf of the legislature and primarily pertains to reviewing boards and commissions within the executive branch. SB 57 will provide both the legislative branch and the executive branch with an important tool, the Alaska Sunset Commission, for reviewing the operations and cost of the overall state government.

By establishing this Commission, we can help ensure that our state government is the right size and working well for the people of Alaska. With the guidance of the transparent Commission's reports, the governor will build more appropriate budgets, and the legislature will have the information it needs to route public dollars more accurately and correctly and adjust statutes as needed for improvements and efficiencies. Both branches will be held to a greater degree of accountability. I hope that you will join me in supporting more responsible government that stays on mission and does not break the bank by supporting Senate Bill 57 the Alaska Sunset Commission.

[4:54:56 PM](#)

SENATOR COSTELLO recalled that former Representative Mike Chenault introduced a similar bill that rotated the audits of entire departments. She asked if the composition of the commission proposed in SB 57 was based on the Texas model, and if she had considered having university students who are majoring in the relevant areas to serve on the commission instead of relying on unpaid professionals. She voiced support for more audits and relayed that the State of Kentucky had an elected state auditor with a \$10 million budget who had complete autonomy as to what is reviewed. She said that investment found efficiencies and the legislature was able to make more informed decisions about government.

SENATOR HUGHES responded that former Speaker Chenault's bill focused on performance and whether or not the departments were meeting the established statutory goals and missions. SB 57 was more comprehensive. It seeks to look at not only meeting the statutory requirements but also the process and how it might be streamlined. To the question about not compensating the commission members, she relayed that the commission would rely on staff who would be compensated. She deferred further explanation to Mr. Whitt.

[4:57:35 PM](#)

BUDDY WHITT, Staff, Senator Shelley Hughes, Alaska State Legislature, Juneau, Alaska, explained that the composition of the Texas Sunset Commission was entirely state legislators whereas the sponsor wanted this commission to be as nonpartisan as possible. He also noted that provisions of former Speaker Chenault's bill (House Bill 30 that passed in the 28th legislature) will sunset next year so Legislative Budget and Audit will no longer perform those duties. SB 57 proposes a more comprehensive approach to the audits generally and specifically for the different agencies.

[4:58:53 PM](#)

SENATOR HUGHES highlighted that SB 57 proposes to have subject matter professionals serve on the commission who would be appointed by the governor and confirmed by the legislature. The commission would have paid staff to perform the duties. She acknowledged that the proposed rotating schedule of audits should be tightened, which would require hiring additional commission staff. She opined that a five-year rotation of department audits was the sweet spot.

SENATOR COSTELLO asked if she had considered having a standing committee serve as the commission so multiple audits could be done at the same time.

SENATOR HUGHES replied that was a possibility but it would make the commission partisan and that was contrary to her intention. She suggested that Mr. Whitt could speak further about the Texas commission.

[5:01:03 PM](#)

SENATOR COSTELLO asked the chair if the information could be sent to his office and then distributed to the members.

CHAIR SHOWER asked Mr. Whitt to send the information to his office.

MR. WHITT agreed to provide an overview of what the Texas commission had done since it was instituted in 1977. He noted that there wasn't time to go through the sectional analysis and advised the members to focus on Section 9 when they reviewed the bill.

CHAIR SHOWER held SB 57 in committee.

SB 167-ELECTIONS; FRAUD; BALLOTS

[5:02:30 PM](#)

CHAIR SHOWER announced the consideration of SENATE BILL NO. 167 "An Act relating to elections, voter registration, ballots, and a system of tracking and accounting for ballots; establishing an election offense hotline; relating to election fraud, election interference, and election official misconduct; requiring signature verification, notice, and the opportunity to cure; and providing for an effective date."

[5:03:05 PM](#)

CHAIR SHOWER opened public testimony on SB 167.

[5:03:22 PM](#)

ROBERT WELTON, representing self, Douglas, Alaska, said SB 167 has both good and bad ideas. He said the provisions that provide a thorough check of voter rolls, mandated audits of election machines, and a voter tracking system are good ideas. These things will improve the security and trust in the system. But changing the PFD automatic voter registration from opt out to opt in is a bad idea. The provision ignores the will of the voters who voted in 2016 to make that registration opt out. He

cited a Division of Elections report that indicated that 13,000 new voters have been registered under this program and 4,299 of those individuals voted. He called it a bad idea to require voters to reapply every four years to receive an absentee ballot. He pointed out that the Division of Elections testified to this committee that no significant fraud had been identified in Alaska elections so there was no reason to require voters to jump through this hoop. The third provision he did not support was the requirement for signature verification on all absentee ballots because it opens the absentee voting process to partisan abuse. He noted that a similar law in Texas resulted in 30 percent of absentee ballots in a recent election being rejected, and warned against opening the door for abuse on this process. Finally, he said the addition of confusing language about ranked choice voting on election pamphlets is a bad idea. He characterized it as an attempt to sow confusion and doubt before the system had been given a chance.

MR. WELTON concluded his testimony stating that because of the foregoing articulated objections, he did not support SB 167 without significant amendments. He thanked the committee for listening and the individual members for their service to the state.

[5:06:19 PM](#)

MORGAN LIM, representing Planned Parenthood Alliance Advocates (PPAA), Juneau, Alaska, stated that PPAA opposes SB 167 as a voter suppression bill that imposes a web of barriers to access the polls. The bill claims to combat election fraud in Alaska when no fraud had been identified. He called it a bill in search of a problem that, if passed, will disenfranchise voters. By contrast, PPAA supports policies that make it easier for eligible individuals to register to vote and ensure that all votes are counted equally. PPAA opposes the bill's attempt to eliminate voter registration through the permanent fund dividend application process. Automatic registration not only streamlines the process but also sends the message that state government is committed to the idea that voting is a right, not a privilege.

He thanked the committee and restated that Planned Parenthood Alliance Advocates opposes SB 167.

[5:07:53 PM](#)

CHAIR SHOWER closed public testimony on SB 167 and held the bill in committee.

[5:08:23 PM](#)

There being no further business to come before the committee,
Chair Shower adjourned the Senate State Affairs Standing
Committee meeting at 5:08 p.m.