

HOUSE FINANCE COMMITTEE

May 1, 2024

5:37 p.m.

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CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 5:37 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
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

None

ALSO PRESENT

Andrew Jensen, Policy Advisor on Energy and Food Security, Office of the Governor; Senator Jesse Kiehl, Sponsor; Lisa Purinton, Acting Legislative Liaison, Department of Public Safety; Cathy Shlingheyde, Staff, Senator Jesse Kiehl; Crystal Koeneman, Legislative Liaison, Department of Environmental Conservation; Representative Genevieve Mina, Sponsor; Deb Etheridge, Director, Division of Public Assistance, Department of Health.

PRESENT VIA TELECONFERENCE

Melanie Lesh, Self, Gustavus; Andy Mills, Legislative Liaison, Department of Transportation and Public Facilities; Jamie Morgan, Government Relations Regional Lead, American Heart Association, Sacramento, California; Dean Humphries, Director of Operations, Lutheran Social

Services of Alaska, Anchorage; Hannah Hill, Executive Director, Bread Line, Fairbanks; Ron Meehan, Director of Government Affairs, Food Bank of Alaska, Anchorage.

SUMMARY

HB 119 MARIJUANA TAX

HB 119 was SCHEDULED but not HEARD.

HB 196 FOOD STAMP PROGRAM ELIGIBILITY

HB 196 was HEARD and HELD in committee for further consideration.

HB 223 TAX & ROYALTY FOR CERTAIN GAS

HB 223 was SCHEDULED but not HEARD.

HB 307 INTEGRATED TRANSMISSION SYSTEMS

HB 307 was HEARD and HELD in committee for further consideration.

CSSB 67 (RES)

PFAS: USE FOR FIREFIGHTING, DISPOSAL

HCS CSSB 67 (FIN) was REPORTED out of committee with nine "do pass" recommendations and with one new fiscal impact note by the Department of Environmental Conservation and one previously published zero note: FN2 (DPS).

Co-Chair Foster reviewed the meeting agenda.

#hb307

HOUSE BILL NO. 307

"An Act relating to the taxation of independent power producers; and increasing the efficiency of integrated transmission system charges and use for the benefit of ratepayers."

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ANDREW JENSEN, POLICY ADVISOR ON ENERGY AND FOOD SECURITY, OFFICE OF THE GOVERNOR, provided a PowerPoint presentation

titled "HB 307 Integrated Transmission Systems: House Finance Committee," dated May 1, 2024 (copy on file). He began on slide 2 titled "Governor Dunleavy's Energy Policy Priorities:"

Open access that is nondiscriminatory to the source of power generation.

The lowest cost power moves from anywhere to anywhere without artificial barriers.

Mr. Jensen elaborated that HB 307 was focused on the Railbelt area of Alaska. He moved to slide 3 titled "How does HB 307 achieve this:

Elimination of "wheeling" rates in favor of a new transmission cost recovery mechanism to be developed by an association of the Railbelt utilities and approved by the Regulatory Commission of Alaska.

Creates tax parity for Independent Power Producers by providing the same tax exemption for power generation as the tax-exempt cooperatives or municipally owned utilities.

Mr. Jensen turned to slide 4 titled "How could HB 307 be improved?":

Fix the "double-tax" issue for IPPs and provide for the tax exemption to apply only to future projects.

Provide for a deadline for the Railbelt utilities to submit the new transmission cost recovery mechanism to the Regulatory Commission of Alaska (RCA).

Technical improvements to language and definitions, and clarification of responsibilities.

Mr. Jensen explained the double-tax issue. He delineated that the Independent Power Producers (IPP) would pay the same excise tax on a per kilowatt hour basis as the cooperatives and both were exempted from the local property taxes. The bill did not address what happened to the IPP when they sold their power. They could be taxed a second time by the utilities. The administration wanted to ensure the power was only taxed one time. He would like to work with the committee to address the issue. He briefly

reviewed the last 2 bullet points. He pointed out that regarding the third bullet point, in current statute the Electric Reliability Organization (ERO) was responsible for creating a cost recovery standard for each utility. The bill would change that to require the utilities to jointly file one tariff. He delineated that the bill should clarify who was responsible for developing the cost recovery standard.

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Representative Hannan asked for details regarding the deadline for cost recovery. Mr. Jensen answered that the provision was related to when the association of Railbelt utilities would be required to submit their plan to the RCA for review. He indicated that the utilities were already engaged in weekly meetings that included regulatory attorneys and consultants concerning the development of a cost recovery mechanism. The utilities relayed that they could have a mechanism by the end of 2024. The administration felt that it would be "helpful" to include a "reasonable deadline" in the legislation. He suggested language such as "the Railbelt Association would submit their proposal to the RCA by a certain date." He would work with the legislature on what a good date would be. Representative Hannan noted there was already an amendment deadline. She wondered whether Mr. Jensen was working with a member of the committee to draft amendment language.

Co-Chair Foster asked if anyone had worked with Mr. Jensen thus far. Mr. Jensen answered in the negative. He explained that the recommendations were relayed to him on the prior day. He deduced that the amendments would be "fairly simple."

Representative Hannan pointed to the third bullet point on slide 4 stating "technical improvements to language and definitions." She related that she was waiting to see specific definitions in a timely manner.

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Mr. Jensen referenced the April 25, 2024, committee meeting and relayed that the amendment language had been recommended by Mr. Authur Miller, Chief Executive Officer, Chugach Electric during the hearing. He believed they were "simple fixes" and could be drafted in a timely manner.

Representative Coulombe asked about slide 2, regarding the governor's policy priorities. She was looking for the cheapest cost for power. She asked how the bill would lower costs for ratepayers. Mr. Jensen responded that currently, the transmission costs were recovered through the wholesale transaction, which worked as a fixed cost added to a variable cost and made it more expensive possibly preventing the transaction. He explicated that if they changed the point of cost recovery to the end user the amount of money utilities needed to pay for the system would still be recovered at the middle of the process rather than at the wholesale process. He exemplified that when Fire Island wanted to expand and sell power to Golden Valley Electric Association (GVEA) but when the transmission costs were added it was no longer the lowest cost power even if it was at the point of generation. He summarized it as not allowing the fixed cost to get in the way of the lowest cost of power; the transmission cost would be the same regardless of the energy source.

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Representative Coulombe asked if the variable costs referred to the wheeling rate. Mr. Jensen answered the variable costs would be the cost of power generation and the transmission cost was fixed. He expounded that calculating costs at the point of power generation could prevent the cheapest cost power from moving. Representative Coulombe offered that Chugach Electric and several other utilities requested the committee add the ancillary parts of generating power to the new tariff. She asked how he felt about it. Mr. Jensen replied that it was a well-founded suggestion. He explained that the Federal Energy Regulatory Commission used the Mansfield test using five separate criteria that were industry standards to define a transmission asset, which included ancillary services. He believed that Mr. Miller's suggestion was in alignment with industry standards. Representative Coulombe asked if it would add to the tariff. Mr. Jensen answered that the ancillary costs were already embedded in the cost of electricity.

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Representative Coulombe was still skeptical that the bill would lower the cost for consumers. Mr. Jensen replied that the costs would not decrease immediately. He elaborated

that a diverse energy supply was needed; over 80 percent of power was generated by gas. The utilities were looking at other sources of power generation to reduce reliance on gas. Wheeling rates or local property tax got in the way of alternative power sources and the bill was trying to remove the barriers and enable the utilities to pursue different sources of power generation. He furthered that utilities needed to partner with another power generator if they could not develop another source of power generation. If that entity was taxed the economics may break down and the project would not be developed. He concluded that the provisions would change how costs were recovered and "smooth the way for additional power projects to come online and would offset the demand for gas." He remarked that imported gas was far more expensive than other sources of power. Representative Coulombe asked if artificial barriers were wheeling rates and property tax. She wondered what the artificial barriers were. Mr. Jensen answered in the affirmative. He reiterated that it was considered an artificial barrier if the way power generation was presently carried out created a barrier to development. He delineated that the cost could still be recovered if done differently. In addition, the issue of property taxes was a barrier. The cooperatives' power generation was not subject to tax. Therefore, a new power generator was at a disadvantage. The administration was trying to level the playing field regarding taxes. He clarified that only wholesale power would be tax exempt.

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Co-Chair Foster indicated that Co-Chair Edgmon joined the meeting.

Representative Galvin relayed that throughout prior invited and public testimony the committee had heard some mixed messages. The committee had heard John Burns, President/Chief Executive Officer, Golden Valley Electrical Association, emphasizing the need to act immediately yet other testimony lacked the sense of urgency. She asked about the apparent immediacy of the bill and why the administration wanted to get it done this session. Mr. Jensen answered it would take some time to deal with the wheeling rate issue and unwind it. He believed that dealing with the cost recovery issue would be a lengthy process and stakeholder concerns could be addressed through the collaborative process. He held that expediency was

necessary for project development. He elucidated that if the legislation passed in the current session, it provided project developers the cost certainty to move forward with the utilities. Adopting the legislation set the policy in place to allow project development to move forward. He reiterated that the utilities were meeting weekly, which indicated they were ready to implement the legislation. He felt that it was important to try to take advantage of the momentum and presented a rare moment of alignment in light of the Grid Innovation and Resilience Partnerships (GRIP) opportunity. He thought it was an opportunity they did not want to miss.

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Representative Galvin thought that the GRIP was the first piece that was necessary. She wondered if the legislation was needed immediately. She queried whether HB 307 had to pass to allow "the building blocks to progress." Mr. Jensen answered that it was necessary to provide regulatory and cost certainty. He expounded that if the issue of wheeling rates "was still floating around" no one would invest in that uncertain environment. Letting a whole year go by left project development in limbo. He relayed that currently Chugach and Golden Valley were working with IPPs. He emphasized that taking advantage of the work in progress was very important in the current year.

Co-Chair Foster noted the amendment deadline of May 2 at 5:00 p.m.

Mr. Jensen thanked the committee for the opportunity to present and hear about the governor's priorities.

HB 307 was HEARD and HELD in committee for further consideration.

#sb67

CS FOR SENATE BILL NO. 67 (RES)

"An Act relating to firefighting substances; and providing for an effective date."

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Co-Chair Foster invited the sponsor and staff to the table.

SENATOR JESSE KIEHL, SPONSOR, explained that SB 67 was a "no new spills" bill for Per- and polyfluoroalkyl substances (PFAS). He reported that PFAS combined carbon and fluorine in ways that were difficult to break down and are known as forever chemicals. The chemicals were toxic to people in very small amounts. The chemicals had gotten in the water mainly due to firefighting foams in Alaska. The legislation prohibited the use of firefighting foams containing PFAS with a very limited exception. He delineated that there was a delayed effect for the oil and gas industry where suitable alternate chemicals were non-existent. The bill also required the state to help small villages safely dispose of small quantities of PFAS foam.

Co-Chair Foster noted that he would set an amendment deadline.

Co-Chair Foster OPENED public testimony. He noted that Ms. Lesh was a member of his office staff.

MELANIE LESH, SELF, GUSTAVUS (via teleconference), thanked Senator Kiehl and his staff for their work on addressing the issue in Alaska. She thanked Representative Stapp for offering the companion bill. She relayed that in the last six years, it was not safe for her to drink the water from her well in Gustavus. She believed that the bill was a good starting point in removing the toxic substance from Alaskan rural communities and villages. She shared that four years earlier her oncologist had been worried about the chemicals Ms. Lesh had been exposed to while living in Gustavus. Testing did not exist at the time; however she had since been plasma tested along with her neighbors and family; they all had PFAS levels much higher than the lifetime limit. The test determined that everyone living downstream from the Gustavus Airport all had the extremely high PFAS levels. She asked the committee to please support the bill.

Co-Chair Foster did not realize that the specific testing was available. He thought that was educational.

Representative Josephson thanked Ms. Lesh for her testimony. He observed from a prior visit to Gustavus that it was spread out. He asked if the situation was a plume issue and not isolated to the area around the fire department. He asked what she knew about how PFAS spreads.

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Ms. Lesh responded that the fire department was not located in the groundwater plume area. She expounded that her home was down "a groundwater plume from the airport" on a riverbank. During World War II (WWII), the river was the nearest water delivery for the construction work to build the airport. Therefore, the river had been the natural channel for the PFAS chemicals to flow right past her and her neighbors' property. The fire department was on the other side of the river and was not affected. Representative Josephson asked for verification that she was reporting a many decades old problem. Ms. Lesh answered in the affirmative. She detailed that the exposure was due to the PFAS foam that had been released by the fire department at the airport.

Representative Galvin presumed the chemicals had traveled in an underground river that fed Ms. Lesh's well. She asked if it was a problem for gardens in Gustavus. She was aware that it was an issue in Anchorage in Sand Lake soil. Ms. Lesh replied in the affirmative. She elucidated that the saturation was in her well and she had received a cistern as part of a settlement of release of liability with the state. She could not drink the well water nor water her garden.

Representative Hannan shared that in past years she had represented Gustavus and had no prior knowledge of PFAS and its dangers. Gustavus was a community of scientists, due to its location near Glacier Bay National Park. She noted that there was no community water system, and everyone had a cistern or well. The community activists had been on the front line of alerting Alaskans about PFAS dangers and called for plasma testing before there were accepted methods and levels of testing. She voiced that there was a lot of work to do to protect Alaskans and that the longitudinal health of many Alaskans was harmed significantly by PFAS exposure. The state needed to prevent more harm going forward and clean up PFAS sites. She offered that most people in Gustavus had not been able to harvest from their gardens or eat eggs from their chickens pecking in the soil. Currently, game meat was being tested to determine the PFAS level in moose harvested in the community. She declared that the harm had been extensive in Gustavus and many other communities across Alaska. She thanked Ms. Lesh for sharing a painful history in Gustavus with the committee.

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Co-Chair Foster CLOSED Public Testimony.

Co-Chair Foster noted there were two fiscal notes. He asked the department to review them.

ANDY MILLS, LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), reviewed the new Department of Transportation and Public Facilities (DOT) fiscal note dated May 9, 2023. He noted that part of the information was from the prior year, but the information was still relevant. He explained that DOT had discovered fairly extensive research that revealed the number of Project Code Red sites throughout the state, which allowed the department to obtain environmental contractors to gather rough estimates of disposal costs. The fiscal note identified one new position to coordinate the disposal program and an estimated capital cost of \$2.5 million calculated by averaging the cost estimates from two contractors.

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Co-Chair Foster moved to the zero fiscal note from the Department of Public Safety.

LISA PURINTON, ACTING LEGISLATIVE LIAISON, DEPARTMENT OF PUBLIC SAFETY, explained that the published zero fiscal note (FN1 DPS) dated February 24, 2023. The department was not anticipating a significant fiscal impact from the bill.

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Co-Chair Foster asked the committee if any member planned to submit an amendment.

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AT EASE

[6:22:31 PM](#)

RECONVENED

Co-Chair Foster noted the committee would consider one amendment.

Representative Stapp MOVED to ADOPT Amendment 1:

Page 1, following line 2:

Insert a new bill section to read:

"* Section 1. AS 46.03 is amended by adding a new section to read:

Article 3A. Firefighting Substances Disposal Reimbursements.

Sec. 46.03.135. Firefighting substances disposal reimbursements. (a) A firefighting substances disposal reimbursement program is established in the department.

(b) The department shall accept an application for disposal reimbursement on a form provided by the department from a person domiciled in

(1) a community in the state with a population of less than 2,000 that is off the road system who received a firefighting substance that contains a perfluoroalkyl substance or polyfluoroalkyl substance; or

(2) the state who received a firefighting substance that contains a perfluoroalkyl substance or polyfluoroalkyl substance from a partially state-funded fire safety project.

(c) The department may accept a reimbursement application only if the application provides proper disposal documentation showing compliance with regulations adopted by the department and any other applicable law.

(d) The department shall prioritize reimbursements as follows:

(1) activities related to the proper disposal of a firefighting substance that contains a perfluoroalkyl substance or polyfluoroalkyl substance, including disposal of the equipment containing the substance;

(2) activities related to the proper disposal of firefighting equipment residually contaminated by a perfluoroalkyl substance or polyfluoroalkyl substance;

(3) replacement of equipment containing or residually contaminated by a perfluoroalkyl substance or polyfluoroalkyl substance."

Page 1, line 3:

Delete "Section 1"

Insert "Sec. 2"

Renumber the following bill section accordingly.

Page 1, line 4:

Delete "substances"
Insert "foam"

Page 1, line 5:
Delete "substance"
Insert "foam"

Page 1, line 9:
Delete "substance"
Insert "foam"

Page 1, line 10:
Delete the first occurrence of "substance"
Insert "foam"

Page 1, line 13:
Delete "substance"
Insert "foam"

Page 2, line 2:

Delete "substance"
Insert "foam"

Page 2, lines 4 - 6:
Delete all material.

Page 2, following line 6:

Insert new bill sections to read:

"* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to read:
TRANSITION: REGULATIONS. The commissioner of environmental conservation may adopt or amend regulations as necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act) but not before the effective date of law implemented by the regulation.

* Sec. 4. Section 3 of this Act takes effect immediately under AS 01.10.070(c)."

Renumber the following bill section accordingly.

Page 2, line 7:
Delete "This"
Insert "Except as provided in sec. 4 of this Act, this"

Delete "2024"
Insert "2025"

Co-Chair Foster objected for discussion.

Representative Stapp explained the amendment. He informed the committee that the amendment made some structural changes to the disposal reimbursement requirements and the amendment was done in conjunction with the sponsor. They both worked had worked to find language that best remedied the concerns DEC had. He asked the senator to discuss the amendment.

Senator Kiehl explained that the amendment reflected substantial work done by the Department of Environmental Conservation (DEC) and Department of Law (DOL) and built on the work DOT used to build its fiscal note. The approach shifted the removal of PFAS foam from small rural villages from the state to a reimbursement program. He delineated that the bill was still limited to the same group of rural villages who received the PFAS from a partially state funded program. He noted that he was referring to the Project Code Red from about a decade ago. The villages would be able to dispose of the foams and receive reimbursement through the mechanism in the amendment. In addition, it mitigated the potential concerns DOL had about liability. He claimed that the amendment got the job done and appreciated the amendment.

CATHY SHLINGHEYDE, STAFF, SENATOR JESSE KIEHL, explained that there were two other small changes in the amendment. One change was brought to the sponsor by industries like telecom companies that had a lot of server rooms using clean agent firefighting gases worked by removing oxygen from the room. Some of the halon replacements were being classified as PFAS in other states. She informed the committee that the bill did not address clean firefighting agents, which had no replacements. The amendment clarified that the bill addressed foam exclusively. The other change also updated the effective date by one year.

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CRYSTAL KOENEMAN, LEGISLATIVE LIAISON, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, indicated that both sponsors had worked very closely with the Department of Environmental Conservation (DEC) on the language and the

department was comfortable with the amendment. The department had no concerns.

Representative Ortiz deduced that the amendment called for the removal of the PFAS by the village rather than the state. He asked if he was correct. Senator Kiehl answered that the PFAS removal would be done by a contractor trained in the removal of the hazardous substances.

Co-Chair Foster WITHDREW the OBJECTION to Amendment 1.

There being no further objection it was so ordered.

Co-Chair Foster asked for a review of the new zero fiscal note from the Department of Environmental Conservation allocated to Spill Prevention and Response (SPAR).

Ms. Koeneman replied that no costs were anticipated by DEC. She noted that the fiscal note was currently in draft form. She explained that the communities would be contracting with a third party and submit reimbursements to the department which was part of standard operating procedures. The department believed it could absorb the processing costs. The \$2.5 million of Unrestricted General Funds (UGF) capital expenditure was maintained in the fiscal note for reimbursement to the communities and would be sufficient to cover all the mitigation costs. The department did not have the funds to take on the capital costs.

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AT EASE

[6:30:52 PM](#)

RECONVENED

Ms. Koeneman noted that the DEC fiscal note replaced the DOT fiscal note.

Co-Chair Edgmon MOVED to REPORT HCS CSSB 67(FIN) out of committee with individual recommendations and the accompanying fiscal notes and giving Legislative Legal the ability to make technical and conforming changes.

There being no objection it was so ordered.

HCS CSSB 67(FIN) was REPORTED out of committee with nine "do pass" recommendations and with one new fiscal impact

note by the Department of Environmental Conservation and one previously published zero note: FN2 (DPS).

Senator Kiehl thanked the committee.

#hb196

HOUSE BILL NO. 196

"An Act relating to the supplemental nutrition assistance program; and providing for an effective date."

6:32:33 PM

REPRESENTATIVE GENEVIEVE MINA, SPONSOR, thanked the committee for hearing the bill pertaining to the Supplemental Nutrition Assistance Program (SNAP). She elucidated that HB 196 would enact Broad-Based Categorical Eligibility (BBCE). She recognized the effort and leadership by the Division of Public Assistance, the Department of Health (DOH), and the administration in addressing the backlog and providing policy recommendations for ways that improved the SNAP program. She elaborated that SNAP was Alaska's strongest food security program funded at 100 percent by federal dollars. The program included work requirements for able bodied adults and a step-down approach that reduced benefits as a recipient earned more income. States followed federal rules to administer the program but had flexibility in how they administer it. When the state failed to deliver SNAP during the backlog, constituents went hungry and relied on food pantries, straining the food bank system and costing the state more on bulk food purchasing in General Funds (UGF). She relayed that during hearings on the SNAP backlog, one reform mentioned by DOH was BBCE. Currently, Alaska's SNAP requirements were based off the federal guidelines of 130 percent of the Alaska Poverty Level (APL) based on gross income and requiring an asset limit.

Representative Mina continued and identified two issues with following the federal standards. She addressed the income limit that currently created a "steep benefits cliff" at 130 percent of the APL that discouraged working families from earning more. She explained that low income working families who have high expenses like childcare, housing, and utilities had less disposable income; because they have large deductible expenses, they receive higher

SNAP benefits. However, a single mother with two children at an income level of 125 percent and she received a modest raise reduced the SNAP benefit by more than the amount gained in the pay raise. She reiterated that the scenario discouraged households from earning more and worked against the goal of increasing food security and encouraging self-sufficiency. She highlighted the second issue that the asset limit was too restrictive. She communicated that currently, the asset limit was \$2,750.00 or \$4050.00 with an elderly or disabled member of the family. The restrictive limit applied to owning a second car, snowmachine, four-wheeler, or a boat and prevents people from having savings or another car. The limit forced low-income seniors to spend down their assets and was more bureaucratic for Division of Public Assistance (DPA) to administer. She added that the BBCE was enacted in 42 states and 2 territories and made SNAP benefits automatic for individuals eligible for Temporary Assistance for Needy Families (TANF).

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Representative Mina continued with her remarks. She elaborated that the proposals raised the income limit to 200 FPL and allowed DOH to waive the asset test. She listed the impacts of the changes. She related that it reduced the benefit cliff and encouraged more parents to be able to take a raise to earn more to support their families; allowed people to save; simplified SNAP administration, saving time and money for the state; and supported local economies because SNAP was an economic driver. She emphasized that no Alaskan should go hungry, and the legislation also helped the state be more efficient.

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Representative Stapp appreciated the bill but had many concerns. He asked how many applications the department had to process the past year aside from the backlog. Representative Mina deferred the question.

DEB ETHERIDGE, DIRECTOR, DIVISION OF PUBLIC ASSISTANCE, DEPARTMENT OF HEALTH, answered that there were approximately 60,000 SNAP recipients currently with an average number of 2.5 recipients per case. Representative Stapp asked how many more people would be eligible under the bill if the poverty threshold was increased from 130

percent to 200 percent. Ms. Etheridge replied that it was difficult to estimate because it was unknown how many more individuals would apply or were eligible to apply. Representative Stapp remarked on the large SNAP backlog. He thought the data needed to make the estimate was obtainable. He asked if it was possible.

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Ms. Etheridge answered that they could potentially come up with an educated guess. She had tried in the past and it was "complicated." Representative Stapp recalled that the state went through a two-year SNAP benefits backlog "nightmare." He questioned the proposal to "dramatically" increase the number of recipients even with the extended effective date of 2025. He asked what the existing application processing time was and how that would change under the bill. Ms. Etheridge replied that the effective date of the bill aligned with the division's "milestones" changes. She expounded that currently the SNAP program was operated out of the division's legacy Eligibility Information System. The intention was to move to a modular more agile system that allowed for automated robotic processing. She expected the change would increase efficiencies similar to the Alaska's Resource for Integrated Eligibility Services (ARIES) program, used for Medicaid. Representative Stapp asked if expanding the eligibility would be more or less cumbersome and time consuming for the division. Ms. Etheridge responded that the department estimated it would take about the same processing time or a bit less due to electronic automation efficiencies. Representative Stapp asked whether the efficiencies were due to the technology and not the change in the application requirement. He wondered whether she anticipated a dramatic decrease in processing time if the bill was enacted. Ms. Etheridge answered that she expected more ease in eligibility due to not having to verify assets.

Representative Stapp asked what the current asset limits were for recipients.

Representative Mina replied that the current asset limits were \$2750.00 for an individual and \$4250.00 for a household with an elderly or disabled individual.

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Representative Stapp asked for the meaning of asset. Representative Mina replied that assets meant savings, more than one vehicle, property, etc. She deferred further answer to Ms. Etheridge.

Ms. Etheridge answered that other assets included other property, a secondary vehicle, or savings account.

Co-Chair Foster OPENED Public Testimony.

JAMIE MORGAN, GOVERNMENT RELATIONS REGIONAL LEAD, AMERICAN HEART ASSOCIATION, SACRAMENTO, CALIFORNIA (via teleconference), supported the legislation. She read from prepared remarks.

On behalf of the American Heart Association, thank you for introducing HB196 and SB149 to implement Broad-Based Categorical Eligibility (BBCE) within the Supplemental Nutrition Assistance Program (SNAP). These bills will allow states to eliminate the asset test and raise the gross income eligibility limits for certain households.

Options under BBCE will provide targeted assistance for low income working families and seniors. Raising the gross income limit primarily benefits working families with children, as they are more likely to have competing expenses like childcare, housing, and utilities, leaving them unable to afford the necessary foods for a healthy diet. Removing the asset test also helps households - often seniors - with modest savings or assets still qualify for the assistance they need, while reducing the administrative burden on the State.

SNAP participation is estimated to reduce the likelihood of a household being food insecure. States that have adopted SNAP-supportive policies, like broad based categorical eligibility, generally have more SNAP-eligible participation than do states without these policies. Policies that make SNAP easier to access increase participation in the program, food insecurity is reduced, and fewer children and families go hungry.

This legislation comes at a time that food insecurity levels are already elevated. SNAP is a crucial program

that helps Alaska's anti-hunger network to meet the need. It is for the abovementioned reasons we support HB196 and SB149 to reduce hunger in Alaska, eliminate administrative burdens on the Division of Public Assistance, and save the state money.

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DEAN HUMPHRIES, DIRECTOR OF OPERATIONS, LUTHERAN SOCIAL SERVICES OF ALASKA, ANCHORAGE (via teleconference), spoke in strong support of the legislation. He believed that the bill would have a positive impact on the state's communities by expanding benefits to more working low income Alaskans while reducing administrative burdens. The asset test served as a mechanism to keep struggling individuals in a cycle of poverty. He elaborated that by eliminating the asset test struggling Alaskans would not face a benefits cliff. He indicated that with the implementation of the food waste movement and the supply chain organization, food banks had experienced a "historic decline" in corporate donations. His organization served on average 2,300 individuals per month. He believed HB 196 made the SNAP program more efficient and effective. He noted that Alaska was one of 9 states that did not adopt the Broad-Based Categorical Eligibility (BBCE). He urged the committee to support the bill.

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HANNAH HILL, EXECUTIVE DIRECTOR, BREAD LINE, FAIRBANKS (via teleconference), strongly supported the bill. She shared that the Bread Line was an anti-hunger organization. She voiced that when impoverished Alaskans did not receive food stamps, they were forced to turn to food banks and soup kitchens like the Bread Line. She emphasized that since the SNAP backlog, every month the Bread Line had seen record breaking numbers of individuals. She noted that the past month was the busiest the organization had ever had. Food relief organizations all over the state were experiencing elevated community hunger that was exacerbated by the decline in donations and the federal commodity programs. The Bread Line was struggling to maintain the increasing level of service. The BBCE was targeted assistance that focused on low income families and seniors. Raising the gross income limit to 200 percent of the federal poverty guidelines primarily benefited working families with children and removing the asset test helped seniors retain

modest savings while receiving needed benefits. She declared that Alaskans could better care for Alaskans by joining the majority of other states in adopting HB 196. She shared that there were many benefits of adopting the bill; reducing hunger in Alaska, eliminating the administrative burden on the DPA, and saving the state money.

[6:51:40 PM](#)

RON MEEHAN, DIRECTOR OF GOVERNMENT AFFAIRS, FOOD BANK OF ALASKA, ANCHORAGE (via teleconference), related that he was also the manager of the Alaska Food Coalition. He spoke in favor of the legislation. He offered that the Alaska Food Coalition represented more than 180 food banks and other food relief organizations. He believed that the implementation of BBCE would provide economic security to hard working Alaskans. He indicated that SNAP was the most effective food assistance program in the country and helped over 92,000 Alaskans or 1 in 8 families. He reminded that committee that SNAP was a federal program administered by the state where the benefits were 100 percent federally funded and the administrative costs were a 50 percent/50 percent (50/50) state and federal split. The bill also allowed the state to eliminate the asset test and raise the income limit. He reiterated the current asset limits and indicated that current asset limits did not allow for emergencies or savings for things like rent deposits. He believed not adopting BBCE would punish hardworking Alaskans for becoming more economically independent. The current system harmed senior's asset security as well. Ultimately, self-sufficiency was the goal, but currently, recipients could not save, receive a small raise, or take on a second job and stay on SNAP. He voiced that adopting BBCE incentivized work and also allowed the state to eliminate the asset test, which would cut down on the administrative time and expense in verifying applications. He reiterated that food relief organizations had continued to see incredibly high record levels of usage. The bill eliminated the backlog and would make the program work better. He offered that the states that had adopted BBCE had experienced more efficiencies in workload and reduced costs. He relayed more data from other states. He strongly encouraged the committee to move the bill forward.

Co-Chair Foster CLOSED public testimony.

[6:57:32 PM](#)

Representative Galvin stated that many of her questions were answered by the public testimony. She appreciated the upcoming efficiencies and thanked the department for taking on the challenge of improving the SNAP program. She reported that when families can choose the food, they purchase it is more beneficial and healthful for them.

Representative Hannan stated that her question had been addressed by Mr. Meehan. She reiterated that SNAP benefits were paid at 100 percent and the federal government paid half of the administrative costs. She voiced that for the \$138,000.00 in fiscal note costs the state could feed more Alaskans, reduce case evaluation time, and hopefully help get people out of poverty.

Representative Coulombe asked about the income limit. She was not sure what the poverty standard was and what income level 130 percent of the poverty level was. Representative Mina answered that the Alaska SNAP standards as of October 1, 2023, the gross limit was \$1,973.00 and the limits changed depending on the household size. Representative Coulombe asked if it was the 130 percent or 200 percent level. Representative Mina answered the limit was at 130 percent of the Alaska Poverty Standard and not the Federal Poverty Standard. Representative Coulombe asked about the number for 200 percent for an individual under the bill.

[7:00:52 PM](#)

AT EASE

[7:01:34 PM](#)

RECONVENED

Co-Chair Foster requested a copy of a chart [provided by the Department of Health].

Co-Chair Foster asked Ms. Etheridge to reply.

Ms. Etheridge replied that the chart she provided the co-chair was related to pregnant women and she did not have information regarding a household of one. She could follow up with the committee to provide additional information. She provided information for a household of 2 that was based on 200 percent of the federal poverty level (FPL).

She relayed that the amount was \$4107.00 She furthered that a household of one at the 177 percent FPL was \$2,686.00.

7:03:04 PM

Representative Coulombe asked if the number was \$4,107 per month. Ms. Etheridge responded in the affirmative. Representative Coulombe asked about the asset aspect of the bill. She wondered how it affected eligibility. Ms. Etheridge responded that someone over the asset limit would be ineligible for the benefit.

Representative Mina elaborated on what constituted an asset. She relayed that assets were cash on hand, money in bank accounts, certificates of deposit, U.S. Savings Bonds, stocks, bonds, property not for sale, crowd funding accounts, and lump sum payments. Representative Coulombe asked for the existing asset limit. Representative Mina replied that the asset limit was \$2,750.00 or \$4,250 for a household with an elderly or disabled person. Representative Coulombe asked for verification that the bill proposed eliminating the asset limit. Representative Mina answered in the affirmative.

7:05:07 PM

Representative Cronk asked what a person received with a SNAP benefit. Ms. Etheridge responded that an individual received an electronic benefit card (EBT) that would only allow for the purchase of food. The card could be used at grocery stores, farmer's markets, and in rural areas it can be used to purchase items for subsistence fishing or hunting. Representative Cronk considered the 130 percent limit and asked how much an individual would be eligible for. Ms. Etheridge replied that there were different standards based on where a person lived including in rural and urban areas. She indicated that for an urban household of one the amount was \$374.00 and a minimum of \$30.00. In the Rural 1 area the amount was \$477.00, and the minimum was \$38.00 and in Rural 2 areas the amount was \$588.00 with the minimum level of \$46.00. The standards were set by the Federal Nutrition Services through the Thrifty Food Plan. Representative Cronk asked if food pantries were separate from SNAP. Ms. Etheridge responded affirmatively. Representative Cronk appreciated the asset relief. He shared that if he was not a legislator, his income made him

eligible for the benefits, however his assets would disqualify him.

[7:07:52 PM](#)

Representative Stapp had five people in his family. He asked what his income limit was at 200 percent of the poverty level. Ms. Etheridge replied that the amount was \$7,322.00. Representative Stapp asked for an annual amount.

Representative Mina interjected that it amounted to \$87,864.00. She highlighted that SNAP calculated expenses into the eligibility. Therefore, if a recipient lived in a household with high costs for things like childcare, etc. the expense was also calculated to derive the amount of SNAP benefits received. Representative Stapp asked if the FPL amount was based on adjusted gross income or gross income. Representative Mina would follow up with the answer.

Co-Chair Foster asked for any closing comments.

Representative Mina commented in reference to the administrative tradeoff between raising the income limit and waiving the asset test. She pointed out that there was a 2019 Congressional Budget Office (CBO) report stating that 5 percent of the national costs of SNAP was BBCE the expectation was for a nominal increase in applications to the state. She added that the error rates were a big part of SNAP administration and Alaska had the worst error rates in the prior year. She declared that BBCE helped reduce error rates.

HB 169 was HEARD and HELD in committee for further consideration.

Co-Chair Foster set an amendment deadline for HB 115 on Tuesday, May 7 at 5:00 p.m.

Co-Chair Foster spoke to the next day's schedule.

[7:12:14 PM](#)

Representative Josephson asked about amendment deadlines for HB 307 and HB 115.

Co-Chair Foster replied that the deadline for HB 307 was May 2 at 5:00 p.m. and the deadline for HB 115 was May 7 at 5:00 p.m.

#

ADJOURNMENT

7:12:50 PM

The meeting was adjourned at 7:12 p.m.