

HOUSE FINANCE COMMITTEE  
April 30, 2024  
12:57 p.m.

12:57:18 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 12:57 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative DeLena Johnson, Co-Chair  
Representative Julie Coulombe  
Representative Mike Cronk  
Representative Alyse Galvin  
Representative Sara Hannan  
Representative Andy Josephson  
Representative Dan Ortiz  
Representative Will Stapp  
Representative Frank Tomaszewski

MEMBERS ABSENT

Representative Bryce Edgmon, Co-Chair

ALSO PRESENT

Representative CJ McCormick, Sponsor; Callan Chythlook-Sifsof, Staff, Representative CJ McCormick; James Cockrell, Commissioner, Department of Public Safety; Representative Ashley Carrick, Sponsor; Kris Curtis, Legislative Auditor, Division of Legislative Budget and Audit; Don Etheridge, Alaska AFL-CIO; Palmona Harbour, Director, Division of Employment and Training Services, Department of Labor and Workforce Development; Chad Hutchinson, Director of Government Relations, University of Alaska; Representative Stanley Wright, Sponsor; Rachael Gunn, Staff, Representative Stanley Wright.

PRESENT VIA TELECONFERENCE

Randy Ruaro, Executive Director, Alaska Industrial Development and Export Authority; Joe Felkl, Legislative

Liaison, Department of Fish and Game; Flip Pryor, Aquaculture Chief, Division of Commercial Fisheries, Department of Fish and Game; Kendra Kloster, Co-Director, Law and Policy, Alaska Native Women's Resource Center; Charlene Apok, Native Movement and Executive Director, Data for Indigenous Justice, Anchorage; Traci Fitka, Self, Anchorage; Antonia Commack, Self, Wasilla; Terra Burns, Advocate, Community United for Safety and Protection, Fairbanks; Dirk Craft, Executive Director, Alaska Workforce Investment Board; Alesia Kruckenberg, Director of Strategy Planning and Budget, University of Alaska; Deborah Riddle, Division Operations Manager, Innovation and Education Excellence, Department of Education and Early Development; Patrick Brenner, President, Southwest Policy Institute, Las Cruces, New Mexico; Scott Pearson, Self, Los Angeles, California; Andrew Duke, CEO, Online Lenders Alliance, Arlington, Virginia; Andrew Kushner, Senior Policy Counsel, Center for Responsible Lending, Oakland, California.

SUMMARY

HB 55 EXTEND WORKFORCE INVEST BOARD ALLOCATIONS

HB 55 was HEARD and HELD in committee for further consideration.

HB 122 RAILROAD CORP. FINANCING

HB 122 was HEARD and HELD in committee for further consideration.

HB 145 LOANS UNDER \$25,000; PAYDAY LOANS

CSHB 145(FIN) was REPORTED out of committee with nine "do pass" recommendations and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

HB 169 FISHERIES REHABILITATION PERMIT/PROJECT

CSHB 169(FSH) was REPORTED out of committee with seven "do pass" recommendations and three "amend" recommendations and with one previously published fiscal impact note: FN2 (DFG).

HB 234 MISSING/MURDERED INDIGENOUS PEOPLE;REPORT

HB 234 was HEARD and HELD in committee for further consideration.

CSSB 187(FIN)am

APPROP: CAP; REAPPROP; SUPP

CSSB 187(FIN)am was SCHEDULED but not HEARD.

Co-Chair Foster reviewed the meeting agenda.

#hb122

HOUSE BILL NO. 122

"An Act authorizing the Alaska Railroad Corporation to issue revenue bonds to finance the replacement of the Alaska Railroad Corporation's passenger dock and related terminal facility in Seward, Alaska; and providing for an effective date."

1:01:13 PM

RANDY RUARO, EXECUTIVE DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (via teleconference), relayed that Alaska Industrial Development and Export Authority (AIDEA) had issued over \$1.3 billion in bonds in the most recent history. He reported that AIDEA had no defaults and the information was detailed on pages 29 to 35 of the 2023-2024 Alaska debt report. He stated that the agency had a good track record of issuing bonds and operated through the Open Meetings Act; the public was given notice and opportunity to be heard on significant actions such as the issuance of bonds. He relayed that the agency had a good track record of supporting resource development. He highlighted the Red Dog Mine as AIDEA's standout project, which had produced billions of dollars in economic value for Alaskans from corporate income tax to Alaska Native Claims Settlement Act (ANCSA) 7(i) and 7(j) funds flowing out to every Alaska Native shareholder in the state.

Mr. Ruaro addressed Section 3 of HB 122, the amendment that would give AIDEA \$300 million in bonding authority for projects related to critical minerals and rare earth. He stated it was AIDEA's intent to be ready to work with a federal program at the U.S. Department of Energy (DOE) where \$290 billion in loans and loan guarantees had been made available through the DOE Loan Program Office (LPO).

He believed the funds were only available for two years, but they were very flexible and could be used for rare earth critical mineral access roads and energy sources (including renewable energy). The agency hoped it would be able to move forward with the bonding authority. He stated that no bonds would be issued without a public process and no bonds or projects would be accepted without going through the agency's thorough regulatory due diligence process. He noted it was not infrequent for AIDEA to spend months on due diligence for projects. He urged the committee to support the language in Section 3 of the bill.

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Co-Chair Foster noted that the committee would likely work into the evening and on Saturday.

Representative Hannan asked if a couple of the language elements in Section 3 were standard when AIDEA asked for bonding. She read language in Section 3(c) and (d) respectively: "bonds authorized may not be considered in calculating the authority's bonding limitation for a 12-month period" and "this section constitutes legislative approval."

Mr. Ruaro answered that he was unsure whether the language was standard. He explained that the language separated the specific purpose related to critical minerals and rare earth from AIDEA's other statutory bonding authority that was much more general. He elaborated that the language was an effort to keep the two things separate. He relayed that in 2014, SB 99 was a similar bill that approved bonding authority for Bokan Mountain and Niblack mine. He stated that the language was not uncommon.

Representative Hannan asked if the two projects mentioned by Mr. Ruaro had already been approved and bonded for or if AIDEA would think to bond for them under the \$300 million.

Mr. Ruaro answered that the Niblack mine was more of a copper/silver mine. The Bokan Mountain mine was rare earth and would be eligible for funding under the bonding authority or the SB 99 bonding authority, which he believed was still on the books.

Representative Hannan noted that the project example given by Mr. Ruaro was specific and she assumed it had a specific

bonding level. She stated the language in the bill giving AIDEA blanket authority was giving her heartburn with no context except for rare earth minerals. She remarked exploration did not always result in the desired outcome. She asked if there was a reason the bill language did not specify the specific projects and needed bonding authority for each.

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Mr. Ruaro replied that due to the limited life of the federal matching funds, there was a pressure to have generic authority available if needed. There were currently no specific projects that had gone through AIDEA's due diligence process and were recommended for bonding. The inclusion of the language was an effort to have the bonding authority in hand in order to avoid missing the expiration date of the federal funding. He added it was similar to some broad authority AIDEA had for energy and energy related projects such as transmission lines that were not defined by project and amount.

Representative Hannan wondered why an AIDEA bond bill had not been introduced a year earlier to include a request and take advantage of federal funding instead of trying to piggyback on top of a small bonding and narrow project bill.

Mr. Ruaro responded that AIDEA had previously been trying to qualify as a federal state energy financing institution (SEFI) and it had now qualified. He detailed that AIDEA was one of 13 entities in the nation that had the foresight to do so. He elaborated that the status gave AIDEA an extra leg up in accessing the federal funding.

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Representative Josephson asked Mr. Ruaro if he believed there would be no need for further legislative review of the bond opportunity included in the amended bill.

Mr. Ruaro replied that he believed there was always an opportunity for legislative review and consideration through the Legislative Budget and Audit Committee (LB&A); however, there would not be a requirement for a vote.

Representative Josephson remarked that Mr. Ruaro and AIDEA had talked about public transparency and comment. He had reviewed AIDEA statutes, and it was his understanding that AIDEA only needed to offer public testimony for one hour. He highlighted the contrast between the extensive legislative public testimony process compared to the AIDEA process. He asked if his understanding was accurate.

Mr. Ruaro answered that he was unfamiliar with that regulation or statute. He personally believed the better policy was to take the time necessary for full public comment.

Representative Galvin was interested in more detail about AIDEA's full public process. She had received public comments comparing the provision in the bill unfavorably to past projects such as Bokan Mountain and the Niblack mine. She remarked there had been a lot of state support for the two projects, but they appeared to be abandoned or stalled. She asked for an update on the investments and if Mr. Ruaro could differentiate them from the proposal in the bill.

Mr. Ruaro responded that it was his understanding that the Bokan Mountain project was focused on developing a separation technique that would allow for the economic cost-effective separation of the rare earth minerals from other minerals. He relayed that the work was underway, but until the technology was sorted out, the project was not in a position to move forward. He was not certain about the status of the Niblack project other than that the entity holding the mining patents was looking for a larger investor.

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Representative Galvin asked for verification that any potential project that may result from the bill would still maintain a full public process and due diligence. She referenced Mr. Ruaro's statement that there was a two-year window for the federal funding. She asked about the projects AIDEA anticipated that would potentially utilize the funding if there would be time for the public process and due diligence.

Mr. Ruaro answered that AIDEA was hopeful it could play a role in the Graphite One project. He stated that graphite was a significant rare earth critical mineral and AIDEA was

hoping to play a role in the financing, keep jobs in state, and develop processing capabilities. There were a number of other projects. He believed the Red Dog Mine had a mixture of rare earth and critical minerals in its tailings. He thought the Ambler mining district project had cobalt. He stated it was common for mines in Alaska to often have some elements of rare earth. He remarked that based on a USGS report, the Pogo Mine had some rare earth enriched in its ore.

Representative Galvin was familiar with all of the projects mentioned. She asked if Mr. Ruaro was saying that the public process and due diligence had already taken place to some extent, and it may not be a hurdle or concern.

Mr. Ruaro asked for a repeat of the question.

Representative Galvin complied.

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Mr. Ruaro responded that he had been referring to the more formal due diligence process AIDEA put projects through, which was lengthy and took months. He relayed that the process had not been completed for any rare earth mines or mineral projects. The public process he was referring to was the post [due diligence] decision by staff to forward a project to the full board for consideration and comment. He explained that the board meetings were publicly noticed and there was an opportunity for public comment and board action.

Representative Cronk asked if there was any reason the committee should not support the bonding authority besides the idea of not wanting to develop resources in Alaska.

Mr. Ruaro believed that based on AIDEA's history of over \$1.3 billion in bonding, no defaults, and its due diligence process formalized in regulation 3 AAC, the legislature could entrust AIDEA with the authority. He elaborated that if the legislature had any concerns along the way, LB&A provided an opportunity for oversight and review.

Representative Cronk asked how the bonding authority could help the state with any energy issues it may have.

Mr. Ruaro replied that the authority was broad enough to extend to transmission lines and renewable energy projects including wind turbines. He stated there may be opportunities for a source of renewable energy to be used at a mine that was reducing the load for a nearby city or community and potentially adding power to the grid.

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Representative Coulombe asked if AIDEA's project vetting process included an environmental impact study (EIS).

Mr. Ruaro answered that AIDEA did not perform any environmental permitting work, but it required a project to be ready to go and the beneficiaries of a project to be in a position to commit to repayment of the bonds. He elaborated that National Environmental Policy Act (NEPA) environmental reviews played a role in the process, but AIDEA did not perform the review.

Representative Coulombe kept hearing that provision in the bill gave blanket bonding authority. She highlighted the bill language that gave AIDEA permission to issue bonds to finance infrastructure and construction costs of infrastructure that support the development of critical mineral and rare earth element projects located in the state. She recognized that it could be considered broad. She asked for some examples of the infrastructure and construction costs. She asked if it included roads, buildings, or other things.

Mr. Ruaro answered it could include things like a road and a renewable energy source such as wind turbines or geothermal. Additionally, it could include a processing facility, which was one of the types of facilities eligible for the federal funding. There was a push at the federal level to try to generate domestic supply chains to avoid dependence on overseas sources like China. He noted that in the past China had refused to export to countries it viewed as being adversarial.

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Representative Josephson provided a scenario where the legislature approved the bill as originally drafted and did not approve Sections 2 and 3. He asked what kind of cash

reserves AIDEA currently had on hand to spend on critical infrastructure projects.

Mr. Ruaro answered that if the bill did not pass, AIDEA would still review critical mineral projects that came forward and it had some resources available. He elaborated that the bonding authority would be helpful if a larger project came forward and AIDEA could potentially secure the 95 to 5 federal match through the DOE LPO.

Representative Tomaszewski thanked the committee for hearing the bill. He believed the bill was important for the state and that it would improve the economic situation, create jobs, and bring in more tourism.

Co-Chair Foster relayed the amendment deadline was the following day at 5:00 p.m.

HB 122 was HEARD and HELD in committee for further consideration.

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AT EASE

[1:29:06 PM](#)

RECONVENED

#hb169

HOUSE BILL NO. 169

"An Act relating to certain fish; and establishing a fisheries rehabilitation permit."

[1:29:31 PM](#)

Co-Chair Foster relayed that there would be a brief recap of the bill. The committee would also consider four amendments.

REPRESENTATIVE MIKE CRONK, SPONSOR, provided a brief review of the bill relating to certain fish and establishing a fisheries rehabilitation permit. He emphasized that the bill did not contain the word "hatchery." He stressed that the legislation was about wild fish and would allow the collection of [a limited number] of fish from a river to fertilize and hatch the eggs, which would then be placed back in same river. The bill did not pertain to farmed

fish. He relayed that he and Co-Chair Foster both represented the Yukon River. He detailed that the bill originated about six to seven years back due to the issue on the Yukon River. He highlighted that fish in the Yukon had to travel up to 2,000 miles to return to spawn. He stated that the bill arose because individuals on the river had been unable to put any fish in their freezer for the past four years, yet there were hatcheries around the state producing fish for commercial fishing and trolling. He remarked that no one seemed to have a problem with that, but people were up in arms about the bill. He explained that the bill did not really change anything, it gave entities the opportunity to work with the Department of Fish and Game (DFG) to begin rebuilding primarily chinook stock that were returning in fewer and fewer numbers. He remarked that there were many contributing factors, but it was necessary to ensure the state had tools in the toolbox to help. He noted that DFG had entered into a seven-year agreement with Canada to not harvest any more fish. He stressed the state would be going on eleven years of not catching a single fish for food security.

Representative Cronk stated that the bill did not allow individuals to rear fish and dump them in the river. He relayed that the bill had been vetted by DFG. He noted that the state spent millions on DFG to trust it to do the right thing. He considered that perhaps no one would use the bill, but it would be a tool to allow the return of wild fish into the river in order for people to catch fish and continue cultural traditions.

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Representative Ortiz thanked Representative Cronk for bringing the bill forward. He referenced Representative Cronk's statement that it would likely be entities rather than individuals taking advantage of the legislation. He asked if there had been a demand for the bill from different entities.

Representative Cronk responded that he did not want to speak for anyone. He remarked that there was a process of things happening and perhaps a bit of distrust with the state. He referenced an article he had printed on the topic of rewilding baby salmon using indigenous knowledge in California. He envisioned entities including tribes on the Yukon River being involved. He did not want to speak for

any of the entities. He wanted to provide the option as a tool for the future.

Co-Chair Foster recognized Representative Jesse Sumner in the audience.

Representative Galvin thanked Representative Cronk and emphasized that she shared his passion for returning fish wholeheartedly. She thought it was a question of how it would be done. She believed different solutions had been tried. She understood the bill to be a tool Representative Cronk was hoping people would use. She asked if tribal organizations or others living in the region had given the green light and supported the idea.

Representative Cronk answered that prior to bringing the bill forward there were groups that had supported the idea, but they had taken a step back and there was currently distrust of the state from tribes. He stated the idea had been around and it could be used to help rebuild the salmon runs.

Representative Galvin appreciated knowing there was some energy around the idea and now there was some uncertainty potentially due to politics or science. She was not sure those were the reasons for the uncertainty. She wondered if California was having success [rewilding baby salmon] why DFG was not doing the practice on its own currently.

Representative Cronk deferred the question to DFG. He believed the state was studying as many things as it could and there were things going on in the ocean that no one fully understood. He remarked that perhaps there was a hope that someday the salmon would return, but he did not have that hope. He elaborated that there had to be a lot of salmon returning 2,000 miles up a river to produce enough salmon to make the journey.

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JOE FELKL, LEGISLATIVE LIAISON, DEPARTMENT OF FISH AND GAME (via teleconference), answered that currently the department did not have the statutory authority to issue a permit purely for rehabilitating a depressed run. The department's permits were limited to education or scientific purposes.

Representative Galvin noted there was something similar in DFG statute for study related to the propagation of fish and it did not limit the type of fish. She understood the permit was currently used for scientific and educational opportunities including propagation. She asked why the department currently would not have the authority to do what was proposed under the legislation.

Mr. Felkl deferred the question to a colleague.

FLIP PRYOR, AQUACULTURE SECTION CHIEF, DIVISION OF COMMERCIAL FISHERIES, DEPARTMENT OF FISH AND GAME (via teleconference), answered that under regulatory authority 5 AAC 41.610 (permit classification), the department had a permit for propagative research that could be issued to scientific and educational institutions for research primarily for something like looking to see if a site was a good place to put a hatchery. The department did not have the ability to provide a permit to a nonprofit or other entity that wanted to rehabilitate a river. The department did not have that clear authority under its current permitting structure.

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Representative Galvin asked for verification that the current permitting structure was limited to someone wanting to start a hatchery.

Mr. Pryor answered that it was the example he had used. He clarified that the permit could currently be issued to educational or research facilities. The department could do some things under a cooperative agreement, but it was not done very frequently.

Representative Galvin believed the permits could be issued to federal, state, local entities such as tribes, and any institution of higher learning. She thought it appeared to be pretty broad. She understood there was some oversight and perhaps necessary qualifications. She asked if the bill allowed something different than what was currently in place in terms of who may be able to propagate salmon.

Mr. Pryor answered that the bill would clarify who DFG could give permission to. He relayed that currently the department could issue permits to certain people and the

bill would clarify who exactly would qualify for the permit.

Representative Galvin asked why DFG had not tried the same activities as she surmised it was the department's mission to ensure fish populations remained healthy and strong. She asked if DNR had already done the work itself.

Mr. Pryor replied that DFG used to have a division called Fisheries Resource Development and Enhancement [Fisheries Rehabilitation, Enhancement and Development] that was tasked with the role, but it no longer had that staffing. The department currently only had staffing for oversight over issuing permits and no longer had the people to do boots on the ground enhancement projects.

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Representative Josephson asked for verification that while the bill would allow private citizens or groups to engage in fisheries enhancement, the department could not currently do so.

Mr. Pryor asked for clarification. He asked if Representative Josephson was asking whether the department had the ability to do the work if it wanted.

Representative Josephson confirmed it was his question.

Mr. Pryor responded that the department had the authority to do the projects if it wanted and if it had staffing. He relayed that the prior FRED division [Fisheries Rehabilitation, Enhancement and Development] had been eliminated in the early 1990s.

Representative Josephson stated the existing program would allow the take of 50,000 eggs or equivalent in spawning pairs. He asked for verification that the bill would allow for ten times more than the existing program.

Mr. Pryor replied that for a vocational project the answer was yes; however, there was another level of the same aquatic resource permit for propagative research, which allowed for the number of eggs that could produce 5,000 returning adults. Under the current bill it was 500,000 eggs. He detailed that at a 1 percent marine survival it

would result in 5,000 returning adults, which he believed was pretty generous.

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Representative Josephson stated that Section 2 of the bill could be read to say that if the DFG commissioner found there were fisheries enhancements in an area it may allow the commissioner to sign off on construction and work (which could be mining) notwithstanding other concerns the commissioner may have about lakes, streams, etcetera. He asked why Section 2 was needed if the goal was fisheries enhancement.

Mr. Felkl answered that that DFG interpreted Section 2 to be a conforming change. The department viewed the section to mean that when the commissioner made a determination about whether construction work or other use sufficiently protected fish and game, the commissioner also must consider any ongoing fisheries rehabilitation project created under the bill to ensure DFG was factoring in those types of projects before determining whether fish and game in the area were protected.

Representative Josephson remarked that he did not think it was a great answer.

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AT EASE

[1:51:16 PM](#)

RECONVENED

Co-Chair Foster moved to the amendment process.

Representative Josephson MOVED to ADOPT Amendment 1, 33-LS0763\B.5 (Bullard, 4/29/24) (copy on file):

Page 2, following line 22:

Insert a new subsection to read:

"(c) At least 30 days before issuing a permit under this section, the department shall provide public notice of the proposed project."

Reletter the following subsections accordingly.

Representative Cronk OBJECTED.

Representative Josephson believed the department may be neutral on the amendment. He stated that the bill did not provide for any public notice or opportunity to participate in the permitting process. He stated that the bill allowed the state to approve fishery rehabilitation permits that had potential to adversely impact wild fish populations. He stated there was disagreement about that. He relayed there were 150 emails from the public expressing there could be adverse impacts on wild fish populations and could constrain fisheries management and further deplete weak stock fisheries. He stated that a public process was necessary to ensure that stakeholders could weigh in to better inform permit decisions.

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Representative Cronk opposed the amendment and viewed it as unnecessary. He remarked that the 150 emails received were all the same. He had not taken much time to read them because they could have been mass produced. He noted there were different entities against the bill such as Salmon State that were against any development in Alaska. He emphasized that the bill was about subsistence and rebuilding wild runs. The bill would be a tool in the toolbox. He remarked that leaders seemed to want to keep studying and studying things to death. He stated that "before we know it there's no more fish and then its too late to actually do something like this." He did not like using the words crisis and catastrophe; however, after the moratorium it would be 11 years until any Native Alaskan or resident on the Yukon River could harvest salmon. He stressed it should be a concern for everyone. He stated that the bill was about subsistence, food priority, and continuing culture. He reiterated his opposition to the amendment.

Representative Hannan supported the amendment. She stated that although the example that the committee had talked about almost exclusively in the context of the bill was the Yukon River and king salmon, the bill was not restricted to the biggest river in the state or to salmon. She envisioned a small community and small creek that used to have sheefish in it. She stated that before someone developed it, she wanted the neighborhood to know. She clarified that all the amendment did was ensure there was a public notice

process. She added that 5,000 returning king salmon would not be a harvestable amount, but reintroducing sheefish in a neighborhood to a small tributary could be a significant change and people had the right to know what was happening. She thought that people sometimes viewed public process as a burden or obstacle, but it was also the way to amplify success.

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Representative Josephson provided wrap up on the amendment. He appreciated the bill sponsor's passion for the issue. He stated that a number "of us" think it is a climate phenomenon, a high seas take issue, and a habitat issue. For example, in 2017 the bill had been opposed by the Kenai River Sportfishing Association and Trout Unlimited. He highlighted that some of the emails received on the bill were not cookie cutter emails. He believed the emails were all from individual Alaskans and there was no evidence to the contrary. He had lived on the Kuskokwim River in the past and he knew the importance of all of the highlighted questions to indigenous people. He reasoned if it had been a seven-year problem, it probably could withstand another 30 days. He was told the department was neutral on the amendment.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Galvin, Josephson, Ortiz, Hannan

OPPOSED: Cronk, Stapp, Tomaszewski, Coulombe, Johnson, Foster

The MOTION to adopt Amendment 1 FAILED (4/6).

Representative Josephson MOVED to ADOPT Amendment 2, 33-LS0763\B.4 (Bullard, 4/29/24) (copy on file):

Page 2, line 23, following "the":

Insert "department surveys water from which fish will be taken or fish eggs placed, and the"

Representative Stapp OBJECTED.

Representative Josephson explained that the amendment would require DFG to do surveys. He explained that the department

would hear an application and do a survey. He noted that the work had previously been by DFG under the former FRED division, but the division had been eliminated. He believed the department should support a finding that there was a depleted stock and that the action under the bill was a potential remedy.

Representative Cronk opposed the amendment.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Galvin, Josephson, Hannan

OPPOSED: Coulombe, Stapp, Tomaszewski, Cronk, Ortiz, Johnson, Foster

The MOTION to adopt Amendment 2 FAILED (3/7).

[2:00:02 PM](#)

Representative Josephson MOVED to ADOPT Amendment 3, 33-LS0763\B.3 (Bullard, 4/29/24) (copy on file):

Page 4, line 7:

Delete "500,000"

Insert "50,000"

Representative Stapp OBJECTED.

Representative Josephson explained the amendment. He referenced a distributed copy of 5 AAC 41.610 on permit classifications. The committee had been told that the work was currently done through scientific and educational activities, but those only allowed 5,000 eggs. He highlighted that the level in the bill was 500,000. He referenced a public testimony email from Gail Vick from Fairbanks who was a long-term Alaskan resident and fisheries policy consultant with more than 35 years of experience in the Yukon River drainage. Her testimony stated that finding original brood stock from a local stream was a major obstacle and that an egg take of 500,000 would take 150 to 200 wild female salmon and twice as many males. She stated that a single permit in any depleted stock region would require more fish than the depleted stock could afford. She noted that in discussions with the

commissioner, permits for severely depleted stocks would not be granted. He thought 500,000 involved too many fish.

Representative Cronk opposed the amendment. He stated that 50,000 eggs were three salmon and would not make a difference. The purpose of the bill was to rebuild a fish run so it no longer needed enhancement. He stated the number in the amendment was not acceptable. He noted the committee had just heard that less than 1 percent of the number would return.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Hannan, Josephson, Ortiz, Galvin  
OPPOSED: Coulombe, Stapp, Tomaszewski, Cronk, Johnson, Foster

The MOTION to adopt Amendment 3 FAILED (4/6).

Representative Josephson MOVED to ADOPT Amendment 4, 33-LS0763\B.2 (Bullard, 4/29/24) (copy on file):

Page 5, lines 1 - 5:  
Delete all material.

Renumber the following bill section accordingly.

Representative Stapp OBJECTED.

Representative Josephson explained the amendment. He noted that he had asked about the topic and had not found the department's answer satisfactory. He did not understand why Section 2 was necessary. He stated that the bill was about increasing salmon availability principally in the Interior rivers. He remarked that the department said the section was conforming, but he did not know why it was necessary. The section related to construction and work in a section called protection of waterways for anadromous fish. He elaborated that the key section AS 16.05.871 created a balancing test where the DFG commissioner had to sign off when permits were brought forward. He furthered that the section specified that the commissioner shall approve the proposed construction work or use in writing unless he or she found the plans or specifications insufficient for the protection of fish and game. The subsection specified that

the commissioner shall consider fisheries rehabilitation projects when considering construction and work. He did not know how it possibly helped with enhancement. He believed it ran counter to enhancement at some level. He stated it was designed to tell the department to relax on its toughness when considering construction and work permits. The language did not even specify that the projects had to be successful. He highlighted that the amendment did no damage to the bill.

Representative Cronk opposed the amendment.

Representative Ortiz found the amendment persuasive. He stated that the language [in Section 2 of the bill] did not contribute to the overall goal of the bill to enhance runs. He thought it made good sense to remove it.

Representative Galvin supported the amendment. She highlighted that the language in the bill specified that the commissioner shall consider related fisheries rehabilitation projects. She noted that the bill did not define whether or not a project was successful. She believed a project's success would better inform the commissioner as to how they should be weighing the project. She did not believe the language sufficiently guided the commissioner.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Galvin, Hannan

OPPOSED: Coulombe, Stapp, Tomaszewski, Cronk, Johnson, Foster

The MOTION to adopt Amendment 4 FAILED (4/6).

Co-Chair Johnson MOVED to REPORT HB 169(FSH) out of committee with individual recommendations and the accompanying fiscal note.

[2:08:38 PM](#)

Representative Josephson OBJECTED for discussion. He opposed the bill. He expressed concern based on testimony from 2017 and the previous week. He noted that Ms. Hillstrand of Seldovia spoke eloquently against the bill in

2017 and at the present time. He highlighted there were over 100 emails in opposition to the bill. He understood the bill concept came from a very honorable place, which was that people who had been in Alaska for 10,000 to 15,000 years had been more impacted than many other people in terms of living their culture, sustaining their lifestyle, and having the nutritional food source. He referenced the email from Ms. Vick in Fairbanks he had spoken about earlier. The email talked about her concern with creating a catastrophic take of depleted wild spawners, creating an introgression of distinct populations. Additionally, Ms. Vick highlighted concern about the proposal carrying a high potential for transmission of disease and genetic damage, and an opportunity for unmonitored egg transport from distant populations. The committee had heard from DFG that it no longer provided much oversight of the area. He was not reassured by DFG that it would make efforts to do so. He stated that the overall concern from critics was that the most vulnerable wild salmon would potentially not survive the threat because it created too much competition for resources and other mal effects that could be detrimental to wild stocks. He opposed the bill.

Representative Cronk wondered where stocks would be if the legislature had passed the bill in 2017. He stated it was seven years back and now there would be seven more years without catching fish. He stressed that the state had continued to do nothing and had no vision to help anything. He suggested that if putting more wild fish in the river would create more competition, perhaps hatchery fish needed to stop in order for wild fish to have a better opportunity to survive. He stated it was a catch-22.

Representative Galvin remarked that it was a troubling issue to be wrestling with. She appreciated the bill sponsor's intent. She was not an expert on the topic and had heard there were many problems with the two major rivers. She understood the issues around bycatch, overfishing, erosion, and more. She did not believe enough energy had been put into the research. She was concerned that more of the projects may have been done by the department if there were enough experts at DFG. She believed experts trained in marine biology should be doing the work to determine whether the idea was the answer. She found the idea of starting something without the oversight of experts concerning. She also understood the desperate situation. She leaned to the scientists and unfortunately

there were not enough scientists doing working on the topic. She would rather see scientists working on the topic considered by the bill than counting fish that were nonexistent. She did not think the state had done enough to protect it as a way of life.

Representative Josephson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Stapp, Tomaszewski, Coulombe, Cronk,  
Foster, Johnson  
OPPOSED: Josephson, Hannan, Galvin

The MOTION PASSED (7/3).

There being NO further OBJECTION, it was so ordered.

CSHB 169(FSH) was REPORTED out of committee with seven "do pass" recommendations and three "amend" recommendations and with one previously published fiscal impact note: FN2 (DFG).

Co-Chair Foster reviewed the agenda for the remainder of the meeting.

[2:15:38 PM](#)

AT EASE

[2:24:51 PM](#)

RECONVENED

#hb234

HOUSE BILL NO. 234

"An Act relating to police officer training; establishing the Missing and Murdered Indigenous Persons Review Commission; relating to missing and murdered indigenous persons; relating to the duties of the Department of Public Safety; and providing for an effective date."

[2:25:33 PM](#)

REPRESENTATIVE CJ MCCORMICK, SPONSOR, provided opening remarks and explained the bill with prepared remarks:

The high statistics of missing and murdered indigenous people, referred to often as MMIP, MMIW, or MMIWG2S, have become widely known in the public consciousness with the recent proliferation of studies in tandem with modern media including or profiling the issue. However, this has been an epidemic experienced by indigenous communities across the state, nation, and greater continent for a very long time. When I speak on this issue, I often make the error of speaking exclusively from a rural Alaska perspective, so I want to be sure to convey that this does impact every region of Alaska be it urban, rural, or in between. I should note that this is an incredibly personal issue. Individuals myself and even my staffer know are actually referenced by name in the supporting documents that we provided on this bill and this crisis affects everyone in the state.

In summary, House Bill 234 equips the State of Alaska, law enforcement, communities, families, and tribes with the tools to protect individuals each day and to put to rest cold cases that have been around for much, much too long. House Bill 234 answers the call to many who have felt ignored by the system and forgotten in that system. House Bill 234 makes meaningful effort to bring our families home, to provide closure of many who have waited too long for justice.

Representative McCormick asked his staff to review a sectional analysis. He listed invited testifiers available online.

CALLAN CHYTHLOOK-SIFSOF, STAFF, REPRESENTATIVE CJ MCCORMICK, reviewed the sectional analysis (copy on file):

Section 1: Amends AS 18.65.240(a) by adding a mandatory cultural training to the requirement standards as an appointed police officer and stipulates this training be administered by an indigenous coordinator or entity.

Section 2: Amends AS 18.65.620, stipulating the duty of law enforcement agencies to submit a missing person report to the National Missing and Unidentified Persons System within 30 days of an initial report.

Section 3: Amends AS 18.65.630(a) to provide a form to the family, next of kin, or legal guardian of the missing person authorizing the release of medical and dental records to the National Missing and Unidentified Persons System at the time of a missing persons report.

Section 4: Amends AS 18.65.630(c) to include submission of medical and dental records of a missing person to the National Missing and Unidentified Persons System.

Ms. Chythlook-Sifsof noted that Sections 3 and 4 were general baseline processes for the National Missing and Unidentified Persons System. She continued the sectional analysis:

Section 5: Adds a subsection to AS 18.65.630 which stipulates that when available, law enforcement agencies will submit fingerprints, photographs, and voluntary DNA samples from family members of the missing person to the National Missing and Unidentified Persons System.

Section 6: Amends AS 44.41 by adding Sec. 44.41.023, directing the Department of Public Safety to employ at least four persons to investigate cases involving missing and murdered indigenous peoples and act as liaisons between law enforcement agencies, communities in the state, and federally recognized tribes.

Section 7: Amends the uncodified law of the State of Alaska by adding the Missing and Murdered Indigenous Persons Review Commission.

Section 8: Directs the Department of Public Safety to conduct a needs assessment to determine how to increase protective and investigative resources for identifying and reporting cases of missing and murdered indigenous persons within the state criminal justice system. No later than January 1, 2025, the department must submit a written report to the Senate Secretary and Chief Clerk of the House of Representatives and notify the legislature that the report is ready.

Section 9: Stipulates that police officers with a certificate issued under AS 18.65.240 on or before the effective date of this Act, be granted two years from the effective date of this Act to fulfill the requirements.

Section 10: Sets a sunset date for Section 8 of January 1, 2026.

Section 11: Sets a sunset date for Section 7 of January 1, 2027.

Section 12: Sets an effective date of January 1, 2025.

Ms. Chythlook-Sifsof relayed there were several changes to Senator Donny Olson's bill SB 151 that she could speak to at any time.

[2:32:27 PM](#)

Co-Chair Foster moved to invited testimony.

Representative McCormick requested to hear from Ms. Kloster first.

KENDRA KLOSTER, CO-DIRECTOR, LAW AND POLICY, ALASKA NATIVE WOMEN'S RESOURCE CENTER (via teleconference), introduced herself. She shared that she was also a member of the MMIG2S Alaska working group comprised of five Alaska Native nonprofits working together to support efforts of missing or murdered indigenous persons (MMIP) and related issues. She discussed how the bill had come about. The working group had been working on the MMIP crisis and ways to end it on a number of different fronts. The bill was a result of conversations with the community and identifying what was happening. She detailed that it was a generational issue that had come to light in 2018 with the Urban Indian Health Institute Report and a couple of years later with Data For Indigenous Justice reports that put Alaska in the top five states with the highest number of MMIP cases and Anchorage as one of the top cities experiencing the problem. The problem had been known for a long time, but the data was finally available showing the severity. She stated Alaska was standing in a place it did not want to be in for the safety of its people.

Ms. Kloster explained that the working group reached out to community members and vice versa to identify gaps in the system and what needed to be done. The group had a good working relationship with the Department of Public Safety (DPS) and the commissioner in talking about what needed to be done. She relayed the MMIP investigative unit [within DPS] had been developed and had four investigators, which was an important step. Additionally, an assistant attorney general [within the Department of Law] for MMIP had been hired the previous year. The bill identified specific pieces including solidifying the MMIP investigator positions in statute. She explained that the step was necessary because currently the positions relied on the budget from year-to-year. She emphasized there were so many MMIP cases that could not be dropped, making stability for the investigator positions important.

Ms. Kloster spoke to the cultural training component of the bill. She explained there had been barriers between law enforcement and others in the communities. She elaborated that law enforcement officers and others traveling to rural Alaska were not always familiar with the community or the culture. There were numerous things that happened around communication barriers. Ensuring ongoing cultural training for all law enforcement officers was important to build relations and for officers to understand what it was like to live in different parts of the state. She noted there had been conversations and work with the DPS commissioner on the cultural training, which was an important piece of the bill. The review commission was coming about because the working group was hearing from families that different cases were getting different levels of attention. She spoke to the need to look at all of the different cases, solve them, understand what was going well, and learn what may be going wrong and how to fix it.

Ms. Kloster referenced the companion bill SB 151 and appreciated that the bill kept the commission. She remarked that it came from a conversation and understanding that it was a long-term issue and there would be continued review. She highlighted that all of the work going to MMIP was good for the public safety of all people across Alaska. She assured the committee they would continue to work on the efforts and to partner with all entities going forward. She understood the bill was one piece of the solution.

Ms. Kloster pointed out that currently HB 234 included four investigator positions whereas SB 151 had two positions. She supported the inclusion of four positions in the final bill as it reflected the four MMIP investigator positions currently housed in DPS. She stated the individuals were doing fantastic work. She noted there were enough cases to warrant even more investigator positions. She thanked the committee.

[2:39:45 PM](#)

Representative Hannan asked for clarity on the number of investigator positions in the bill. She did not believe the bill before the committee had four positions.

Ms. Kloster answered there were four investigators included in HB 234, which was the bill before the committee. She clarified that there were currently four investigator positions [within DPS] funded through the budget. She explained that Senator Olson's bill [SB 151] included two MMIP investigators.

Representative Hannan asked about the difference between the two bills Ms. Kloster had mentioned.

Ms. Kloster responded that HB 234 was currently before the committee. Additionally, the companion bill, SB 151, passed the Senate recently and was also currently in the House Finance Committee.

Representative Hannan relayed that Ms. Kloster had been her student.

[2:42:15 PM](#)

CHARLENE APOK, NATIVE MOVEMENT, AND EXECUTIVE DIRECTOR, DATA FOR INDIGENOUS JUSTICE, ANCHORAGE (via teleconference), shared that she began actively working on the issue since 2018, but as a survivor family member of MMIP cases she realized more recently she had been prepared to work on the issue her entire life through her life experiences. She relayed that she was a story keeper, many families across Alaska and from the Lower 48 had shared stories with her for many years. As a result, she began tracking data beginning in 2018 for and with the community. She explained that prior to that time, the information was not being tracked and it was needed in order to make

informed decision making. The issue had been happening for a long time and was ongoing. She relayed that too many families were still experiencing losses at the present time.

Ms. Apok that the bill was an essential first step for the state to take in addressing the issue. She highlighted the complexity of the issue that included components of cultural training data and many other pieces. She noted it would take everyone coming together to do the work. The bill had come from many partnerships and conversations with families and DPS including investigators. Having a pathway to justice and having equitable work done to address the crisis called for doing something different than the status quo. She noted that funding positions through a bill like HB 234 was not typical, but she believed it was necessary to be bold and do something different. Otherwise, it meant merely upholding an insufficient system that was not working to address MMIP. She was honored to see the bill put forward.

Ms. Apok echoed Ms. Kloster's testimony on the need to maintain the current four investigator positions. She relayed that the investigators were doing good work and they had said there was enough work for a lifetime. From a data perspective, there was a backlog of myriad unresolved cases and there was not currently capacity to take on new cases.

Ms. Apok discussed the data component pertaining to the bill. She shared that she had traveled to Juneau in January and had some very good conversations. One of the questions she had been asked was why reporting needed to be mandated if DPS was already putting data into the federal database. Her response had been that there were administration changes and long-term data infrastructure support was needed. She noted that it was a no-cost request. She explained that including it would allow the state to build better data infrastructure long-term to keep tracking and having cross referencing points on the issue. She was available for questions. She supported the cultural training component of the bill because based on experience it could build needed partnership and trust in communities with law enforcement. She supported maintaining the commission. She thanked the committee and the sponsor.

[2:47:55 PM](#)

Representative Tomaszewski asked for verification that Sections 1 and 9 specified existing police officers would have two years to complete the [cultural] training.

Ms. Chythlook-Sifsof confirmed that Section 9 specified that officers with a police officer certificate received on or before the bill's effective date would have two years to comply with the class.

Representative Tomaszewski asked if the program was currently ready to go. He observed that it would be administered by an indigenous coordinator or entity. He thought it would take time to build the program and remarked that there would be a shorter amount of time for existing police officers to get the training.

Ms. Chythlook-Sifsof answered it was her understanding that the training program was already implemented but not in state statute. Additionally, there had been long-term discussions between the MMIPG2S working group about the program. She deferred to the DPS commissioner for additional information.

[2:50:52 PM](#)

JAMES COCKRELL, COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, replied that currently DPS provided cultural training to all individuals going to the Public Safety Training Academy. The department also provided cultural awareness training for its personnel. He relayed that the department and its tribal liaisons was looking at cultural awareness training currently being offered to other agencies like the federal government in order to incorporate their requirements into the bill.

Representative Tomaszewski asked for verification that the timeframe [in the bill] was acceptable. He surmised that DPS would not be hard pressed to meet the timeframe because the bill spelled out something the department was already kind of doing.

Commissioner Cockrell answered, "that's fairly accurate." He explained there would be individuals laterally hired by other police departments that may not have received the training. He elaborated that the training would need to be added to the DPS refresh academy normally held during the

winter. The department was looking at avenues to provide the specific training.

Co-Chair Foster asked Commissioner Cockrell to provide his invited testimony.

[2:52:26 PM](#)

Commissioner Cockrell shared that when he had taken over the job three years back, the issue had been an emerging crisis in Alaska, and DPS quickly realized it needed to do something. The department had focused on hiring an MMIP investigator and the one position was overwhelmed fairly quickly within three months. The department had hired a second investigator and had ultimately needed to increase the number to four positions. He detailed that the positions were long-term and non-permanent filled by retired Alaska State Troopers (AST) focused specifically on investigating murdered indigenous people in Alaska. The investigator positions had been successful, as it was something the department lacked the resources to do otherwise. He stated that some of the cases were cold cases for a reason; DPS was actively working on six cold cases in four regions of the state.

Commissioner Cockrell relayed that DPS was currently doing much of what was in the bill. The investigator positions were filled and the department was putting out a quarterly report on missing Alaska Native and American Indians that followed all of the active missing persons in the state. The department had partnered with police departments in Anchorage, Fairbanks, Kenai, Soldotna and was hoping to partner with all police departments to continue to upgrade the list. The department was working to put all of the state's missing 1,322 individuals into the federal National Missing and Unidentified Persons System (NamUs). He believed DPS had about four individuals left to enter into the system; it was waiting on police reports from other agencies and a couple were on hold while DPS investigated leads. The department's preference was 60 days instead of 30 days related to tracking missing persons. He explained that DPS received a 30-day notification, and it contacted the local police department to ensure nothing fell through the cracks. He stated that NamUs was more of a long-term missing person clearing house. He noted that family members were able to add information about a missing person before DPS. He elaborated that the federal government contacted

DPS prior to putting an individual in the database to confirm an individual was a missing person in Alaska. Additional information could continue to be added along the way such as photos and information from Facebook. The department also had its own missing person clearing house.

Commissioner Cockrell relayed that there were many good things about the bill. He explained that an Alaska Native female was 10 times more likely to get murdered in Alaska than the national average and four out of five Alaska women were victims of domestic or sexual violence or death. He stated that the bill would cement the importance the State of Alaska put on its indigenous people. He believed there were areas the state and DPS needed to work on including prevention. He expounded that he did not want to get to the point where the investigators were overwhelmed by cold cases; the crimes needed to be stopped before they happened. He highlighted that fundamentally how law enforcement was conducted in rural Alaska would need to change in order to make that happen.

[2:57:38 PM](#)

Commissioner Cockrell stated that since the department had taken the issue on, its troopers, Village Public Safety Officers (VPSO), and civilian staff had been overwhelmingly supportive. He was proud of the direction the department was going and the commitment it was showing. He hoped to close some of the cold cases to bring closure for families and to prevent crimes from happening. The budget provided funding for community outreach to educate individuals in rural Alaska on what to do if someone went missing. The department's budget also included the four investigator positions. He shared that at one point the department had received federal funding, but it had been discontinued after a year. Additionally, Senator Donny Olson had secured \$250,000 for the department to hire two more investigators the previous year to bring the number up to four. There was a lot of support for the direction the bill and department were going. He stated that it was necessary to keep the pedal to the metal to keep the issue from worsening.

[2:59:16 PM](#)

Representative Cronk shared that he had been on the MMIP working group the past summer. He stated there was good work taking place and he appreciated everyone's dedication.

He stated that the combined workload of cold cases and missing people was very large. He believed that any help the department needed to continue the work was warranted.

Representative Coulombe asked if VPSOs were included in the cultural training.

Commissioner Cockrell answered that VPSOs received the same training as troopers for the first part of the DPS academy. He relayed that 54 villages were covered by VPSOs who acted as first responders in many cases. He continued that as the VPSO program continued to grow, the response was quicker. He reported that a law enforcement presence (including VPSOs) in a village made it less likely a homicide would occur.

Representative Coulombe asked about the four investigators. She stated that some of the struggles with researching the cases was about getting the information; trying to get family members or neighbors to talk and villages to give up information. She remarked that the bill required a lot of giving up of information. She assumed that was voluntary if a family did not want to provide information. She asked if there was an improvement based on the work of the four investigators. She wondered if the investigators were still hitting some blocks or not seeing results.

[3:02:04 PM](#)

Commissioner Cockrell stated that people were most comfortable talking to law enforcement if they knew the officer and the officer was located in their community. There was a substantial decrease when a trooper or VPSO got to a village. He elaborated that it took time once law enforcement was in a village and eventually crimes decreased. He confirmed that if individuals in a community did not trust law enforcement it was more difficult to get information out. He saw the issue more related to drugs than homicide and violent crime. He was pleased with the direction the investigators were going and he received an update about once a month on the status. He stated that part of the issue was that the status source for DNA for Alaska Natives was small. He estimated there were about 120,000 Alaska Natives in Alaska, but very few had to submit DNA. Much of the investigating work was based on old evidence, most of which was DNA evidence. He was comfortable with the direction the department was going and

with the troopers doing the investigations. He shared that one trooper was Alaska Native and spent most of his time in the Hooper Bay region, another was Alaska Native and grew up in Nome. He stated that those things helped and the resulting information was helpful.

Representative Coulombe replied that Commissioner Cockrell's answer was helpful because she was trying to determine whether people trusted rural or urban law enforcement enough to provide the information. She asked how law enforcement agencies interacted in a missing person case. For example, she wondered if a case in Anchorage belonged to the Anchorage Police Department (APD). She asked if the case was ever transferred to special investigators. She asked how local law enforcement, DPS, and the Federal Bureau of Investigation (FBI) interacted.

Commissioner Cockrell answered that Alaska Natives were victimized in urban Alaska at a higher rate than any other ethnicity. He relayed that if there was a missing person in the Anchorage area, APD took the case. The same thing occurred for Nome and Kotzebue, unless DPS was asked to take the case. The department was currently working one cold case in the Kotzebue region. The department was currently looking at cases within state jurisdiction that had enough evidence to move forward with continued investigation. Once that pool was taken care of, DPS would look at other pools where other police departments had requested help with cold cases. The department preferred to take care of its jurisdiction first before going into other jurisdictions. He referenced the Ashley Barr situation in Kotzebue where DPS, the FBI, the Kotzebue Police Department, and the U.S. Marshal Service had been involved.

[3:06:53 PM](#)

Representative Hannan noted that Sections 2 through 5 of the legislation had immediate effective dates. She asked if the department was prepared to roll the sections out and make sure officers know how to collect and submit DNA etcetera.

Commissioner Cockrell needed additional information on each of the sections.

Representative Hannan explained that the sections pertained to reporting to NamUs including fingerprints, photographs,

and DNA. She noted that the sections had immediate effective dates, but she was concerned that if DPS was not ready to roll the sections out, the work would not actually start on July 1.

Commissioner Cockrell replied that he was not concerned because the department was already essentially doing what the bill sections outlined.

Representative Hannan asked if there had been discussion about including the FBI in the [MMIP review] commission's work in order to benefit from national work that may be taking place in other jurisdictions.

Ms. Chythlook-Sifsof answered that the national NamUs reporting system included a cross jurisdictional avenue for communication shared between multiple jurisdictions. She believed it was used by the FBI but was not certain. She relayed that law enforcement and tribal entities had access to communication through the database. She deferred to Ms. Kloster for additional detail.

Ms. Kloster answered that development of the commission had been done in coordination with DPS and the bill sponsors. She stated that when the bill had first been introduced several years back, around 18 people had been looked at as potential commission members. They had worked to narrow the size and work had been done to determine which positions would be most beneficial to be at the table. The commission looked internally at what was happening in Alaska and in the specific cases, including considering potentially confidential information, to determine solutions and generate a report. She relayed there were many other spaces where federal representatives were at the table. She detailed that she and her partners attended many of those meetings. She believed there were numerous jurisdictional issues when it came to the cases. She stated that the FBI tended to jump in upon request or in cases with children. She noted that Alaska was a bit different because the state led a lot of the public safety efforts. There were a lot of open communications between DPS, the FBI, and others. The makeup of the commission was looking at who had been involved in the MMIP cases, she was not necessarily opposed to adding the FBI if it was the will of the department and legislature. She believed the important thing was having the commission in place to look at all of the cases. She deferred to Commissioner Cockrell as well.

3:13:44 PM

Commissioner Cockrell replied that the FBI was not on the commission but they could be invited. He elaborated that the AST colonel, deputy commissioner, APD chief, Anchorage airport chief, marshal service, and all of the federal agencies met every other week. The state had robust interactions with all of the federal agencies and local Anchorage agencies. He expected that the commanders in Fairbanks, Mat-Su, and the Kenai Peninsula to be talking to the chiefs of police to ensure they were not missing something, whether it was drug related or missing persons related.

3:14:42 PM

Representative Hannan clarified that she was not suggesting adding in a federal agency and she did not believe they had that authority. Since the FBI and U.S. marshals were involved with interstate kidnapping and there was a jurisdictional problem when an offender left one state and entered another. She wanted to make sure the commission and investigative report engaged with federal law enforcement partners so the state was not continuing to work as an island. She wanted to make sure the data was nationally shared and that Alaska was taking advantage of any national or federally trained law enforcement to address the problem.

Commissioner Cockrell responded that he felt comfortable that the state had enough information sharing between state and federal agencies.

Co-Chair Foster OPENED public testimony.

TRACI FITKA, SELF, ANCHORAGE (via teleconference), shared that she was a cousin to murdered Kimberly Fitka O'Domin who went missing on June 15 [2023]. She shared that there was a recorded call between Ms. Fitka O'Domin and the VPSO in Marshall, Alaska where the officer stated that he could not detain a suspect for assault due to a heating fuel spill in the police department. She stated that as a result, the individual was left free to cause more corruption and eventually murder Ms. Fitka O'Domin. She shared that the family could not get any involvement from the Alaska State Troopers and the search and rescue team

conducted daily searches for five days until the state troopers arrived. She elaborated that the troopers would not provide the case number to the family until they mentioned MMIP. Ms. Fitka O'Domin's body was found 13 days after she had gone missing, 130 miles down the river. She shared that there was a witness statement that Ms. Fitka O'Domin's neck appeared to be broken. She relayed that the state medical examiner reported there was no water in her lungs; however, on July 6, the examiner and troopers determined she had drowned. She continued that the body had been released to a funeral home about two months later and then law enforcement had to retrieve it to complete a medical exam. She stated that from the beginning the family had been told law enforcement was doing a homicide investigation, but they clearly had not been.

Ms. Fitka addressed victim blaming. She shared that the ABI [Alaska Bureau of Investigation] captain reported slander to ruin the victim's reputation. She stated that science did not support the captain's claims. She shared that Ms. Fitka O'Domin was a mother of seven, a tribal administrator, school board member, and a member of the local corporations. She elaborated that the people who murdered her were free to live their lives. She believed that training was needed. The AST relied heavily on pictures and evidence from search and rescue and AST should have acknowledged they had not been present to take. There were witnesses who saw Kimberly held on the porch and drug to the river. She stated that Alaska Cares and an agency in Bethel did not do very well meeting with the children and interviewed them in the liquor store. She noted that Ms. Fitka O'Domin's glasses were produced by a family member of the suspects. She continued to explain the situation. There was a lot of information that could be shared. She had called Senator Lyman Hoffman to get the department involved, otherwise nothing would have happened. She thanked the bill sponsor and his staff for taking interest in the bill and the case. She believed trained law enforcement could step it up and provide respect and answers families deserved when a family member went missing or were murdered.

[3:24:21 PM](#)

ANTONIA COMMACK, SELF, WASILLA (via teleconference), shared that she is Inupiaq from the Native Village of Shungnak and had been an MMIP advocate for many years. She had started

the work after two of her best friends Robyn Gray and Kristen Huntington were murdered in Fairbanks. She elaborated that the two women were victims of domestic violence and had been violently murdered. Together the two women left behind six children who now had no mother. She shared that through her advocacy she had established meaningful relationships with numerous victims throughout Alaska. Her primary focus was MMIP cases that were ignored by DPS and local police departments such as Kotzebue, Nome, Barrow, and Juneau. She relayed that families all felt they were not seen or heard by law enforcement, and they all felt neglected by the people who swore to protect and serve them. She stated that there was no trust between the victims' families and law enforcement, and she hoped it would change with the bill.

Ms. Commack discussed that HB 234 included a mandatory cultural training under the police standards capsule, which was extremely important. She recently talked with a retired Anchorage Police Department officer who had taught at the police academy in Sitka and the officer told her that no cultural training existed and that many officers came from the Lower 48 with no understanding of Alaska Native culture and customs. She spoke to the importance of building relationships and trust with those she was speaking to as a victims' advocate. She stressed it needed to be understood by law enforcement as well. She added that the four current MMIP investigator positions were not enough. She had contacted investigators numerous times and had been told they were busy and had other cases they were working on. She shared that she had been asking them about a case in Kotzebue that Commissioner Cockrell talked about [earlier in the meeting] that was ruled a homicide. She relayed that Sue Sue Norton was beaten and strangled in her boyfriend's home, but there was no investigation by DPS until after an investigative article was written by Kyle Hopkins. The case was passed on to DPS MMIP investigators in 2023. She stressed that Sue Sue died on March 9, 2020. She asked why her family had to wait so long for justice.

Ms. Commack stated that she had heard the DPS commissioner say in a previous meeting that his investigators were very busy and he could keep at least six and up to eight investigators busy year-round. She believed DPS would benefit from having more MMIP investigators on staff because they were not able to keep up with the caseload. She relayed that the number of cold cases in Alaska far

exceeded the six cases Commissioner Cockrell said the department was working on. There were many families across Alaska waiting for justice and they were waiting because no one was available to work their case. She was not asking for results overnight, she was asking for the investigations to begin so families would have some closure. She highlighted there were barriers to getting information in rural areas. She had spoken to many families who constantly told her they were afraid to speak to law enforcement and they came to her with tips she tried to pass on to the investigators. She believed the problem could be fixed if groups worked together to provide better cultural training and understanding with DPS. She thanked the committee and stressed the importance of the bill, which would contribute to finding justice for MMIP.

3:29:04 PM

Co-Chair Foster recognized Representative Maxine Dibert in the committee room.

TERRA BURNS, ADVOCATE, COMMUNITY UNITED FOR SAFETY AND PROTECTION, FAIRBANKS (via teleconference), shared that the entity worked towards safety and protection for people in Alaska's sex industry. The organization strongly supported the bill and appreciated the leadership that had gone into it. She urged the commission to investigate the murders of several individuals whose deaths had not yet been investigated. She urged support for the legislation.

Representative Hannan asked Ms. Burns to repeat the names.

Ms. Burns replied Jessica Lake, Sarah Monroe, and Arnoldine Hill. She relayed that Ms. Monroe's death was not being investigated as a homicide even though the person who killed her had talked about it. She shared that Ms. Hill's body was found along the highway outside of Anchorage a couple of years back.

Co-Chair Foster thanked the testifiers. He CLOSED public testimony.

3:31:47 PM

AT EASE

3:32:26 PM

RECONVENED

Co-Chair Foster relayed that the Senate companion bill, SB 151 sponsored by Senator Olson was in the committee as of the previous evening. The fiscal note was different and there may have been some changes. He stated the bill would be scheduled as soon as possible. He asked the bill sponsor to provide any closing comments.

Representative McCormick thanked the testifiers who had called in and shared their stories. He stated there was a pervasive feeling amongst people across the state who were impacted by MMIP issues that they were left in the dark and that when they brought the issues to law enforcement the outcome did not always result in justice. He thanked the committee for the privilege of sharing the bill. He stated that the bill had been a long time coming and it had been an issue he had been aware of for a long time. There were a lot of family members who had been missing for a very long time. He urged the committee for swift action. He believed it was just the beginning and one facet of a multifaceted issue with getting justice for victims across the state. He thanked the committee.

Co-Chair Foster relayed that the fastest way to get the bill passed was to use the Senate Bill as the vehicle. He stated the current meeting was a good introduction.

[3:35:58 PM](#)

Representative Hannan requested an at ease.

[3:36:03 PM](#)

AT EASE

[3:37:15 PM](#)

RECONVENED

Co-Chair Foster discussed a way to expedite the bill. He could set a quick amendment deadline once the Senate Bill was heard by the committee.

Representative McCormick supported the idea.

HB 234 was HEARD and HELD in committee for further consideration.

Co-Chair Foster discussed his plan for the remainder of the meeting. There were two additional bills left on the agenda.

#hb55

HOUSE BILL NO. 55

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

[3:38:52 PM](#)

REPRESENTATIVE ASHLEY CARRICK, SPONSOR, thanked the committee for hearing the bill that would reauthorize the Technical Vocational Education Program (TVEP). She detailed that the TVEP program began in 2000 and was intended to provide noncompetitive grant assistance to education entities delivering specific vocational and technical training in Alaska. In 2014, the legislature increased the funds diverted from the Unemployment Insurance (UI) Fund, which funded TVEP, from a 0.15 percent distribution up to a 0.16 percent distribution. The distribution amount had remained the same since the change in 2014. The bill maintained the ten statutory recipients currently in statute while maintaining the 0.16 percent distribution and currently proposed a one-year extension in the House Labor and Commerce committee substitute.

Representative Carrick discussed the technical training areas TVEP recipients offered to students. She detailed that from industries as diverse as healthcare, transportation, mining, construction, fisheries, aviation, and other vocational training, TVEP recipients were providing a large number of different career paths for students. The funding was distributed through the UI trust from the employee portion of taxable wages. She noted that the funds were not unrestricted general funds (UGF). She relayed that over time the TVEP recipients had changed. When the program was conceptualized in 2000, there were three recipients. The University of Alaska had a 52 percent distribution and the other two recipients were the Kotzebue Training Center and the Alaska Vocational Technical Center (AVTEC). A fourth recipient was added in 2001 and two additional recipients were added in 2004. The program expanded in 2008 to the 10 current recipients. She noted that the current recipients distributed funds all across

the state. The University received 45 percent of the TVEP funding, which was administered statewide, primarily to the community and regional campuses throughout the system. Other recipients were located in Bethel, Delta, Kenai, Nome, Utqiagvik, Dillingham, Galena, Seward, and Kotzebue.

Representative Carrick relayed that in previous years, the TVEP distribution amount had equated to approximately \$10 million to \$12 million. In FY 23, the distribution was just over \$13 million across the system. She noted that in the most recent TVEP reauthorization it had been suggested that a legislative audit should be included as part of the reauthorization process in order to better understand the current return on investment for the programs and the potential complications or challenges around the statutory distribution. She clarified that the audit did not say that the State of Alaska was getting a bad return on investment from the funds distributed to approximately 8,528 people in 2023 who were trained through TVEP funds. The main audit concerns cover the statutory designation system, the TVEP subaccount being subject to the sweep, and some administration issues with the Alaska Workforce Investment Board (AWIB). She welcomed the comments and was grateful the audit took place. The audit results were also thoroughly discussed in the committee process prior to reaching the House Finance Committee. She relayed that the legislation was fairly heavily amended in the House Education Committee and those changes were walked back in the House Labor and Commerce Committee. The House Labor and Commerce Committee version was the bill currently before the House Finance Committee. The current version of the bill maintained the ten statutory recipients and proposed a one-year extension for TVEP.

[3:45:33 PM](#)

Co-Chair Foster asked for a review of the audit.

KRIS CURTIS, LEGISLATIVE AUDITOR, DIVISION OF LEGISLATIVE BUDGET AND AUDIT, discussed that TVEP was created in FY 01 and was intended to be a grant program to adequately fund technical and vocational education and build capacity at the postsecondary level. She detailed that the bill passed in FY 01 included a provision in uncodified law to award the first year funds to the three specific entities. She relayed that grant regulations were created in 2002 by the Alaska Workforce Investment Board. Additionally, AWIB

developed guidelines and a priority list on an annual basis. She explained that although the grant regulations were created and the grant process was in statute, the direct award of TVEP funds to specific training providers continued each year after the first year (first in accordance with the uncodified law and then codified in 2009). She relayed that the recipients had increased to 10 providers in FY 22.

Ms. Curtis referenced exhibit 1 on page four of the audit report (copy on file) showing the 10 providers and statutory allocation percentages. Page 5 included a map showing the provider locations, which were dispersed throughout the state. She explained that TVEP was funded by diverting a percentage of the unemployment taxes from employees from the UI fund into a subaccount of the general fund called the TVEP subfund.

Ms. Curtis reported on audit conclusions. She relayed that one of the objectives was to report on the use of TVEP funds. She began on page 10 of the audit report and highlighted there was \$12.9 million expended in FY 22. She detailed that most of the costs came from the 10 training providers. The Department of Labor and Workforce Development (DLWD) incurred approximately \$400,000 to help administer the program. While looking at the expenditures, the audit noted that 7 of the 10 providers were underpaid in FY 22. She elaborated that when calculating the amount due to 7 of the providers, AWIB staff based the amount on preliminary numbers. She directed attention to exhibit 3 showing which of the providers were underpaid. Collectively, 7 providers were underpaid \$666,500. Exhibit 4 summarized the TVEP expenditures by category. She highlighted that administrative costs were 7.1 percent of the total expenditures and by statute, administrative costs could not exceed 5 percent. The audit found that the 5 percent cap was not being monitored or enforced by AWIB under a misunderstanding that the cap was only applicable if the money was awarded via a grant process. She relayed that AWIB received guidance from the Department of Law (DOL) after the audit was requested to clarify that the cap was applicable. She relayed her understanding that the cap was now being enforced starting in FY 23.

Ms. Curtis relayed that exhibits 5 and 6 on page 13 of the audit report summarized the participants' training and cost by type of training category. She pointed out that health

was often the largest category. She moved to page 14 pertaining to the impact of the sweep and reverse sweep on the TVEP subfund. She detailed that the TVEP subfund was subject to the constitutional requirement to transfer available fund balance at the end of the fiscal year to the Constitutional Budget Reserve (CBR) fund as repayment of amounts borrowed from the general fund. The repayment was known as the sweep and historically there was a reverse sweep provision added to the operating budget in the following year to restore the amounts swept from the subfunds. Beginning in FY 22, the reverse sweep was not included in the operating budget and TVEP had a balance of \$2.4 million that was swept into the CBR. She continued that because TVEP was funded by diverting employee taxes, the sweep had the effect of using employee UI taxes to repay the general fund CBR liability.

[3:50:46 PM](#)

Ms. Curtis explained that one of the objectives of the audit was to evaluate whether TVEP was designed to meet the training needs of Alaska by region and industry. She detailed that the program was not operating as intended. She expounded that TVEP was intended to be a grant program administered by the state's lead employment training planning agency AWIB. The grant process was still in statute, but those statutes were being overridden by other statutes that directly awarded funds to 10 training providers.

Ms. Curtis stated her understanding that HB 55 only reauthorized the direct award to the 10 training providers. She stated that the program was not being reauthorized. She furthered that the grant process and diverting of the funds into TVEP was in statute, which was not being impacted by HB 55. The audit concluded that the design was not the best way to go about funding. She elaborated that there had been no analysis as to whether the 10 training providers were meeting the needs of the specific regions including regional access to training, training capacity, and need for specific types of training.

Ms. Curtis shared that the audit concluded that the funding process did not afford all Alaskan training providers an opportunity to participate in the program. Another objective of the audit was to evaluate TVEP's performance measures. The audit concluded that TVEP did not have

adequate performance measures. The program had performance metrics, but those metrics were not evaluated against any stated objectives or goals. She stated that without the benchmarking aspect, the metrics fell short of communicating the program's effectiveness.

Ms. Curtis moved to page 21 of the audit report, which addressed the impact of TVEP on the balance of the UI fund. The UI fund was evaluated annually by DLWD staff. The evaluation included calculating a reserve rate: the ratio of the fund balance to the total wages of taxable Alaskan employers. She stated that if the reserve rate was 3 percent or less, employers had a fund solvency adjustment that was part of the UI tax rate (the tax rate increased); however, if the rate was 3.3 percent or greater, employers received a solvency adjustment (the tax rate decreased). She expounded that TVEP had diverted \$204 million from the UI fund from FY 01 to FY 22. She echoed comments made by Representative Carrick. She relayed that the audit did not provide any analysis on whether that was worthwhile or effective. The audit simply concluded that the design of how the money was given to providers was not optimal. The audit concluded that the use of the funds lowered the fund balance and likely resulted in higher tax rates. She clarified that the audit did make conclusions about the program's worthwhileness, justification, or benefit to the state as a whole.

Ms. Curtis highlighted the two recommendations beginning on page 23 of the audit report. First, the audit recommended that the legislature repeal the direct funding of 10 training providers in HB 55. The audit also recommended that the DLWD commissioner work with the Office of Management and Budget (OMB) to resolve the underpayments to the 10 training providers that were collectively underpaid \$666,500.

[3:55:27 PM](#)

Representative Ortiz stated his understanding that the bill called for a one-year extension. He asked if it was a result of the audit recommendation or if it had been standard past practice.

Ms. Curtis answered that the audit did not recommend extension. However, she thought it would be fairly

detrimental for recipients of the funding to no longer have funding all of a sudden.

Representative Carrick replied that it was part of the reason the bill only had a one-year extension as opposed to the original bill's six-year extension.

Representative Ortiz asked if there were concerns about any of the individual recipients as being legitimate and constitutional.

Ms. Curtis answered auditors had visited 5 of the 10 training providers and audited about 75 percent of the total. She detailed that one of the objectives was to make sure the amounts they were reporting were reliable. Additionally, auditors had the recipients categorize the expenditures in different ways in order to present them in the audit report. She relayed that the information the recipients provided was accurate as was the methodology used to break out the information. The audit did not go into whether one provider training was more valuable than another. The audit report included profiles of each recipient in order for legislators to look at the details of how much each recipient spent, how many people they trained, and the mode of training. Auditors were impressed by the University's method of awarding the funds. The University awarded the funds statewide and had an internal competitive grant process that aligned with AWIB's priorities.

[3:58:47 PM](#)

Representative Josephson referenced Ms. Curtis's statement that the statute creating the program was originally intended to be a grant process. He asked if that meant the state did not plan to take from a UI fund and would give cash for training.

Ms. Curtis answered in the negative. She explained that the program was always intended to be funded with UI taxes. There were statutes in place specifying that AWIB would award the funds through a grant process.

Representative Josephson was concerned about the swept money. He referenced the Hickel v Cowper case, which specified that if the state had federal dollars those funds could not be swept because they did not belong to the

state. He highlighted that the state could not sweep other people's money. He stated it was his understanding that UI was made up of employer and employee funds. He referenced Ms. Curtis's testimony that over \$2 million was gone [and had been swept into the CBR]. He asked how it was different from theft.

Ms. Curtis responded that the money was diverted before it reached the UI fund. She stated that the legality of that was something the legislature could look into as far as dedicated revenues and funds that existed pre-statehood and whether the state was walking on shaky ground even diverting anything. She could not speak to the question about theft. She noted that the program had been in place since 2001. She added that the State Training and Employment Program (STEP) existed before TVEP and had the same funding mechanism.

Representative Josephson stated that it was his understanding that in Alaska the unemployment funds an individual received were very modest compared to other locations such as Washington state. He surmised that TVEP was a conservative solution to unemployment. He explained that rather than giving cash, the state was hoping to retrain workers. He asked if the statements sounded roughly correct.

Ms. Curtis replied that she saw why Representative Josephson was saying that. She explained that the people who received training from STEP actually contributed to the funding of the program. There was not a direct one-to-one relationship for people who benefit from TVEP, and they may not have ever paid into UI fund.

Representative Josephson remarked that in many states the \$2.3 million [that was swept into the CBR in FY 22] would have gone to unemployed people to survive and instead it had gone to the general fund, which struck him as improper.

[4:02:48 PM](#)

Co-Chair Foster noted he had to step out and would hand the gavel to Representative Tomaszewski.

Representative Galvin stated that her takeaway from Ms. Curtis's report was it was not a great review overall. She surmised that changes needed to be made and there were

perhaps some legal issues. She stated her understanding that it would be too detrimental to the 10 recipients and the students to wipe out the program completely at the current time.

Ms. Curtis clarified that the audit did not have any conclusions about the worthwhille of the program. She explained that it primarily considered the two competing statutes: the statutes for the grant process and the statutes for the direct award. The auditors were not a fan of the direct award because its design did not allow the program to be as effective as it could be. The audit determined that AWIB was the best entity to identify priorities, regional needs, and industry needs. She clarified that the 10 existing recipients may end up being the entities getting the grants from AWIB, but it was an unknown. The audit report merely took exception to the funding mechanism.

Representative Galvin viewed the bill as a placeholder. She asked if there was a legal problem with continuing the program as-is for one more year while things were put together.

[4:05:57 PM](#)

Ms. Curtis answered there was no problem prior to the bill and she believed everyone was onboard that what had been taking place was legal. She clarified that the audit report determined it was merely not the best way. She stated it was a policy decision for the legislature to consider. She left it up to policymakers to decide whether to extend the program for one year, five years, or include a transition to another mechanism.

Representative Galvin directed the same question to the bill sponsor. She stated the report had not been a good review overall. She highlighted the poor review of the administrative process and whether the metrics fit goals. She asked if HB 55 was the answer. She asked if a decision had been made that it would be too messy to clean things up in one year.

Representative Carrick answered there were a lot of questions about how to move forward in the long term with TVEP. She highlighted that the value of the training was not in question. She explained that the legislation would

hold the providers harmless for the coming year. In terms of what would happen after HB 55, she believed there were many questions that needed to be answered. She agreed with comments made by Representative Josephson. She noted his use of the word theft. She had a lot of concerns about the fund sweep. She relayed that as soon as she saw the audit, she had legislation drafted to exempt all UI trust subaccounts from the sweep. She believed it was something the legislature needed to pursue as a separate policy call. She did not recommend including that specific issue in HB 55, in order to hold the current providers and mostly the current students harmless for the coming year.

Representative Galvin asked if there was a concern that the UI funds would be contested legally because of the two conflicting statutes.

Representative Carrick answered that as mentioned by Ms. Curtis, the program had continued to be reauthorized four or more times since the program's inception. The two sets of conflicting statutes had existed since the inception of the program. She did not believe the state would see an immediate legal challenge based on something that had existed for 24 years.

[4:09:53 PM](#)

Representative Coulombe thanked Ms. Curtis for the thorough audit. She asked if Ms. Curtis stated that \$200 million had been used for the program since 2001.

Ms. Curtis confirmed that \$204 million had been diverted out of the UI fund into the TVEP subfund through FY 22.

Representative Coulombe asked for verification that if a training provider was not currently on the statutory list as a fund recipient they could not apply for funding.

Ms. Curtis responded affirmatively.

Representative Coulombe stated her understanding of Ms. Curtis's statements to be that the intention of the program was to be funded out as grants. She also thought she heard Ms. Curtis say the intention was to have a noncompetitive grant fund. She asked for clarification.

Ms. Curtis answered that statute talked about a grant program established by AWIB. She explained that typically a grant had competitive type aspects where an entity had to apply, there was a ranking, and funds were awarded.

Representative Coulombe asked for verification that the bill was giving money to the training providers and not reauthorizing TVEP. Alternatively, she asked if the bill reauthorized TVEP for one year for the specific group of organizations.

Representative Carrick answered that HB 55 reauthorized TVEP and would only give the fund percentages listed to the 10 recipients.

Representative Coulombe asked for verification that the funding went towards the operations of the vocational centers and not directly to students.

Representative Carrick agreed. She detailed that the funds went directly to training providers to fund program operations. The students benefitted from the programs, but the funding went directly to training providers.

[4:12:56 PM](#)

Representative Hannan stated that the audit had been at the request of the legislature. She asked if Ms. Curtis anticipated doing another audit in the coming year.

Ms. Curtis answered that another audit would not be conducted unless it was requested by the Legislative Budget and Audit Committee. She added that by then it would take a few years to start it.

Representative Hannan stated she had some heartburn over the swept funding that had not gone to UI intended purposes. She noted that TVEP was an intended purpose as set in statute. She detailed that the legislature had identified the funding amount that could go into the TVEP fund; however, if it was not expended in a year, it was swept. She asked if Ms. Curtis would recommend the funding mechanism be severed from UI or tied more directly. She observed it appeared that originally there had been a lag (e.g., UI funds collected in FY 20 were awarded to TVEP in FY 21). She asked if Ms. Curtis anticipated a multiyear grant. She used a welding training center as an example and

explained that it would not be set up for one year at a time.

Ms. Curtis responded that the AWIB board would create the regulations. She knew there were questions about stability and providers knowing [what funding they would receive], which could be addressed by making multiyear grant awards. She explained that currently the monies that went into the fund were paid out in the same year. She noted there were some weird things about how DLWD estimated how much would be paid out. She elaborated that they kind of provided a little cushion; however, there was always the reverse sweep, so DLWD never had to worry about anything happening to the funds. She explained there had been a cushion of funds, one of the providers did not spend most of its funds, and then there had been the \$666,000 underpayment [to some of the providers], which had resulted in a perfect storm anomaly where there was a large amount of funding in the fund at the end of the fiscal year. She did not see any problem with the funds going in and out in the same year. She believed the Legislative Finance Division (LFD) already had a fix for that. She stated that the executive branch typically set up how the monies were to be granted out, which they already did with numerous other training grantees. She added they were already in the process of doing that with federal and other state money.

[4:16:55 PM](#)

Representative Hannan directed a question to the bill sponsor. She surmised that the bill would extend the current program for one year and people were already anticipating the need to clean up the statutory conflict and ensure the funding mechanism was more secure. She asked for verification that the legislature should not be attempting to solve those issues through HB 55.

Representative Carrick responded that the instability that came with limiting the reauthorization to one year was a strong signal to the training providers. She speculated that were the legislature to come back the following session and immediately begin work on solving some of the challenges and creating a competitive process, the providers would hear the message. She noted that AWIB did not believe it currently had the capacity to immediately do administration of the TVEP program as a competitive program. She explained that if the legislature made the

changes in the current year, it would destabilize the current training providers and would potentially set up a competitive process for failure. She believed the issues were some of the considerations made by previous committees as to why the bill was in its current form.

Representative Hannan asked if there was a companion bill in the Senate or if HB 22 was the only vehicle to ensure TVEP funding would be awarded for the coming year.

Representative Carrick answered that HB 22 was the vehicle.

Acting Chair Tomaszewski noted that Paloma Harbour with DLWD was available for any questions on sweepable.

Representative Stapp asked for verification that HB 55 would essentially put a one-year stay on the program in order for the legislature to have enough time to figure things out.

Representative Carrick replied it was how she personally viewed the situation. She had worked on a potential committee substitute, which would provide for a competitive structure per the underlying statute in the legislation and would address some of the other considerations politically that had taken place over the years; however, she believed the potential to destabilize the great workforce development happening with the funds was paramount to the decision making at present. She suggested the legislature put a stay on making those changes. She suggested that two years was a much better timeframe to avoid a time crunch on making the decisions in a reauthorization year the following session.

Representative Stapp stated the program had been going a long time and he did not want to see it destabilized. He was in support of at least a one year stay of the program, which would be less disruptive for the users. He directed a question to Ms. Curtis. He thought it seemed that some of the institutions on the list were not public institutions and the legislature was giving them state money for educational purposes. He noted there was a recent court case about that type of issue. He did not know whether it came up in the audit.

[4:21:10 PM](#)

Ms. Curtis answered that the audit had not addressed the issue and only considered what it had been asked to do. She noted that if anyone wanted more information about the recipients, details were in the appendix to the audit report. She explained there was information about how the providers conducted their training, the number of people served, and the cost per participant.

Representative Stapp relayed that he had reviewed the appendix and noticed that many of the institutions receiving state money were private and some had religious overtones. He thought it was interesting that the legislature was making sure to have at least a one-year stay on the program so it would not be disruptive.

[4:22:12 PM](#)

AT EASE

[4:57:58 PM](#)

RECONVENED

Co-Chair Foster OPENED public testimony.

DON ETHERIDGE, ALASKA AFL-CIO, shared that he had been with the legislation since its inception. The AFL-CIO and the Alaska Works Partnership had been very active in getting the program started. He clarified that AFL-CIO members did not receive money from the program. The AFL-CIO liked the idea of the program because it helped educate more workers and more workers were needed all of the time. He stated the entity was fully supportive of the TVEP program. He relayed that it would be unfair to remove the funding from the recipients without notice. The organization supported the program extension for one or more years. The program had started as a grant program and different legislators had started adding to it. He explained that over time everyone "was holding it hostage to get what they wanted into it." He stated that the desire had been to keep the training going because many of the programs could not afford to purchase new equipment or keep up with current operations without the funding. He concluded that AFL-CIO was in full support of the bill and believed TVEP was a great program to keep alive. He thanked the committee.

[5:01:18 PM](#)

Co-Chair Foster CLOSED public testimony. He provided details for individuals who may want to provide written testimony.

Co-Chair Foster asked for a review of the fiscal notes.

PALMONA HARBOUR, DIRECTOR, DIVISION OF EMPLOYMENT AND TRAINING SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, began with OMB component number 2761. The fiscal note was zero and it had been submitted because there had been a fiscal impact to workforce services under the last version of the bill. She moved to the second fiscal note was OMB component number 2276 pertaining to unemployment insurance. The note had not changed since the original version of the bill and reflected the cost to collect the revenue into the TVEP account. She explained that the department could not cover the cost with UI administrative funds, it had to cover the cost with TVEP funding. She elaborated that the cost would exist as long as the TVEP account was in statute for collecting the revenue (with or without the allocation in HB 55).

[5:03:58 PM](#)

Representative Tomaszewski asked why it cost so much to collect [the revenue]. He thought it appeared to be a simple calculation.

Ms. Harbour answered it was based on a federal approved allocation of the department's overall tax unit costs. She elaborated that all of the costs associated with the tax system (including collections and auditing staff and IT support) that DLWD used to collect the UI program, the State Training Employment Program (STEP), and TVEP, were spread across the three programs in an equitable fashion reviewed and approved by the federal government. The cost in the fiscal note was based on the federal analysis of the level of effort related to the accounting for STEP and TVEP as opposed to the UI program. She expounded that it was 8.5 percent of costs each fiscal year.

Representative Galvin asked if the fiscal note reflected one-third of the total cost since three entities were sharing in the cost.

Ms. Harbour answered that the amount in the fiscal note was much less than one-third. She relayed that it was 8.5

percent of the total collections cost for UI. Of the total cost for the tax section, tax system, and IT support, 19 percent was split evenly between STEP and TVEP.

Representative Galvin asked what \$83,800 in services represented.

Ms. Harbour answered it covered IT support and core services (e.g., lease costs and human resources costs).

Representative Galvin asked about the \$375,300 for personal services. She asked if it was a shared number of PCNs [position control numbers] doing the work.

Ms. Harbour agreed. She detailed that the personal services line reflected a share of the costs for the tax unit including collections staff and auditors.

Representative Galvin asked if the work of taking in the funds had been modernized. She asked if the work was done by hand or computerized.

Ms. Harbour answered that DLWD had built in as much automation into the process as possible (e.g., employers filed online). The department had found since the COVID-19 pandemic it had been necessary to return to more paper and pencil due to a significant increase in fraud. She noted that the department was catching the fraud and it had not been getting through.

[5:08:14 PM](#)

DIRK CRAFT, EXECUTIVE DIRECTOR, ALASKA WORKFORCE INVESTMENT BOARD (via teleconference), reviewed OMB component number 2659. He relayed that the fiscal note remained largely unchanged since the governor authorized the amount necessary for 7 of the 10 TVEP recipients administered by AWIB, and the personal services associated with the administration.

Ms. Harbour reviewed the last fiscal note OMB component number 2686 pertaining to TVEP. The fiscal note showed the allocation to TVEP in Seward if it were reauthorized as proposed in the bill.

Co-Chair Foster thanked the department.

Co-Chair Foster asked if Mr. Hutchison wanted to testify.

CHAD HUTCHINSON, DIRECTOR OF GOVERNMENT RELATIONS, UNIVERSITY OF ALASKA, deferred to a colleague to review the fiscal note.

ALESIA KRUCKENBERG, DIRECTOR OF STRATEGY PLANNING AND BUDGET, UNIVERSITY OF ALASKA (via teleconference), reviewed OMB component number 1296. The fiscal note included a calculation provided to the University by DLWD based on the funds DLWD would have to distribute. The proposed amount for the University for FY 25 was \$6,746,900, which reflected a \$510,400 increase over FY 24 base funding. The University had also received a supplemental of \$370,300 in FY 24.

[5:11:58 PM](#)

DEBORAH RIDDLE, DIVISION OPERATIONS MANAGER, INNOVATION AND EDUCATION EXCELLENCE, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), reviewed OMB component number 2796. The note reflected the amount allocated for the Galena Interior Learning Academy.

Co-Chair Foster set an amendment deadline for Thursday, May 2 at 5:00 p.m.

HB 55 was HEARD and HELD in committee for further consideration.

#hb145

HOUSE BILL NO. 145

"An Act relating to loans in an amount of \$25,000 or less; relating to deferred deposit advances; and providing for an effective date."

[5:14:38 PM](#)

Co-Chair Foster noted that public testimony had been left open at a previous hearing on the bill. He moved to public testimony.

[5:15:32 PM](#)

PATRICK BRENNER, PRESIDENT, SOUTHWEST POLICY INSTITUTE, LAS CRUCES, NEW MEXICO (via teleconference), relayed that in

2023, New Mexico adopted a rate cap law intended to eliminate predatory lending. Despite the intentions, the results had been disappointing. He stated that the anticipated market adjustment did not materialize and traditional banks and credit unions had not filled the void. He had tested the accessibility of emergency credit under the current conditions by applying for small dollar loans from major banks and credit unions in New Mexico. Despite applying at institutions like Wells Fargo, U.S. Bank, and Bank of America, as well as 16 credit unions, he had faced rejections from all of the banks and only conditional approval from two credit unions after substantial time and effort. He stated that the application process was excessively complex involving numerous requirements, the opening of new accounts, considerable financial commitments, and extensive paperwork. He relayed that he had spent about 20 hours over 2 months attempting to secure one emergency loan. He stated it was a task that would be nearly impossible for most consumers, especially during financial emergencies. He added that the effort significantly harmed his credit score, which dropped over 100 points due to multiple hard credit enquiries by institutions, which had subsequently increased his borrowing costs. He urged the committee to recognize the practical shortcomings of the bill. He stated that in New Mexico, the expectation that banks and credit unions would replace alternative lenders had not occurred. He reiterated other impacts he believed the bill would have. He asked the committee to consider the real world impacts and need for balanced regulations that assure accessible credit for all, particularly those in precarious financial situations.

[5:17:55 PM](#)

SCOTT PEARSON, SELF, LOS ANGELES, CALIFORNIA (via teleconference), shared that he is a financial services lawyer located in Los Angeles. He hoped to help the committee understand the regulatory environment in the particular space. He referenced the term rent-a-bank, which had become popular in the press. He stated that the term did not accurately reflect the level of protection for consumers that existed in programs where a non-bank company partnered with a bank in order to expand credit availability for average consumers. He explained that banks were typically heavily regulated and exercised considerable oversight over the lending programs. He added that regulators also exercised oversight over the programs. He

elaborated on the oversight process. He remarked that banks audited service providers to banks and those partners frequently needed to obtain various state licenses to engage in loan servicing. He disputed the idea that banks let lenders put their names on loan documents and then merely walked away.

Mr. Pearson relayed that the company he worked for represented numerous start-ups that wanted to extend credit to people who had difficulty getting credit. He noted that the costs of entering the market were substantial. Typically, companies had to obtain state licenses, which was burdensome and expensive. They also needed to build a system to deal with periodic examinations from regulators. He explained that banks had considerable expertise in lending and complying with all of the laws that apply to lending. He detailed that the lending companies frequently wanted to partner with banks in order to get into the market more quickly. He stated that the bill would create significant barriers to entry and its ultimate impact would be to constrain credit.

Representative Stapp referenced the mention of the regulatory burden and difficulty of getting state licenses. He asked how difficult it was for one of the clients to get a license in the State of Alaska.

Mr. Pearson replied that he could not answer the question directly. He relayed that for a nationwide licensing program normally the cost was well into six figures, and it took about a year to get all of the licenses.

Representative Stapp believed Mr. Pearson had stated the cost was well into six figures. He thought Alaska's licensing fee was pretty marginal, but if the average was in the six figures it should be considered by the committee.

Mr. Pearson clarified that he was not referring to the cost of the fee charged by the licensing agency. He was referencing, in addition to those fees, the expenses paid to firms and consultants to help navigate the process. He remarked that Alaska's process may be leaner than other states. He explained that in terms of setting up a nationwide lending program, the cost was in the low six figures to mid six figures to get the program off the ground. One of the benefits of bank partnerships was the

ability to get into the market faster and at a lower expense.

Representative Stapp asked what the registration fee was in California.

Mr. Pearson responded that he did not know the fee off the top of his head. There was a team of people who handled licensing work. He worked with clients on the overall costs. He was happy to follow up with the information in writing.

Representative Stapp would appreciate the information.

Co-Chair Foster provided the email address.

[5:25:35 PM](#)

ANDREW DUKE, CEO, ONLINE LENDERS ALLIANCE, ARLINGTON, VIRGINIA (via teleconference), relayed that the Online Lenders Alliance was a diverse group of lenders, service providers, and vendors that used technology to increase credit options for consumers. He referenced another individual named Brendan Bolen who had been planning to testify but was unavailable at present. He detailed that the individual was an author of a key study on the impact of a similar bill in Illinois on consumer credit. He believed the information was available to the committee and thought it was valuable for consideration on the bill. He thought some of the comments and narratives around the bill seemed to be a distorted picture of what happened with consumers options and credit access when "these types" of restrictions were imposed, especially when the primary metric was an annual percentage rate (APR), which could fluctuate greatly with the size and duration of a loan.

Mr. Duke relayed that relevant data pertaining to the bill was in the organization's updated letter including data from the Consumer Financial Protection Bureau showing that like all Americans, Alaskans faced financial issues and challenges, but small dollar lending hardly registered among their concerns. He highlighted that in 2021 Illinois enacted similar legislation. His trade association conducted a survey of loan borrowers impacted by the law. Of the 700 respondents, 56 percent reported they were unable to access credit after the restrictions took effect. When asked what happened when individuals were unable to

borrow money, the top answer was that they paid bills late, which generated overdraft fees. Some reported that utilities had been cut off. He reported that about 80 percent said they would go back to their previous lender if possible. As a result of the legislation passed in Illinois, many lenders had left the state and there was a sharp decline in the number of lending licenses. The alliance advocated for creating more credit options for consumers.

Representative Galvin asked what the average APR charge was.

Mr. Duke replied that using APR was as a measure of cost on a small dollar short-term loan was misleading as the metric was highly impacted by the duration. Ultimately banks were in charge of their lending programs and his members were acting as service providers to the bank. The banks were often offering a consumer loan that was likely a noncollateralized risk price installment. He relayed that with a shorter duration risk price the APR calculation would exceed 36 percent.

Representative Galvin referenced Mr. Duke's statement that the APR calculation exceeded 36 percent. She asked about the average APR to the consumer in Alaska based on any clients Mr. Duke worked with in Alaska.

Mr. Duke offered to follow up with the information.

[5:31:17 PM](#)

Representative Ortiz was trying to get at the same answer that Representative Galvin was seeking. He asked why the particular type of lending service could not make money at 36 percent.

Mr. Duke replied that much of the reason was that the duration of a loan had a tremendous impact on the APR calculation. He began to discuss how to calculate APR.

Representative Ortiz understood how APR worked. He stated that generally in the commercial lending field banks chose to loan money at a much lower rate than 36 percent. He reasoned that evidently they made money doing it, otherwise they would not do it. He asked why that could not happen with the type of lending service Mr. Duke worked with.

Mr. Duke believed banks typically served the prime customer base. He believed a lot of the short-term loan products were extended to the subprime customer base and the risk profile was higher. He relayed that a risk priced loan carried a higher rate, especially if it was noncollateralized.

Representative Stapp considered that the loans under discussion were high risk and directed at individuals without much collateral. He asked Mr. Duke what the appropriate percentage would be. He asked if it was not in the 30s whether it should be 200 or 300 percent.

Mr. Duke replied that with technology through alternative data, the underwriting model was becoming increasingly sophisticated and it was possible to better predict the outcome of a loan and to drive down the cost of a loan to consumers. The fee schedule for the deferred deposit model was straightforward and in statute. Under the bank model, banks were in charge of the process and it was ultimately up to them to determine the proper rate. He stated that for small-dollar short-term loans, especially under one year, the APR would look much more outsized than a longer term loan extending for something like two years. He stated that with a 36 percent APR it meant the loan size needed to be about \$2,500 in order to break even. The rates would be higher to properly price in risk if the loan was under \$2,500.

Representative Stapp understood collateralization and cost. He clarified his question and noted that Mr. Duke had talked about the underwriting model. He stated that if the number was not in the 30 percent range he had asked if the number was 300 percent. He wondered if the number was supposed to be higher than that at 1,500 or 2,000 percent given the short duration of the loan. He wanted a ballpark number. He asked if it was 3,000 percent or less.

Mr. Duke did not believe anyone would say that. He stated that even when considering the extreme calculation of an overdraft product it calculated out to something like 1,700 percent. He stated that there were scenarios where short-term small-dollar loans could get to three digits.

[5:37:06 PM](#)

Co-Chair Johnson stated the research she had received by someone very familiar with the industry showed loan rates over 500 percent for these loans. She asked if it was a number Mr. Duke was familiar with.

Mr. Duke asked for clarification on what she meant by these loans. He asked if she was talking about Alaska specifically.

Co-Chair Johnson replied that she was talking about Alaska. She was referencing payday loans taken out by 15,000 Alaskans in 2023.

Mr. Duke responded that the fee schedule was in statute. He speculated that the scenario likely factored in some sort of renewal that took place more than once. He clarified that he did not know, but it was what it sounded like to him if Co-Chair Johnson was talking about the deferred deposit product.

[5:38:40 PM](#)

ANDREW KUSHNER, SENIOR POLICY COUNSEL, CENTER FOR RESPONSIBLE LENDING, OAKLAND, CALIFORNIA (via teleconference), shared that the organization was a nonprofit, nonpartisan policy and research organization dedicated to building family wealth through curbing abusive financial practices. The organization was affiliated with the Self Help Credit Union, a nationwide community development financial institution providing access to safe and affordable financial services to low income communities and borrowers. The organization supported efforts like HB 145 to cap interest rates at around 36 percent or less in states across the country. He stated that payday and other predatory lenders claimed to provide consumers with quick and easy cash for occasional needs, but in reality, they snared many consumers in a debt trap, which only exacerbated financial hardship. He relayed that payday lenders in Alaska routinely charged APRs of up to 424 percent, made no real assessment of a borrower's ability to repay the loan, and took money directly from borrowers' bank accounts.

Mr. Kushner relayed that the industry's business model depended on trapping consumers in a cycle of debt so that lenders could charge further fees. He stated that unaffordable credit was a feature, not a bug, of the

predatory lender business model. He addressed a couple of the public testimony arguments by industry in opposition to the bill. First, the committee had been told that APR was an inappropriate metric for short-term loans. There was a reason why federal law required payday and other short-term lenders to disclose APR. He stated that the lenders hated the disclosure law. He explained that the law enabled borrowers to compare the relative cost of credit across financial products, empowering them to make informed choices. With respect to short-term loans, research showed that many of the loans were refinanced and extended for months or years. He elaborated that the Consumer Financial Protection Bureau (CFPB) found that 75 percent of payday loans went to borrowers who took out 10 or more of the loans annually. He highlighted that by design, payday loans created a cycle of long-term debt for borrowers and a high cost of loans over the duration of the cycle.

Mr. Kushner remarked on the proposal to cap rates at 36 percent, which industry claimed would constrain access to credit. He stated that 36 percent was a widely recognized dividing line between responsible and irresponsible credit. He explained that loans and interest rates above that threshold did far more harm than good. He stressed that a loan borrower could not afford put the individual further behind. He stated there were many lenders whose business model depended on making irresponsible loans indiscriminately; however, there were other lenders including credit unions that were more focused on community development that could make responsible loans to borrowers in financial need.

Mr. Kushner remarked that the 36 percent interest rate cap that was before the committee currently applied to all active duty military and dependents under the Military Lending Act. Currently, 20 states and the District of Columbia capped interest rates on consumer loans at an affordable level of 36 percent or less. He noted that the states ranged from politically progressive to conservative. He highlighted that in 2023, a group of military and veterans groups submitted a letter to the CFPB praising the Military Lending Act and urging the bureau to strengthen its protections. He stated that borrowers were protected from predatory interest rates and health credit markets still existed where borrowers could get access to safe, responsible credit. He stated that the most effective way for Alaska to simplify its lending law and address the

predatory debt trap was to follow the lead with the military and the 21 other jurisdictions to cap the interest rate at a responsible level. He thanked the committee for its time.

Co-Chair Foster CLOSED public testimony.

[5:43:37 PM](#)

Co-Chair Foster asked the sponsor to provide a brief recap the bill if desired.

REPRESENTATIVE STANLEY WRIGHT, SPONSOR, thanked the committee for hearing the bill. He explained that the bill would cap APR interest rates on small loans at a more than reasonable 36 percent. The percentage would be profitable for current systems and competitive with the innovative financial technology products emerging daily. The percentage level would also allow Alaska to keep the \$29 million generated by the industry in-state. He was ready to hear the amendment.

Co-Chair Foster thanked the sponsor.

Co-Chair Foster noted that one amendment had been received.

Representative Coulombe MOVED to ADOPT Amendment 1, 33-LS0508\U.3 (Dunmire 3/22/24) (copy on file):

Page 4, line 30:

Delete "AS 06.20.260(a)(1) - (5)"

Insert "AS 06.20.260(a)(1) and (3) - (5)"

Page 5, following line 11:

Insert a new bill section to read:

\* Sec. 12. AS 06.20.330(b) is amended to read:

(b) This chapter does not apply to a financial institution chartered under 12 U.S.C. 38 (National Bank Act) or 12 U.S.C. 1751 - 1795k (Federal Credit Union Act) [INDIVIDUAL LOANS BY

(1) PAWNBROKERS WHERE SEPARATE AND INDIVIDUAL LOANS DO NOT EXCEED \$750; IN THIS PARAGRAPH, "PAWNBROKER" MEANS A PERSON WHO IS REGULATED UNDER AS 08.76.100 - 08.76.590;

OR

(2) LOAN SHOPS WHERE SEPARATE AND INDIVIDUAL LOANS DO NOT EXCEED \$500]."

Renumber the following bill sections accordingly.

Page 5, line 31:

Delete ", 06.20.330"

Page 6, line 7:

Delete "2024"

Insert "2025"

Co-Chair Foster OBJECTED for discussion.

Representative Coulombe explained the amendment was brought to her by the sponsor. She asked for the sponsor to speak to it.

RACHAEL GUNN, STAFF, REPRESENTATIVE STANLEY WRIGHT, relayed that they had worked closely with industry when crafting the bill to ensure federally and state chartered banks were happy in addition to financial institutions and the fintech market. She noted the fintech market was robust and included numerous products. She explained that they had come up with amending the bill by deleting AS 06.20.260(a)(1) - (5) and reinserting AS 06.20.260(a)(1) and (3) - (5) separately. She detailed that the bill worked hard to calculate the true cost of a loan. She highlighted the importance of cost transparency. She noted that the exemption to the true cost of the loan would include some fees such as credit insurance, premiums paid out for insurance, and taxable costs and expenses during the debt collection process (Alaska had a 7 percent interest on collections). She noted that in Alaska loans were guaranteed because the state had the unique ability garnish the Permanent Fund Dividend (PFD). The other exemption was for a loan of \$10,000 or less, which did not apply to payday loans, secured by an interest in real estate, any cost in fees for appraisals, surveys, and title insurance were not included in the APR figure. She explained they were going for full transparency and the number had been arrived at with the approval of industry across the board including fintech, banks, and credit unions. She added that military members also had access to the loans through USAA and other programs.

[5:47:27 PM](#)

Co-Chair Johnson asked about something one of the testifiers had said, which she found a bit concerning. She detailed that one of the testifiers shared that they had applied for a lot of credit, which had negatively impacted their credit score. She asked if the sponsor's office had thoughts on the mechanism of applying for credit. She believed the bill would put a mechanism in place that was already somewhat in place in Alaska that would make the process more streamlined.

Ms. Gunn answered that because the committee had heard an anecdotal experience from an out of state testifier, she offered her own personal anecdotal experience. She had grown up in a foster care situation and had not emerged at the age of 18 with good financial sense. She had tanked her own credit score through irresponsible financial habits. She put herself through college with zero student loans and when she entered the working world, she had worked to rebuild her credit score. She shared that it had been the previous year when she began her current job and used some of the fintech products including a payday loan that fell under the 36 percent [APR] and a couple of credit builder payday loan advances. She shared it had been amazing and cost \$6.99, \$9.99, or \$30.00 per month for people to help her dispute charges on her credit report while offering small loans she could repay on time to rebuild her credit. She was very happy that at the age of 36 the products were available. She noted nothing like that had been available to her 15 years back.

[5:50:14 PM](#)

Co-Chair Foster WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

Representative Coulombe noted that most people who had called into public testimony had called in from out of state. She asked why.

Ms. Gunn answered that no opposition to the bill had been encountered until the past week or so. She shared that in her research trying to get to the bottom of the rebuttals it appeared there was significant financial interest in the \$29 million that leaves the state. The funds were a result of credit borrowed by the state's most vulnerable population. Her personal credit was on the up and up and

the worst credit card she personally had carried an interest rate of 26.99 percent APR. She believed the 36 percent APR in the bill seemed ethical.

Representative Coulombe thought it seemed like the people benefitting were from out of state. She asked if the people calling in were directly benefitting from the payday industry.

Ms. Gunn answered that it sounded like the early testifiers had some clients involved in the industry and the online lenders association was heavily vested in the industry. She relayed that 67 percent of payday loans taken out in Alaska were done online, none of which had licenses in Alaska. She detailed that mom and pop loan shops did not exist in the state. The bill would not put any homegrown Alaskan businesses or pawn brokers out of businesses. She stated that if a person wanted to sell a gold ring and get a very bad loan rate, but it took more foresight than taking advantage of people in desperate circumstances.

[5:53:32 PM](#)

Representative Stapp referenced public testimony by Mr. Duke who stated the appropriate APR number might be around 1,700 percent. He remarked there was a big difference between the 30s and 1,700. He asked for comment.

Ms. Gunn answered that the average loan in Alaska was 421 percent, but the payday loans were in the 500 percent range. She detailed that if a person took out a payday loan for \$400 because their transmission was going out and the transmission repair cost \$900, it was unlikely they would be able to make rent or afford groceries that week and very unlikely they would be able to pay the \$400 back within two weeks. She considered the higher APR loans and used the purchase of a house as an example. She detailed that 421 percent interest on a \$250,000 loan would mean paying tens of millions yearly for the house over the lifetime of a 30-year loan. She recognized the bill was not addressing long-term loans. She explained that if a person paid a \$400 loan back on time at an interest rate of 420 percent, they would pay up to \$1,200. She believed a loan with a 1,700 percent APR would be unaffordable for anyone.

Co-Chair Johnson stated that the average loan was \$440 and the average payback was \$1,890, which was significant in a

short period of time. She referenced the \$29 million and did not believe any of the lenders were based in Alaska. She noted that the money was all leaving the state. She stated there were institutions in Alaska that would provide the service, but the market had not really been there for them. She elaborated that the bill would encourage the market to happen at a much more reasonable rate as well as keeping the \$29 million in Alaska for in-state businesses.

[5:57:13 PM](#)

Representative Cronk thanked the bill sponsor for bringing the bill forward. He believed in making money but not at the extent or at the expense of people trying to make ends meet. He appreciated the examples provided and believed there needed to be a limit on how much [could be charged].

Co-Chair Johnson MOVED to REPORT CSHB 145(FIN) out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSHB 145(FIN) was REPORTED out of committee with nine "do pass" recommendations and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

Representative Wright thanked the committee. He thoroughly appreciated all of the meaningful input.

Co-Chair Foster discussed the schedule for the next meeting.

#  
ADJOURNMENT

[5:59:59 PM](#)

The meeting was adjourned at 5:59 p.m.