

HOUSE FINANCE COMMITTEE
May 3, 2024
1:38 p.m.

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CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:38 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 (via teleconference)
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Glenn Saviers, Deputy Director, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community and Economic Development; Representative Mike Prax, Sponsor; Michael Partlow, Analyst, Legislative Finance Division; Lacey Sanders, Director, Office of Management and Budget, Office of the Governor; Bernard Aoto, Staff, Representative Will Stapp; Andrew Jensen, Energy Policy Advisor, Office of the Governor; Senator David Wilson, Sponsor; Jasmine Martin, Staff, Senator David Wilson; Sylvan Robb, Director, Corporations, Business, and Professional Licensing, Department of Commerce, Community, and Economic Development; Ryan McKee, Staff, Representative George Rauscher; Kevin Worley, Chief Finance Officer, Division of Retirement and Benefits, Department of Administration;

Senator Forrest Dunbar, Sponsor; James Holzenberg, Staff, Senator Forrest Dunbar; Maggie Humm, Executive Director, Alaska Legal Services Corporation; Senator Kelly Merrick, Sponsor; Kerry Crocker, Staff, Senator Kelly Merrick.

PRESENT VIA TELECONFERENCE

Jared Kosin, President and CEO, Alaska Hospital and Healthcare Association, Anchorage; Julie Sande, Commissioner, Department of Commerce, Community and Economic Development; Curtis Thayer, Executive Director, Alaska Energy Authority; Naomi Johnston, Administrative Operations Manager, Regulatory Commission of Alaska; Nancy Lovering, Member, Alaska Speech and Hearing Association, Anchorage; Susan Adams, Director of State Affairs, American Speech Language Hearing Association, Maryland; Jeff Rosa, Compact Administrator, Physical Therapy Compact Commission, Washington, D.C.

SUMMARY

HB 122 RAILROAD CORP. FINANCING

CSHB 122(FIN) was REPORTED out of committee with eight "do pass" recommendations and one "amend" recommendation and with one new zero note from the Department of Commerce, Community and Economic Development and one previously published zero note: FN1 (CED).

HB 149 NURSING: LICENSURE; MULTISTATE COMPACT

HB 149 was HEARD and HELD in committee for further consideration.

HB 232 DISABLED VETERANS: RETIREMENT BENEFITS

HB 232 was REPORTED out of committee with nine "do pass" recommendations and with one previously published indeterminate fiscal note: FN1 (ADM).

HB 307 INTEGRATED TRANSMISSION SYSTEMS

CSHB 307(FIN) was REPORTED out of committee with five "do pass" recommendations, four "no recommendation" recommendations, and one "amend" recommendation and with one previously published

fiscal impact note: FN2 (CED); and one previously published zero note: FN1 (CED).

CSSB 74 (FIN)

PHYSICAL THERAPY LICENSURE COMPACT

CSSB 74 (FIN) was HEARD and HELD in committee for further consideration.

CSSB 75 (FIN)

AUD. & SPEECH-LANG INTERSTATE COMPACT

CSSB 75 (FIN) was HEARD and HELD in committee for further consideration.

SB 104

CIVIL LEGAL SERVICES FUND

SB 104 was HEARD and HELD in committee for further consideration.

CSSB 118 (FIN)

CRITICAL NATURAL RESOURCES; REPORTS

CSSB 118 (FIN) was HEARD and HELD in committee for further consideration.

CSSB 187 (FIN) am

APPROP: CAP; REAPPROP; SUPP

HCS CSSB 187 (FIN) was REPORTED out of committee with seven "do pass" recommendations and three "amend" recommendations.

Co-Chair Foster reviewed the meeting agenda.

#hb149

HOUSE BILL NO. 149

"An Act relating to the licensure of nursing professionals; relating to a multistate nurse licensure compact; and providing for an effective date."

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Co-Chair Foster mentioned individuals available to answer questions on the bill. He moved to invited testimony.

JARED KOSIN, PRESIDENT AND CEO, ALASKA HOSPITAL AND HEALTHCARE ASSOCIATION, ANCHORAGE (via teleconference), spoke in strong support of the legislation. He emphasized that enacting license reciprocity through the multistate nurse licensure compact would align Alaska with the rest of the country. He regularly heard stories in Alaska about nurses who were hired, but ultimately never returned because they could not wait weeks or months for a license to begin work. He had plenty of data and statistics on nursing shortages, licensing delays, and frustration from the military community about the absence of licensing reciprocity.

Mr. Kosin asked the committee to consider two questions. First, how other states and jurisdictions license nurses. He emphasized that 41 other states used the nurse licensure compact. Second, was Alaska's licensing process faster, safer, and more efficient. The answer was no. He underscored that Alaska's process was slower, it was no safer, and it required more time and effort from state employees. He stressed that the bill would not lead to an exodus of nurses. He stated that the bill would in no way infringe on Alaska's sovereignty and the Board of Nursing would continue to have exclusive control over the standard of practice. Additionally, the bill would in no way undermine local nurses or wages. He relayed that Alaska already relied on out of state nurses because schools in Alaska graduated less than one-quarter of what was needed to meet demand industry wide. He thanked the committee for taking up the bill and urged its passage.

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Representative Tomaszewski shared that two of his daughters-in-law were nurses and one worked in Alaska. He remarked that every nurse he had spoken to was in support of the legislation. He asked Mr. Kosin if he had heard from any nurses who were not in favor of the licensing compact.

Mr. Kosin replied in the negative. He stated that all of the opinion against the compact he had ever heard had been anecdotal. He stated that the Alaska Hospital and Healthcare Association (AHHA) was finding overwhelming support for the bill.

Representative Ortiz observed that there was quite a bit of interest in the legislation from out of state. He referenced out of state testimony on the bill earlier in the day where the caller mentioned that states with a compact agreement in place had higher vacancy rates than other states. He asked if Mr. Kosin disagreed and if he had evidence to the contrary.

Mr. Kosin answered that the number of states with a compact was 40 to 10, so there was a much larger sample size of the states with a compact, which meant there was much bigger chance of having higher vacancy rates. He pointed out that no one in support of the compact had ever suggested that somehow it would cure all of the nursing shortages in Alaska or across the country. He explained that it was about how fast and efficiently the state could get someone licensed so they could begin work, especially when it was necessary to recruit from out of state. He underscored that approximately 1,400 registered nurses needed to be hired per year to keep up with growth and meet demand. He noted that in-state colleges graduated 324 nursing students per year. He stressed that Alaska was reliant on out of state workers to help drive down vacancy rates. He would be happy to collect information on vacancy rates to provide the details to the committee; however, he believed that information missed the point of the legislation.

Representative Ortiz noted that Mr. Kosin referenced the problems with nurses getting licensed in Alaska. He remarked that particularly during the COVID-19 pandemic there was a period where it took way too much time for healthcare workers in general to get licensed in Alaska. He asked about the current status of licensing nurses in Alaska. He wondered if there was significant improvement in the process.

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Mr. Kosin responded that there had been improvement when comparing the present with six months to a year ago. However, he stated that the current status was not a good place to be. He stated that Alaska's system was not safer, faster, or more efficient when compared to almost all other states. He understood the department [Department of Commerce, Community and Economic Development] would testify and would likely say it took anywhere from four weeks or more to get a license. He stated it was not very fast. He

recognized that while it was better than it had been in the past, it was still not an acceptable place to be when there was something widely used across the country that would be significantly faster.

Representative Hannan stated that one of the concerns she had heard about the compact had to do with nurses who came to work in Alaska who may be under disciplinary action or complaint in another state. First, the compact did not require the state to keep any kind of registration of people working in Alaska on a nurse license compact. Meaning a person could leave another jurisdiction and work in Alaska while they were under investigation. She asked if AHHA supported a registration of nurses working in Alaska under compact licensure that would enable tracking individuals if a disciplinary action arose.

Mr. Kosin answered affirmatively; however, AHHA did not believe it was necessary because when a person was under investigation within a home state it was flagged through the investigatory process and the individual may even lose eligibility for a multistate license. He stated that if it was necessary to make people feel comfortable, AHHA would absolutely support the concept. He pointed out that the department would not be able to currently identify where all of the licensed nurses were in Alaska. He explained that once a person was licensed, they could go where they wanted. He elaborated that they could practice telehealth from out of state, work in a facility in or outside Anchorage, or not be working at all. He emphasized that the details were not available at present. He believed there would be no difference under the compact; however, if a registry would make people feel more comfortable, AHHA would have no problem with it.

Representative Hannan explained how she had heard the situation described as a concern. She explained that when a person was licensed in a state, the nurse licensure fees paid for the investigation. She furthered that a nurse in Alaska would have to support the investigation costs of a nurse using a multistate compact license to work in Alaska. She elaborated that currently, if there was an investigation of a nurse with an Alaska license, the department was notified, and it would be reflected in the licensure fees for the rest of the nurses. She was trying to construct a way to keep Alaska nurses working in Alaska from being responsible for paying for investigations of

nurses who came to work in Alaska under a multistate licensure. She had heard the concern from nurses who pay the licensure fees.

Mr. Kosin deferred the question to the department. The department had thought the issue through and had figured out how it would structure a fee schedule so that investigations tied to a multistate license would not impact licensing fees for Alaska nurses. He relayed that if licensing fees increased, there were other financial ways to cover the situation, including assessments, even on AHHA. He stated that AHHA had zero concern about doing something so mainstream like the compact. The agency believed once it was in place, everyone would see there was no downside. He noted that if problems arose, it was something that could be addressed in the future. He assured the committee that the department had thought about the fee issue and could speak to it.

Co-Chair Foster asked to hear from the Department of Commerce, Community and Economic Development (DCCED).

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GLENN SAVIERS, DEPUTY DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS, AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, pointed to a fee provision in Section 2 of the bill that would separate fees for single state licenses versus multistate licenses. She explained that while it would be Alaska multistate license holders paying the fees, the department would ensure that individuals who only wanted an Alaska license had the opportunity to only pay for Alaska licensees. As long as a registry did not create too much work for the hospitals and department, the department was happy to implement one. The department did not know if or where Alaska's nurses were currently working. She relayed that no other states had seen an increase in investigation costs as a result of joining the compact. She informed the committee that DCCED did not know whether a nurse applying in Alaska was under investigation unless it had been reported to the national registry; if it had been reported, DCCED would see it under the compact license in the same way it did for a single license.

Representative Hannan referenced Mr. Kosin's mentioning of license delays for military spouses. She believed he had

been one of the advocates for changing the law in 2020 or 2021. She was concerned or alarmed to hear that the law had been changed to "scoop in" and create a carve out for military spouses, but that it had not impacted the number of spouses working as nurses in Alaska while they were in the state for a short time. She asked if she had understood Mr. Kosin's statements correctly.

Mr. Kosin answered that she understood him correctly. He relayed that all of his points thus far had come directly from groups that were affected. He stated that the Department of Defense could easily come on record to support the statements. He explained that the catchment area of the compact was so large (41 states and jurisdictions) that if a military spouse with a compact license came to Alaska, they were still put into an Alaska license situation. The state was not allowing individuals to freely use their compact license. He shared that AHHA was hearing from military spouses that they had a compact license and the mobility to begin work immediately, but it was still not allowed despite Alaska changing its law a couple of years back. He relayed that the bill was about adopting what was used everywhere else. He believed the law passed a few years ago helped, but it did not solve the issue.

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Representative Josephson referenced Mr. Kosin's testimony that he had not heard from any nurses who oppose the compact. He asked if Mr. Kosin had met with the Alaska Nurses Association.

Mr. Kosin answered that AHHA worked directly with the Alaska Nurses Association for almost two years to try to find ways to improve the licensing system in a way that would be faster and more efficient to see if there was a solution to the problem outside the compact. Despite working together for close to a year they could never see eye to eye on the issue. He knew that the Alaska Nurses Association opposed the compact. He relayed that AHHA was a trade association representing all of its members, whereas the nurses association was a union. The AHHA talked to Alaska Nurses Association members and nurses on a day to day basis and he had not heard what was reflected from their leadership down below. He confirmed that he had met and knew nurses who opposed the compact, but on a day to

day basis the nurses he worked with and met in hospital hallways did not oppose the compact. He stated it was substantiated by all of the surveys that had been conducted.

Representative Josephson understood that there were many important issues to nurses, but he surmised the one at hand had to be at the top of the list. He observed that they had elected leaders who opposed the compact. He asked for verification that someone was electing them.

Mr. Kosin deferred to the nurses association on how its members were elected. He noted that the legislature was hearing a lot of different information from different perspectives. He emphasized that from the beginning, AHHA had relied on facts and all of the information he had provided was statistically backed up through some source. He considered how people were elected and how people were making decisions - he believed there had been a lot of misinformation - and stated that misinformation could compel people to act in different ways. He agreed that people were elected, and he did not know whether the compact was a platform for election. He emphasized that the facts and information showed it was what the rest of the country did, the vast number of nurses supported it, and there was no reason not to join the compact.

Representative Josephson countered that the committee had heard a number of reasons [to not join the compact]. He thought it sounded like people were perhaps merely talking past one another.

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JULIE SANDE, COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), shared that the department had heard overwhelming support for the bill. She noted that DCCED had requested that supporters primarily provide written comments out of respect for the committee's time. She appreciated the opportunity to call in and speak in favor of the legislation. She shared that she held a master's degree in health administration and served over 20 years at the Ketchikan Pioneer Home and had retired as the director. She detailed that the pioneer home employed nurses and certified nurse aides to provide care to residents around the clock. She had also served on the Ketchikan general

hospital medical center for over 12 years on the governing board. She relayed that when DCCED was posed with questions, it considered how it could protect Alaska consumers and how to promote a strong community and economy. She did not believe it was possible to have strong and healthy communities without quality healthcare. She strongly supported the bill for those reasons.

Commissioner Sande addressed license processing times and improvements. She discussed that when she had been considered for her current role, legislators were unified in the need to improve licensing times for Alaskans. Her commitment to the legislature at the time was that she needed time to meet with the DCCED team to determine where the largest challenges were and where the bottlenecks were located. She noted that many legislators had communicated their commitment to provide support wherever possible. She was very proud of the DCCED team and of all the improvements the department had put into place. She reported that the licensing process had gone from 14 weeks to 4 weeks. She noted that 4 weeks was not ideal, but it was a tremendous improvement. She highlighted that the department was receiving a couple hundred fewer nurse license applications each month, which was extremely concerning. The department was very concerned it would continue to see a downward trend in the nurse license applications as Alaska became less appealing for nurses who could work in 41 other jurisdictions without applying for and renewing an additional license.

Commissioner Sande highlighted nurse vacancies and stated it was necessary to make it easier for nurses to come check out Alaska and realize it was where they wanted to be, while ensuring Alaskans had access to needed care. She viewed it as a quality healthcare issue as opposed to a licensing issue. She referenced public testimony heard by the committee earlier in the day. She cited testimony that if the state joined the compact it would lose the ability to discipline nurses working in Alaska on a multistate license. She underscored it was incorrect and clarified that the Board of Nursing and DCCED would not support the legislation if it were the case. She relayed that the Board of Nursing would retain full jurisdictional authority over every nurse treating patients in Alaska regardless of what state issued their license. The state could investigate any nurse practicing in Alaska and take action against their

privilege to practice in Alaska, including prohibiting them from working in the state if the violation was severe.

Commissioner Sande referenced public testimony statements about state sovereignty. She relayed that the Alaska Legislature and the Board of Nursing would retain full authority over the nurse practices laws in Alaska. The compact and its commission had no authority over state practice laws. She referred to earlier statements that nurse license fees would increase under the compact. The department expected the opposite would be true. She elaborated that joining the compact would result in fewer applications, which meant part of the DCCED team currently working on nurse licensing could help other programs including medical licensing. She explained that fees were set based on regulatory costs of running the program; therefore, if less staff was needed to process the applications, fees would likely decrease. Currently, the nurse licensing team was more than double the size of any other licensing team within the division. She explained that if the team had fewer nurse licenses to process, it would mean more staff available to process other licenses (e.g., contractor licenses) in a timelier manner.

Commissioner Sande addressed testimony that compact states had higher nurse vacancy rates compared to non-compact states. The department had been unable to locate data mentioned by the testifier. She noted the only data DCCED had found on healthdata.gov was specific to California. The department would be interested to see the data if it was sent to the committee. The department found other data from the U.S. Chamber of Commerce showing otherwise. She relayed that on January 29, 2024, the U.S. Chamber of Commerce published a data deep dive on the national nursing crisis. [Note: due to poor teleconferencing connection some of Commissioner Sande's testimony is inaudible].

Co-Chair Foster noted that Commissioner Sande's phone connection was breaking up.

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Commissioner Sande concluded her remarks by providing her support for the bill.

Co-Chair Foster noted others available.

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Representative Josephson referenced an appeal to licensed nurses that went out four days earlier. He remarked it had been an administration practice in the past to use its email databases to rally people to a cause. He asked if there was an administration policy or if it was typical protocol.

Commissioner Sande replied it was not an administration call. She believed Representative Josephson was referring to an email from Patty Wolfe, the executive administrator for the Board of Nursing, representing the board and administration, both of which fully supported and saw a strong need for the compact. She relayed that the email was sent at the direction of the board and division management. She relayed that the communication on April 30, was only sent to individuals who opted to receive communication from the Board of Nursing.

Representative Ortiz remarked that he and Commissioner Sande were from the same community, and he was very familiar with the good work she had done prior to beginning as the commissioner. He had heard of the Ketchikan city council's support for the nursing compact. He was aware that there was support in the community for joining the compact. He was also aware that there was opposition from nurses to joining the compact. He noted that Mr. Kosin had testified there was no downside to joining the compact. He asked if the commissioner saw any downsides to joining the compact.

Commissioner Sande responded that she did not anticipate the compact would be a silver bullet and she did not think there was just one fix for the nursing shortage; however, she viewed the compact as a necessary tool. She thought a downside would be choosing not to take action and not moving forward with the compact that so many other states had chosen to join. She believed adopting the nurse licensure compact was the responsible choice based on the current nurse shortage and fear that it would only worsen. She thought the state was at risk and by not joining the compact, it limited Alaska's ability to access nurses that other states had access to. She stated that hindsight was 20/20 and the state may look back four years from now and see that there were unintended consequences. She stated there was always an opportunity to revise something if that

occurred and the department was open to it. She believed based on the information, the state should participate in the compact and she was fully in support.

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Representative Ortiz asked about the compact and its potential for undermining wages and benefits for local nurses. He asked if Commissioner Sande saw it as a threat.

Commissioner Sande understood that some of the opposition to the bill had come from the union out of wanting to protect the wages of its membership. However, when she had spoken to nurses in various communities, the nurses were not expressing concern about their wages, but they were expressing concern about mandatory overtime. She stated there was a far greater concern about the quality of outcomes when nurses were tired. Additionally, there were nurses seeking other professions because they did not want to miss birthdays, Christmases, and time with their families due to a lack of relief. She had a conversation with a hospital administrator and nurse the previous week who was fully in support of the bill.

Co-Chair Foster asked the sponsor for any concluding remarks.

REPRESENTATIVE MIKE PRAX, SPONSOR, thanked the committee for hearing the bill. He highlighted that the number of nurse license applications had declined significantly since the end of the COVID-19 pandemic, when one would expect the opposite to be true. There did not seem to be a good reason for the decline in number of licenses except that it was easier to go to work somewhere else. He noted it was not constrained by wages or anything else. He stated it was a fairly urgent problem and time to see some relaxation in bureaucracy to see if it would help address the issue and stem the recruitment problems occurring in the state.

Co-Chair Foster thanked the testifiers. He noted the bill would be heard on the following Monday.

HB 149 was HEARD and HELD in committee for further consideration.

Co-Chair Foster handed Co-Chair Edgmon the gavel.

2:18:08 PM

AT EASE

2:29:37 PM

RECONVENED

#sb187

CS FOR SENATE BILL NO. 187(FIN) am

"An Act making appropriations, including capital appropriations, supplemental appropriations, and other appropriations; making reappropriations; making appropriations to capitalize funds; amending appropriations; and providing for an effective date."

2:30:14 PM

Co-Chair Edgmon relayed that the committee would consider amendments to the capital budget and would at some point move it out. He relayed that the capital budget was a product of an agreement between the House and Senate in terms of timeline, process, and funding amounts. The current budget achieved the parameters of work with the other body. The amendment deadline had been 10:00 a.m. that morning.

2:31:18 PM

Co-Chair Edgmon began the amendment process noting that Amendment 1 was his amendment. He asked for a motion to move it.

Co-Chair Johnson MOVED to ADOPT Amendment 1 (copy on file):

DEPARTMENT: University of Alaska
PROGRAM: University of Alaska Fairbanks
PROJECT TITLE: Alaska Railbelt Carbon Capture & Sequestration Project

DELETE: \$2,200,000 UGF, 1004

ADD: \$2,200,000 UGF/Match, 1003
\$8,880,00 Fed Receipts, 1002

EXPLANATION: This is a technical fix. The federal receipts for this project were inadvertently omitted. This amendment restores the federal match and correctly classifies the \$2.2 million in UGF as match.

Representative Stapp OBJECTED for discussion.

Co-Chair Edgmon explained the amendment that was a technical fix related to the University of Alaska - Fairbanks tied to the Alaska Railbelt Carbon Capture and Sequestration Project. The original budget contained \$2.2 million in unrestricted general funds (UGF). In order to properly account for the entire package of funding, which was state and federal in nature, it was necessary to delete the increment and add \$2.2 million in UGF matching funds that would allow the inclusion of \$8.8 million in federal receipt authority for a total of \$11.1 million.

Representative Stapp WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

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Representative Josephson MOVED to ADOPT Amendment 2 (copy on file):

DEPARTMENT: University of Alaska Unassigned
PROGRAM: University of Alaska Fairbanks
PROJECT TITLE: Alaska Railbelt Carbon Capture & Sequestration Project

DELETE: \$1,000,000 UGF, I 004

DEPARTMENT: Department of Transportation
PROGRAM: Federal Program Match
PROJECT TITLE: Match Assistance for Local Transit Providers

ADD: \$1,000,000 UGF, 1004

EXPLANATION: This is an Alaska Mobility Coalition priority. Transit Match Funding would be used to support small community and non-profit efforts to draw down federal infrastructure funds for transportation assistance.

Representative Stapp OBJECTED.

Representative Josephson explained that due to the passage of Amendment 1, the fund source on Amendment 2 should be 1003. The fund source was UGF match, and it would divert some of the carbon capture sequestration project funding. The amendment pertained to \$1 million in transit match funding for the Alaska Mobility Coalition. He read a selection on the Alaska Mobility Coalition:

Prior to FY 18 the state put in general fund capital dollars to help transit providers with their local match requirements for various federal transit program grants for operational support and capital equipment and facility purchases. This grant program existed for more than a decade and varied from half a million to \$1.5 million. This state investment helped leverage more than three times as much in federal funds. During the COVID epidemic the federal government provided considerable extra funding, much of which did not require a match but that has changed. Now more than ever before, the federal government is making huge investments to community and public transit systems nationwide and Alaska can access these federal funds if they can come up with a local match. Applicants must provide matching funds in the amount of 10, 20, and sometimes 50 percent depending on the program. To ensure that our local transit providers can access all the new federal funding for community transportation, the legislature should provide \$1 million to transit sub-recipients to help meet local match requirements.

Representative Josephson highlighted letters of support from Patrick Reinhart, the Governor's Council on Disabilities and Special Education, and the Alaska Mobility Coalition. He listed some of the entities that would benefit including the City of Bethel, Glacier Valley Transit, City and Borough of Juneau, Ketchikan Gateway Borough, Senior Citizens of Kodiak, Sunshine Transit, and Valley Transit. He stated it seemed like something the legislature funded through the operating budget, but it was a capital amendment. He respected the agreement on the capital budget that had been reached between the bodies, but he was not a party to it. He understood the Senate had left \$113 million in the FY 24 budget, which would lapse into the Constitutional Budget Reserve (CBR). He stated

there were ways to fund the item. He asked for members' support.

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Representative Stapp opposed the amendment. He stated the amendment deleted the general fund match for the previous amendment, which would create hollow receipt authority for the federal fund match available for the University of Alaska. He stated that no aspect of the amendment created the fund source to leverage the federal match; therefore, it would jeopardize the match for the carbon sequestration project.

Co-Chair Edgmon noted that the Office of Management and Budget (OMB) director, Legislative Finance Division (LFD) staff, and University staff, were all available for questions.

Representative Tomaszewski asked if it was the amendment sponsor's intention to have the program for the University deleted. He asked if the sponsor was aiming to kill the project.

Representative Josephson replied that the amendment would kill less than half of the project. It was his understanding that the other body was not funding the item. The amendment would be an adjustment to the program.

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AT EASE

[2:39:13 PM](#)

RECONVENED

Representative Josephson stated that because of the concern about the carbon capture and sequestration project he asked that the funding be spent as UGF as written in the original amendment.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Ortiz, Hannan

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

Representative Galvin was absent from the vote.

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

Representative Josephson MOVED to ADOPT Amendment 3 (copy on file):

DEPARTMENT: University of Alaska Unassigned
PROGRAM: University of Alaska Fairbanks
PROJECT TITLE: Alaska Railbelt Carbon Capture & Sequestration Project

DELETE: \$150,000 UGF, 1004

DEPARTMENT: Commerce, Community and Economic Development
PROGRAM: Grants to Named Recipients (AS 37.05.316)
PROJECT TITLE: Build Alaska's Future - GIS Mapping & Engagement Project

ADD: \$150,000 UGF, 1004

EXPLANATION: Project funding for permanent improvements to GIS mapping of Federal infrastructure funding across Alaska.

Representative Stapp OBJECTED.

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AT EASE

[2:41:59 PM](#)

RECONVENED

Representative Josephson asked members to delete the part of the amendment referring to department, program, and project title. The amendment request would use UGF and the program was Build Alaska's Future Education Fund GIS Mapping and Engagement Project. The program was a transformative initiative, leveraging cutting edge geographic information systems (GIS) technology to illuminate the scope and impact of state and federal infrastructure funding across Alaska. The project was seeking \$150,000 to expand the breadth and depth of the key initiatives to deliver unique insights and educate the public. He noted it was a CAPSIS [Capital Projects Submission and Information System] item. He understood

there were many CAPSIS items that did not necessarily make it into the budget. He entered the item as a request for an Alaskan earlier in the year and he asked for members' support.

Co-Chair Edgmon stated that a good part of the capital budget was built around infrastructure. The budget included \$1.25 million for a navigator program for the Alaska Municipal League, \$1.5 million for the Alaska Federation of Natives, \$7 million in matching funds for the Denali Commission, \$895 million in federal funding for the Statewide Transportation Improvement Program (STIP) program, and myriad projects from around the state. He thought the project in the amendment was good, but it was not possible to include every project in the budget. He felt satisfied with the amount of infrastructure, school maintenance, and energy projects included in the budget. He remarked that the \$150,000 was not included in the agreement with the other body. He stated that some projects would not be included as worthy as they may be and there was a likelihood they may be seen the following year. He recognized the meritorious content of the amendment but could not support it.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Hannan, Josephson

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

Representative Galvin was absent from the vote.

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

[2:45:29 PM](#)

Representative Josephson MOVED to ADOPT Amendment 4 (copy on file):

DEPARTMENT: University of Alaska Unassigned
PROGRAM: University of Alaska Fairbanks
PROJECT TITLE: Alaska Railbelt Carbon Capture & Sequestration Project

DELETE: \$160,000 UGF, 1004

DEPARTMENT: Commerce, Community and Economic
Development

PROGRAM: Grants to Named Recipients (AS 37.05.316)

PROJECT TITLE: Build Alaska's Future - Alaska Native
Workforce Development Workshops (ANWDW), a Rural-Urban
Exchange Pilot Project

ADD: \$160,000 UGF, 1004

EXPLANATION: Pilot program to address workforce needs
in rural areas and Alaska Native communities.

Representative Stapp OBJECTED.

Representative Josephson explained the amendment. He noted that the project title would not relate to carbon capture and sequestration. The amendment would provide funding to the Alaska Native Workforce Development Workshops. He detailed that the pilot project aimed to bridge the rural/urban gap by convening stakeholders to address pressing training and workforce needs specifically focusing on rural and Alaska Native communities. The workshops were a necessary step towards bridging the divide in workforce development opportunities for rural Alaska. The program comprised a statewide virtual workshop and three in person sessions in Akiak, Eagle, and Klawock. The program would convene Alaska Native leaders, workforce development organizations, and labor and state local officials to build partnerships and create comprehensive training programs for rural Alaska workers. He asked for members' support.

Co-Chair Edgmon stated that he was sure there was a lot of value in the program. He remarked that being from rural Alaska he was familiar with vocational tech centers in Kotzebue, King Salmon, Bethel, and possibly in Nome. He noted that significant recruitment had taken place with regional Native corporations pertaining to construction on the North Slope. Given the budget constraints he could not support the amendment.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Ortiz, Hannan

House Finance Committee

20

05/03/24 1:38 P.M.

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

Representative Galvin was absent from the vote.

The MOTION to adopt Amendment 4 FAILED (3/7).

[2:48:07 PM](#)

Representative Josephson WITHDREW Amendment 5 (copy on file).

[2:48:21 PM](#)

Representative Josephson MOVED to ADOPT Amendment 6 (copy on file):

DEPARTMENT: University of Alaska Unassigned
PROGRAM: University of Alaska Fairbanks
PROJECT TITLE: Alaska Railbelt Carbon Capture & Sequestration Project

DELETE: \$90,000 UGF, 1004

DEPARTMENT: Commerce, Community and Economic Development
PROGRAM: Grants to Named Recipients (AS 37.05.316)
PROJECT TITLE: Alaska Native Arts Foundation-Alaska Native Artist Directory

ADD: \$90,000 UGF, 1004

EXPLANATION: Creates directory to boost visibility and market access of Alaska Native artists from remote areas.

Representative Stapp OBJECTED.

Representative Josephson relayed that a longtime Alaskan from Ketchikan and Anchorage had recommended the project. The amendment was not associated with the Alaska Railbelt Carbon Capture and Sequestration Project as a fund source. The funding would create a directory to boost visibility and market access of Alaska Native artists from remote areas. The directory was designed to give Alaska Native artists from remote communities with historically insufficient online resources, centralized access to art

markets. By the development of a platform collaboratively designed with artist feedback, indigenous artists from across geographic isolated regions could achieve higher visibility and facilitate connection between organizations, regions, other artists, and new patrons throughout the state, making Alaska Native artwork more broadly available. He asked for members' support.

[2:49:33 PM](#)

AT EASE

[2:49:47 PM](#)

RECONVENED

Co-Chair Edgmon was aware of the effort and a number of regional efforts to involve the boosting of Native artists. He elaborated that much of the arts and crafts culminated at the Alaska Federation of Natives (AFN) fair in the fall. He relayed that the regional corporation in Bristol Bay had an online marketing effort that did something similar to what the amendment proposed. He believed there were others around the state as well. Due to budget constraints, he would oppose the amendment.

Representative Cronk agreed with the statements made by Co-Chair Edgmon. He remarked that Native artists increasingly had their own websites. He did not think the amendment was needed. He believed that with the boost of broadband in rural Alaska in the coming years it would be a great avenue for artists to sell their work.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Ortiz, Hannan, Foster

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

Representative Galvin was absent from the vote.

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

[2:51:33 PM](#)

Representative Josephson MOVED to ADOPT Amendment 7 (copy on file):

DEPARTMENT: Commerce, Community and Economic
Development
PROGRAM: Unassigned
PROJECT TITLE: Alaska Energy Authority - Round 16
Renewable Energy Project Grants (AS 42.45.045)

ADD: \$5,000,000 UGF, 1004

EXPLANATION: This would add additional funding for
this program.

Representative Stapp OBJECTED.

Representative Josephson relayed that for several members of his caucus and broadly speaking, there was interest in increasing the Renewable Energy Fund (REF). He recognized that Co-Chair Edgmon and his caucus found generous ways to fund the REF beyond the administration's request. The amendment would add another \$5 million UGF. He understood that the other body reduced the waterfall because circumstances changed (there were fiscal notes and new contracts) and the amount intended to send to the CBR one year back had shrunk by about \$30 million. He noted that during conference committee [to be held at the end of session] the argument could presumably be made that all of that \$113 million did not need to go to the CBR. The amendment would expand the Renewable Energy Fund portfolio to include Goat Lake Hydro in Skagway, Nuvista Kwethluk, Quinhagak Battery Energy Storage, Nenana biomass heat system, Kongiganak 100 kilowatt solar energy project, and the Railbelt wind diversification project. He asked for members' support.

Co-Chair Edgmon appreciated acknowledgement that the current budget proposal increased the REF funding by almost \$11 million and provided for the addition of eight projects. In a perfect world, he would like to fund every project on the list, which would increase the amount from \$14 million to \$32 million. He stated that, unfortunately, the opportunity was not available. He relayed that the previous year the legislature had funded \$15 million and made the REF program permanent with legislation supported by the entire committee. He had spoken with the Alaska Energy Authority (AEA) director Curtis Thayer several days back and Mr. Thayer had talked about the inception of the program in 2008. Over \$300 million had gone into the program over time and it was more than just seed money for

a bunch of projects that never reach fruition. There were a number of major renewable energy projects around the state that started out by being included on the REF project list. Unfortunately, there were budget limitations and the current budget included almost \$15 million, which was on par with the previous year. Due to budget constraints, he would have to oppose the amendment.

Representative Hannan stated that the actions of Representative Josephson were supported by the entire minority caucus. She remarked there had been reference to a deal that had been cut between the majority caucuses in both bodies; however, no one in the House minority was allowed to have district projects and they had not received any say on the included projects. She highlighted that none of the projects on the list in the amendment were located in her district; however, it was something as a caucus they could support. She stated that investing more in renewable energy was something the minority caucus supported universally as being good for Alaska.

[2:56:44 PM](#)

Co-Chair Edgmon politely rebutted the comments by stating that the capital budget did get a number of House district priorities funded while it was in the other body. There were some Juneau projects in the budget including one for the University. He agreed that individual projects for the minority and the majority did not get funded in the budget. He relayed that they did best they could. He characterized it as imperfectly perfect or perfectly imperfect.

Representative Stapp supported the work done by Co-Chair Edgmon on the capital budget. He addressed the discussion on people's individual projects not being included. He assured the committee that the Senate majority took care of the House minority very well. He remarked that his senator was in the Senate majority and every one of the capital projects included were not in his own district but were located in the downtown [Fairbanks] district.

[2:58:24 PM](#)

Co-Chair Johnson appreciated the work done by Co-Chair Edgmon and the work done to make sure everyone was as fairly treated as possible.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Hannan, Josephson

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

Representative Galvin was absent from the vote.

The MOTION to Adopt Amendment 7 FAILED (3/7).

2:59:43 PM

Representative Josephson WITHDREW Amendment 8 (copy on file).

3:00:01 PM

AT EASE

3:00:27 PM

RECONVENED

Representative Josephson WITHDREW Amendments 9 and 10 (copy on file).

Representative Josephson MOVED to ADOPT Amendment 11 (copy on file):

DEPARTMENT: Revenue
PROGRAM: Unassigned
PROJECT TITLE: Dividend Application Information System
Replacement Phase I

DELETE: \$3,500,000 UGF, 1004

DEPARTMENT: Commerce, Community and Economic
Development
PROGRAM: Grants to Municipalities (AS 37.05.315)
PROJECT TITLE: Anchorage- Tanaina Hills Water
Distribution Installation

ADD: \$3,500,000 UGF, 1004

EXPLANATION:

North Link Aviation plans to create a parking and fuel depot for jumbo jets south of the Ted Stevens

International Airport. Many residents living near the potential South Airpark Cargo Improvement project use well water. Residents are already experiencing PFAS contamination. They worry of additional PFAS contamination from the project, and request that the city water service be extended to the area.

Representative Josephson explained that he had lived in many communities in Alaska and twice in rural Alaska and he had an Alaska-wide spectrum. He considered himself to be another rural Alaska vote if asked. He explained that the amendment pertained to a project that was not in his district; it was located close to the airport in Anchorage and just south of Raspberry Road. He explained that the Tanaina Hills subdivision included about 24 homes, all on well water. The homeowners had protested adamantly with no success over the creation of the south airpark cargo improvement project located on the south part of the airport campus. The homeowners were opposed to the project because it would create air issues and because the subdivision already suffered from PFAS inundated well water related to fire suppression work. He believed the project was located in Representative Tom McKay's district and Senator Matt Claman's district. He requested to ask LFD about the Dividend Application Information System Replacement fund source in the amendment.

MICHAEL PARTLOW, ANALYST, LEGISLATIVE FINANCE DIVISION, introduced himself.

Representative Josephson asked Mr. Partlow what he knew about the Dividend Application Information System Replacement and whether it needed the \$7.5 million in the budget.

Co-Chair Edgmon remarked that the specific budget request addressed by Amendment 11 had come to the House very late; he believed it had come to the Senate Finance Committee co-chairs right as they were sending the budget over. He stated that the Dividend Application Information System Replacement totaled about \$7.5 million and the House and Senate agreed that each would put in \$3.75 million for each component. He thought perhaps the OMB director would be appropriate to answer the question.

Mr. Partlow answered that the budget included \$7.5 million for the project and Amendment 11 would reduce the funding

by \$3.5 million. He deferred to the OMB director for more details on the project.

LACEY SANDERS, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, relayed that the Dividend Application Information System Replacement was a new project for the Department of Revenue (DOR). The funding was for the first of what the administration was hoping would be two phases of requests to come to the legislature. She explained that DOR was working on issuing a request for proposal (RFP) for a contract to start the work on the development of the new system. There were concerns about automation and security with the current system and the new system would replace it. The \$7.5 million would enable DOR to start on the design and issue a contract for the work.

Representative Josephson asked if the project had received an appropriation before.

Ms. Sanders replied in the negative. She clarified that the system would be brand new.

Representative Josephson asked about the minimum amount needed in the coming fiscal year for the project.

Ms. Sanders replied that OMB believed it would cost \$7.5 million to get started on design work with a contractor. The total project cost would not be known until the contract was issued. She estimated it could be \$15 million to \$20 million total.

Representative Josephson asked about the level of confidence the funds would be needed in the coming fiscal year.

Ms. Sanders responded that she was very confident DOR needed the funding to be able to get started with a contractor.

Representative Josephson asked if it was appropriate for LFD to offer an opinion.

Co-Chair Edgmon noted there were questions from other committee members.

Representative Cronk stated the committee could "literally do this to every single item in the budget." He thought

asking whether budget items were needed was opening a can of worms. He stated the committee could spend weeks asking for opinions. He did not believe it was appropriate.

Co-Chair Edgmon agreed. He stated that the program was new, and his office did its own due diligence on whether the project was worthy. He believed the initial number had been much higher and his office had pared it down. He added that the other body agreed with the budget item.

3:09:11 PM

Co-Chair Johnson relayed that she had questioned the budget item when it had initially come forward. She had spent a lot of time analyzing the request and amount and had determined it was needed.

Co-Chair Edgmon commended Representative Josephson for bringing the amendment forward and highlighting the new expansive project near the [Anchorage] airport. He referred to existing indications of PFAS before the project had started.

Representative Coulombe thanked Representative Josephson. She shared that it was a very sad story in Anchorage. She speculated that if committee members had houses in their community that were contaminated and needed city water, they would likely feel just as passionate about the issue. She asked if the municipality was able to address the issue. Alternatively, she wondered if the contamination from the airport meant it had to come from the state.

Representative Josephson answered it was very expensive at \$3.5 million for 24 families. He did not know whether the families were using potable water. He appreciated Representative Coulombe's comments.

Representative Stapp appreciated the maker of the amendment. He shared that Fairbanks knew all about PFAS contamination in wells. He estimated that about one-third of the town was contaminated by PFAS, which was why he had sponsored a bill to start the process on PFAS mitigation. He would not be supporting the amendment.

Co-Chair Edgmon noted that the committee had reported out a PFAS bill - SB 167 - several days back (the House companion version had been introduced by Representative Stapp). He

highlighted that his hometown of Dillingham also had a PFAS problem.

[3:12:49 PM](#)

Representative Hannan reminded the committee that the PFAS bill did not clean up contaminated wells. The bill allowed the collection of PFAS material from small communities. There had been several PFAS bills that went much further, one that was vetoed the previous year. Across the state there were Code Red canisters waiting to be collected instead of being dispersed in communities. Additionally, there were communities with contaminated wells. Some of the cleanup was federal obligation and some may involve litigated money to clean up. Meanwhile, people still had contaminated water in their wells and the legislature needed to start getting money to people's wells or connecting them to safe drinking water systems. She stated it would not come fast enough and there would be some real health impacts. She highlighted the impact on drinking water in Dillingham, Tok, and other locations. She believed the state needed to start dealing with the projects and not wait for the federal government. She noted that drinking water was already a critical issue in rural Alaska. She wished the committee could support the amendment.

Representative Josephson respected Representative Cronk's point; however, he guessed that the item [for DOR] had likely been identified as something that was not necessary in its entirety for the coming year.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Hannan

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

Representative Galvin was absent from the vote.

The MOTION to adopt Amendment 11 FAILED (3/7).

[3:15:49 PM](#)

Representative Josephson WITHDREW Amendments 12 and 13 (copy on file).

3:16:08 PM

AT EASE

3:17:09 PM

RECONVENED

Representative Ortiz MOVED to ADOPT Amendment 14 (copy on file):

DEPARTMENT: Commerce, Community and Economic Development

PROGRAM: Grants to Unincorporated Communities (AS 37.05.317)

PROJECT TITLE: Metlakatla - Emergency Repair for Frank Hayward Memorial Breakwater

ADD: \$695,000, Unrestricted General Funds, (1004)

EXPLANATION: Critical repairs are needed for the Frank Hayward Memorial Breakwater where the emergency medevac vessel, Triton, is moored.

Representative Stapp OBJECTED.

Representative Ortiz explained the amendment. He thanked Co-Chair Edgmon for his work on the capital budget and believed he had done an exceptional job. He had no complaints and understood the situation. He was offering the amendment in the name of public health and safety. He understood it was one of the major goals put forward by both capital budget chairs. The amendment would provide \$695,000 for Metlakatla to address a pressing health and safety need. He relayed that Metlakatla was located on Annette Island, 20 miles south of Ketchikan and could only be reached by seaplane or boat. The Frank Hayward Memorial Breakwater was constructed in 1986 and increased storm intensity and high tides had increased pressure on the aging infrastructure, resulting in significant storm damage. He stressed that the damage needed to be addressed to protect the health and safety of the community. He explained that three floats and six pilings needed to be replaced. The Medivac vessel, Triton was moored in the area and emergency medical patients were transported from that location. He relayed that the community was looking to do a larger overhaul of the breakwater in the future, but in the meantime, repairs were needed to make it usable. The

amendment addressed the health and safety of the Tsimshian people of Metlakatla.

[3:20:53 PM](#)

Co-Chair Edgmon appreciated the amendment. He asked if it was a project that would endeavor to seek federal funds for overall completion. He had a number of fishing communities in his district such as St. Paul Island and other communities with breakwaters that had ultimately involved millions in federal funds. He did not see matching funds attached to the amendment. He asked if the overall amount being sought was the overall amount needed.

Representative Ortiz replied that the amendment included the total amount for the repairs to make it useable for emergency evacuation purposes. The community had further plans in the future to make the repair more sustainable for long-term usage.

Co-Chair Edgmon stated that given the similarities in their coastal districts he could empathize and understand the need for the project. He noted that unfortunately it butted up against the fiscal realities facing the committee.

[3:22:42 PM](#)

Representative Ortiz provided wrap up on Amendment 14. He thanked the committee for its serious consideration of the request. He believed there would be little pushback from the other body during conference committee. He remarked on the potential for \$113 million to be set aside for some particular purposes. He did not believe the ask was too large to see the project move forward in the name of public safety for the people on Annette Island.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Hannan, Edgmon

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

Representative Galvin was absent from the vote.

The MOTION to adopt amendment 14 FAILED (4/6).

Representative Cronk introduced family members in the audience.

Representative Hannan requested a brief at ease for Representative Cronk to see his family.

Co-Chair Edgmon thanked the committee for its input into the budget process. He asked if there were committee comments.

Representative Coulombe thanked Co-Chair Edgmon for the process. She noted that noted that her first year in the legislature [2023] there had not been a good capital budget process. She acknowledged the work and appreciated that the process was different than the prior year.

[3:26:07 PM](#)

Representative Cronk did not believe the House had done the capital budget for his first several of years in office. He remarked that it was not possible to fund everything and he believed the process and effort had been fair. He thanked Co-Chair Edgmon for his work.

Co-Chair Johnson thanked staff and Co-Chair Edgmon for their work.

Co-Chair Edgmon thanked his staff, LFD, OMB, and Co-Chair Foster's staff Brodie Anderson.

Co-Chair Johnson MOVED to REPORT HCS CSSB 187(FIN) out of committee with individual recommendations and the accompanying fiscal notes with permission to LFD and Legislative Legal Services to make technical and conforming changes.

There being NO OBJECTION, it was so ordered.

HCS CSSB 187(FIN) was REPORTED out of committee with seven "do pass" recommendations and three "amend" recommendations.

Co-Chair Foster noted there would be a 10 minute break.

[3:29:12 PM](#)

AT EASE

[3:54:23 PM](#)

RECONVENED

#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."

[3:54:53 PM](#)

Co-Chair Foster noted the committee would consider eight amendments and two fiscal notes.

[3:55:51 PM](#)

AT EASE

[3:56:32 PM](#)

RECONVENED

Co-Chair Foster noted the committee would review the two fiscal notes.

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY (via teleconference), reviewed the Alaska Energy Authority's (AEA) zero fiscal note, OMB component number 2599. The agency did not anticipate any fiscal impact as a result of the legislation. He relayed that AEA owned transmission assets that were part of the Railbelt integrated transmission system, but AEA was not regulated by the Regulatory Commission of Alaska (RCA) according to AS 44.83.090(b). He elaborated that the legislation did not include costs associated with the AEA-owned Bradley Lake hydroelectric project.

Co-Chair Foster moved to the RCA fiscal note.

NAOMI JOHNSTON, ADMINISTRATIVE OPERATIONS MANAGER, REGULATORY COMMISSION OF ALASKA (via teleconference), reviewed the fiscal impact note from the RCA, OMB component number 2417. The note included \$250,000 for services in FY 25 and \$50,000 for services in FY 26. The funding source was general funds. The bill would require the RCA to establish a transmission cost recovery mechanism, develop a process to transition to the cost recovery mechanism, and

to create an integrated transmission system association. Additionally, the bill would require the RCA to adopt regulations and contract services would be needed to develop the cost recovery mechanisms and regulations for the program to meet statutory timeframes. Other costs such as public notices, postage cost, and any associated legal costs resulting from investigations would be absorbed into the RCA's operating budget.

4:01:00 PM

AT EASE

4:01:20 PM

RECONVENED

Co-Chair Foster began the amendment process.

Co-Chair Edgmon WITHDREW Amendment 1 (copy on file). He explained that it was part of a later amendment.

Co-Chair Edgmon MOVED to ADOPT Amendment 2, 33-GH2489\A.8 (Walsh, 5/1/24) (copy on file):

Page 1, line 1, following "producers;":
Insert "relating to the Alaska Energy Authority;"

Page 2, following line 7:
Insert a new bill section to read:
"* Sec. 3. AS 39.25.110(11) is amended to read:
(11) the officers and employees of the following boards, commissions, and authorities:
(A) [REPEALED]
(B) Alaska Permanent Fund Corporation;
(C) Alaska Industrial Development and Export Authority;
(D) Alaska Commercial Fisheries Entry Commission;
(E) Alaska Commission on Postsecondary Education;
(F) Alaska Aerospace Corporation;
(G) [REPEALED]
(H) Alaska Gasline Development Corporation and subsidiaries of the Alaska Gasline Development Corporation;
(I) Alaska Energy Authority;"

Renumber the following bill section accordingly.

Page 3, following line 21:

Insert a new bill section to read:

"* Sec. 5. AS 44.83.040 is amended by adding a new subsection to read:

(e) The authority may, as the authority considers advisable, appoint persons as officers, including an executive director, and employ professional advisors, counsel, technical experts, agents, and other employees. The executive director and employees of the authority are in the exempt service under AS 39.25."

Co-Chair Foster OBJECTED for discussion.

Co-Chair Edgmon explained the amendment. He stated there was currently a unique relationship between AEA and the Alaska Industrial Development and Export Authority (AIDEA). He detailed that AEA's employees were employed by AIDEA. The amendment would enable AEA to have its own employees once again, where the existing PCNs [position control numbers] would be transferred with no additional cost from AIDEA to AEA. The change would allow for accounting and budget simplification and potential cost savings due to efficiencies. He added there was a real possibility that the two agencies would be served by separate and distinct boards for the first time, which would help complete the separation of the two entities. He elaborated that the agencies had one board to oversee their functions.

[4:03:16 PM](#)

Representative Josephson asked if it was fair to say that Amendment 2 was designed to do what the administration was trying to do in January.

Co-Chair Edgmon answered, "No, but with a hint of yes." He explained that the executive order aspired to split the two entities into two separate boards (which was included in another piece of legislation). The amendment accompanied the separation of the two boards by allowing AIDEA employees working for AEA to transfer to AEA.

Representative Josephson asked what it looked like on the ground. He asked the employees would move their offices and change their workload and assignments.

Co-Chair Edgmon stated the PCNs for AEA employees were listed as AIDEA employees. He stated it had been a long time in the making and the amendment would complete the separation of the two facilities, assuming the provision to separate the boards passed. He believed there was a high probability of that taking place.

[4:05:12 PM](#)

Representative Hannan asked if the provision in Amendment 2 only worked if the separation of the two entities went through. Alternatively, she wondered if it could function independently.

Co-Chair Edgmon answered that AEA employees were statutorily designated as AIDEA employees. The amendment would move AEA employees over to AEA. It was his understanding that the separation of the two boards required a different vehicle. He stated that the action by the amendment could take place while still under the framework of one board. He believed that in time there would be two boards.

Representative Hannan relayed that she was supportive either way.

Co-Chair Foster WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

[4:06:37 PM](#)

Representative Stapp MOVED to ADOPT Amendment 3, 33-GH2489\A.16 (Walsh, 5/2/24) (copy on file). [Note: due to the length of the amendment it is not included here. See copy on file for details.]

Representative Josephson OBJECTED for discussion.

Representative Stapp explained the amendment. The amendment was a result of numerous conversations he had with stakeholders, power producers, utilities, and governor's staff. He had looked at things done in the other body to try to find the best path forward. The amendment tried to incorporate the best ideas and concepts floating around the legislature to move it toward the finish line. He noted it was much closer to the original bill than the version

currently before the committee. He asked his staff Bernard Aoto to come to the table to review the sectional analysis. He noted that Andrew Jensen from the governor's office was present to answer technical questions.

BERNARD AOTO, STAFF, REPRESENTATIVE WILL STAPP, reviewed the sectional of the amendment (copy on file):

Section 1

Amends AS 42.05.020(f) to increase the salary for Regulatory Commission of Alaska (RCA) commissioners from Range 27 to Range 29 for purpose of improved recruitment to positions.

Section 2

Amends AS 42.05.254(a) to increase the regulatory cost charge for telecommunications providers to fund operations at the RCA and the Regulatory Affairs and Public Advocacy (RAPA) section of the Department of Law. The increase for RCA operations is from 0.7 percent to 0.98 percent, and the increase for RAPA is from 0.17 percent to 0.22 percent.

Representative Josephson asked if Mr. Aoto was reading from something committee members were supposed to have. He did not have the document.

Mr. Aoto answered that the document was provided as backup information and he did not know whether members had it in their packets.

Co-Chair Foster took an at ease.

4:09:10 PM

AT EASE

4:18:03 PM

RECONVENED

Co-Chair Foster relayed that committee members had received the sectional analysis (copy on file). He asked Mr. Aoto to continue his review. He finished reviewing Section 2 shown above.

Section 3

Amends AS 42.05.381(e) to require the RCA to adopt regulations specific to refuse utilities for setting a

range for adjustment of rates by a simplified rate filing procedure. This expands the current public utilities covered by the section that currently includes electric cooperatives and telephone utilities.

Section 4

Amends AS 42.05.381 to expand the criteria for a 'just and reasonable' rate to consider whether the purpose of the rate is to increase the diversity of supply, promote load growth, or enhance energy reliability or energy security.

Section 5

Amends AS 42.05.431(b) to ensure that wholesale power contracts between a utility and an independent power producer (IPP) must reflect a tax exemption or government subsidy provided to a utility or IPP. The purpose is to require that tax exemption provided for in the bill is passed through to the ratepayers.

Section 6

Amends AS 42.05.431 to add a section allowing for cost recovery in rates for renewable energy projects less than 15 megawatts that have been approved by the utility's board of directors. This cost recovery would not require approval by the RCA, and would apply only to utilities subject to the jurisdiction of an Electric Reliability Organization (ERO). The only ERO in the state covers the Railbelt, so this provision would be limited to those utilities. The 15 MW threshold is based on the project size that requires pre-approval by the RCA for utilities subject to an ERO in AS 42.05.785.

Section 7

Amends AS 42.05.762 to require that an ERO prioritizes reliability and stability of an interconnected electric system while considering cost to the customer. The purpose is to provide additional clarity to the mission of an ERO.

Section 8

Amends AS 42.05.770 to require an ERO to develop nondiscriminatory standards for interconnection, and it removes the requirement that an ERO develop open access and cost recovery standards. The purpose of

this section is to clarify responsibilities as a transmission cost recovery and open access tariff will be transferred to the Railbelt Transmission Organization.

Section 9

Similar to Sec. 2 in that it amends AS 42.06.286(a) increases the regulatory cost charge on pipeline carriers to fund operations of RCA and RAPA. The increases are the same level, with an increase for RCA operations is from 0.7 percent to 0.98 percent, and the increase for RAPA is from 0.17 percent to 0.22 percent.

Section 10

Amends AS 43.98 to add a new section that would exempt electricity generation facilities built by an independent power producer from state and local taxation. This exemption has several conditions: It only applies to projects constructed and placed into service on or after July 1, 2024; and it only applies to projects that are only selling wholesale power to a tax-exempt cooperative or municipal-owned utility.

Section 11

Amends AS 44.83.990 to create a new board for the Alaska Energy Authority to include the commissioners of Revenue and Commerce, Community and Economic Development; and six public members to be appointed by the Governor.

Section 12

Amends AS 44.83.030 to allow for the commissioners of the board to delegate their responsibilities to a designee; that public members serve for three-year terms; and the process for filling vacancies.

Section 13

Amends 44.83.040(a) to account for the larger size of the AEA board to update the number of members required for a quorum and a majority vote.

Section 14

Amends AS 44.83.080 to add an additional authority allowing for AEA to acquire battery or energy storage systems.

Section 15

Amends AS 44.83.090(b) to make AEA subject to the jurisdiction of the RCA solely for the purposes outlined in the creation of the Railbelt Transmission Organization requiring the establishment of an open access and transmission cost recovery standard.

Section 16

Amends AS 44.83 to add a new section that creates the Railbelt Transmission Organization (RTO) for the purpose of establishment of an open access and transmission cost recovery standard. This will be accomplished by eliminating current per-unit wholesale charges to be replaced by a new mechanism to fairly recover the costs of operating the system.

This section establishes the RTO within the Alaska Energy Authority, and includes representatives of the Railbelt utilities. The RTO is subject to RCA jurisdiction, and will be required to file tariffs to achieve this purpose.

The section also establishes the structure for the open access and cost recovery mechanism covering the 'backbone' transmission system, and provides a deadline for the submission of this tariff of no later than July 1, 2025. If the tariff is not submitted by this date, the section requires the RCA to establish the open access and cost recovery standard consistent with this section.

The section requires that this commission-approved cost will be passed directly and transparently to the end customer. (Note that customers already pay these costs now, but it is not a transparent on-bill charge.)

Section 17

Provides for the transition of the new members of the AEA board of directors with initial staggered terms of one-, two-, and three-year terms.

Section 18

Provides for a deadline for the RTO to be formed by Jan. 1, 2025.

Section 19

Provides for an immediate effective date for Sec. 3.

Section 20

Provides for an effective date of July 1, 2024, for the remainder of the act.

[4:25:51 PM](#)

Co-Chair Foster asked Representative Stapp to address the main parts that were in the Senate version and parts that were left out.

Representative Stapp replied that one of the concepts not included that was included by the Senate related to net metering. He deferred to Mr. Jensen and staff to talk about the fundamental differences in the bill.

ANDREW JENSEN, ENERGY POLICY ADVISOR, OFFICE OF THE GOVERNOR, replied that that there were a number of things that had been taken out. The amendment removed the RCA qualification changes and the net metering section. He relayed that another bill that had passed the Senate addressed net metering and the two measures did not have the same rate structure. He explained that the items would have to be reconciled into a final product. For example, there should not be one [rate structure] for single family residential and one for multifamily. He referenced version U of the legislation and stated that the largest change was related to the powers of the Railbelt transmission organization. The amendment brought the bill closer to the original intent of the legislation, which was to create an association tasked with eliminating "wheeling." He shared that all of the utilities including Chugach, Homer, Golden Valley, and Matanuska Electric Association expressed desire to eliminate wheeling tariffs in favor of a different way to recover costs. The concept had been narrowed down to that function for the RTO as an initial step. The amendment removed the responsibility for transmission planning from the RTO and removed the provisions around the requirement to transfer management of assets to the RTO. The amendment would still establish an RTO, which included the Railbelt utilities and AEA, and was tasked solely with eliminating wheeling rates, which was the objective of the governor's original bill.

[4:28:55 PM](#)

Representative Josephson saw that the RCA would have some jurisdiction. He asked if the RTO would only be subject to the jurisdiction after large new facilities could be constructed.

Mr. Jensen answered that AEA had to be "within this" because it was an asset owner that had already recovered its costs, and it was positioned to be a very large asset owner with the GRIP [Grid Resilience and Innovation Partnerships] project. The intent was to ensure there was economic oversight of the cost recovery. There was nothing exempt from the RCA's jurisdiction when it came to cost recovery standards.

Representative Josephson asked if the RCA would be able to prohibit a major energy project for being inconsistent with a greater integrated resource plan prior to its construction.

Mr. Jensen asked if Representative Josephson was referring to generation projects.

Representative Josephson agreed.

Mr. Jensen answered that AS 42.05.785 requiring preapproval of projects would still be in place for the ERO. He elaborated that any generation project larger than 15 megawatts would still require preapproval from the RCA.

Representative Josephson repeated the statute reference for confirmation.

Mr. Jensen agreed. He pointed to Section 6 of the sectional analysis that referenced where the amendment would exempt projects smaller than 15 megawatts from cost recovery. He stated that preapproval for projects larger than 15 megawatts would still be required.

Representative Josephson did not see the statute listed in the amendment.

Mr. Jensen clarified that the statute was not listed in the amendment, and he had provided it as context for the committee. There had been some questions about where the 15 megawatts threshold had come from; it was based on existing statute.

Representative Josephson stated that Chugach Electric did not think an RTO was needed and that only the existing ERO was needed. He asked if his understanding was accurate.

Mr. Jensen answered that Chugach [Electric Association] had stated it supported the governor's original bill, which required the creation of an association for the purposes of transmission cost recovery standards. He clarified that the amendment would return the bill to that one purpose, to eliminate wheeling in favor of a new standard. He relayed that the amendment was closer to Chugach's public comment that it was aligned with the original bill, joining a group with other utilities, and eliminating wheeling in favor of a new transmission standard. He thought there would likely be additional public comment made by Chugach to clarify.

[4:33:10 PM](#)

Representative Coulombe asked why the creation of another organization was necessary. She wondered why the ERO was not sufficient.

Mr. Jensen answered that the ERO statute stated that the ERO would create a cost recovery standard for the utilities to follow. The amendment would require the utilities to get together to create one tariff. The ERO was still standing as an organization where the Railbelt utilities had been meeting weekly since November with technical experts within their staff, in addition to attorneys and consultants to develop what the transmission cost recovery would look like. The administration believed the creation of the organization was the fastest most efficient way to eliminate wheeling rates. He stated the original purpose of the governor's bill was to form an association [utilities] were required to join to get rid of new tariffs.

Representative Coulombe stated her understanding that the RTO would deal with wheeling rates and the ERO dealt with four different tariffs. She asked why they were not adapting the existing organization. She thought it sounded like it was the same makeup. She asked why they were creating another organization.

Mr. Jensen clarified that the ERO was only tasked with developing a standard, it was not tasked with filing the tariff with the RCA. The utilities were required to file

the tariff. The ERO did not have the authority to file a tariff on behalf of the utilities.

Representative Coulombe read from Section 5 of the amendment: "...wholesale power contracts between a utility and an independent power producer (IPP) must reflect a tax exemption or government subsidy provided to a utility or IPP." She asked if it was one-for-one. She wondered if an entity had to use all of the tax exemption to reduce the cost to the customer.

Mr. Jensen responded that it was ultimately within the purview of the RCA. He explained that the IPP knew it needed to come in below the avoided cost of the utility; therefore, there would be the potential where the IPP came in just below that amount and could pocket the rest of the exemption as a benefit. It was possible to calculate what a property tax would be in terms of the overall cost to the project. The Department of Revenue (DOR) could make the calculation and the IPP could be required to produce the information. He stated that it would be a topic of negotiation between the utility and IPP. The language in Section 5 ensured that the tax exemption was put in place for the specific purpose of costs being returned to the ratepayers.

[4:37:10 PM](#)

Representative Coulombe was hearing there was discretion. She asked for verification that 100 percent did not have to go.

Mr. Jensen surmised that there could be discretion, but the job of the RCA was to protect the ratepayer and to ensure the ratepayer was receiving the maximum benefit. He explained that the RCA relied on DOR to analyze and provide third-party input. He stated that the utilities, within the negotiation process, would be adamant the benefit they were receiving was reflected in the power purchase agreement. He noted there had been testimony from Matt Perkins from Alaska Renewables (who was working with Golden Valley to develop a large 150 megawatt wind farm) that they already do a side-by-side analysis to show the cost when property taxes were paid versus not paid.

[4:38:22 PM](#)

Representative Coulombe supported the section but was trying to determine whether 100 percent of the lower cost would actually be passed on.

Mr. Jensen replied that the rates were reviewed by the RCA in a public process. The general public would be able to see the information, comment, and intervene. He explained there was a great deal of public protection. He noted that funding was increased for staff within the RAPA section of the Department of Law, which was there to protect the public. There were multiple layers of safeguards from the negotiations including DOR, RCA, and the public to ensure the maximum benefit flowed through.

Representative Coulombe read Section 4 of the amendment: "to expand the criteria for a 'just and reasonable' rate to consider whether the purpose of the rate is to increase the diversity of supply, promote load growth, or enhance energy reliability or energy security." She asked what the just and reasonable rate was currently based on.

Co-Chair Edgmon asked for a repeat of the question.

Representative Coulombe repeated her question.

[4:40:45 PM](#)

Co-Chair Edgmon relayed that he was carrying the amendment for a third party. He explained that the purpose of the provision was to give the RCA more authority or a broader scope when considering rates to look at the diversity of fuel source (such as renewable energy), redundancy factor and reliability in the near and long-term, and cost diversity. He stated it provided a more expansive portfolio for the RCA to consider.

Representative Coulombe looked at the language "to consider" and noted it gave the RCA the option. She was weary of pulling away the cost of the ratepayer. She believed it needed to be the primary consideration. She was concerned about a scenario where rates had to be increased as a result of the expense of numerous new renewable projects. She stated it was a big shift and she was concerned it would be used as an excuse to raise rates.

Mr. Jensen responded that did not know exactly why it was included. He noted there was a Bradley Lake exemption in

statute, and it was exempted from RCA jurisdiction because it was more expensive than the current cost of power. Under the RCA rules at the time, the project would not have been approved. He elaborated that the legislature had decided to exempt the project from RCA review. He noted that Bradley Lake had gone from the most expensive power when it came online to being the cheapest power at present. He believed the provision gave the RCA some criteria that it did not have back when Bradley Lake was being contemplated. He noted that the provision did not require the RCA to approve something under one of the criteria.

[4:43:31 PM](#)

Representative Galvin noted that Representative Coulombe had asked all of her questions.

Representative Hannan wondered why the amendment did not include the transfer of the management of the assets that would be part of the RTO.

Mr. Jensen answered that there had been public testimony from Chugach that morning and in the past that the transfer of management of assets, and particularly language that referred to acquiring operational control, was a nonstarter. He explained in terms of transferring the management of assets, he did not know that the legal implications were fully flushed out. He stated that it did not transfer ownership, but it required transferring of asset management as well as references to operational control. Rather than taking a step that may not be the right one in terms of how to manage the Railbelt in the best fashion, the amendment would remove the section from Senate version U.

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Representative Hannan noted the committee had not discussed or heard anything about Sections 1 through 3 related to the RCA. Section 1 included a step and range salary increase for the commissioners, Section 2 was a telecom surcharge increase, and Section 3 was refuse utility regulation. She was feeling a little blindsided about policy changes related to a fairly complex entity. She wondered if the changes had occurred in the Senate version. She asked for details on the sections.

Mr. Jensen explained that the salary increase for RCA commissioners was included due to competitiveness in a difficult hiring environment. He noted that salary was key, as evidenced across state government related to filling positions. He stated that getting the best people on board required a competitive salary. He relayed that RCA Commissioner Doyle had testified that the only lawyer on board was being term limited out. Hiring a qualified lawyer, perhaps from the private sector, would require a competitive salary. Section 2 increased revenue available to the RCA and RAPA. He explained that the budget for the two agencies was capped and they did not receive general funds; they received funds strictly through the regulatory cost charge. He expounded that staff did a tremendous amount of work on highly technical matters and it was difficult to retain staff without being competitive. He noted that the RCA and RAPA were both consumer protection agencies. The administration believed it was important to increase the resources available to the agencies, especially when looking into the future where additional responsibilities continued to increase.

Mr. Jensen relayed that Section 3 was an amendment brought forward by members of the majority. He explained there was an existing provision in statute that allowed for telecom and electric cooperatives to have an expedited rate filing process. The section added refuse, which were considered public utilities, to an existing category that was eligible to go through some expedited rate review. He referenced RCA workload and the length of time it took to process rate cases. The section would provide an avenue for refuse utilities to have the same access to an expedited review as electric and telecom utilities.

[4:49:14 PM](#)

Representative Hannan stated that the committee had no dialogue or public testimony on the topic. She lived in a community where refuse was controversial and she thought the city would want to weigh in or talk about the regulation of refuse. She felt that some of the dialogue was that the state would expand what the RCA had to do because of the transmission stuff, but the increased workload would be shared with other utility regulation portions of their job and duties. She stated it gave her a little heartburn.

Mr. Jensen answered that the section required the RCA to adopt regulations through a public process. Additionally, in a simplified rate filing process, there was still an opportunity for public comment and review. He elaborated that while a rate case was in place, the RCA allowed for a temporary increase while the rate was fully investigated. The provision was intended to hold a utility harmless while it was going through the lengthy and cumbersome rate process. If a utility had a need to increase its revenue due to inflation, fuel costs, etcetera, it had the potential to be financially harmed if it could not adjust its rates while the rate case was being evaluated. The process enabled an interim rate, while the case proceeded. He explained it was the same process for electric cooperatives and utilities. The section would extend it to a different utility to allow for expedited rate review. He clarified that it did not cut the public out of the process.

[4:51:43 PM](#)

Representative Hannan stated it cut out the legislature's public process when it was changing statute. She asked for the difference in pay for a range 29. She remarked that it would have an impact on the budget.

Mr. Jensen replied that he could follow up with the information. The pay would also depend on the salary step. He deferred to Mr. Aoto.

Mr. Aoto answered that at the base level, the salary for a range 27 was about \$113,000/year and a range 29 was about \$120,000 for an average increase of about \$7,800.

Representative Josephson asked whether new large transmission projects would need preapproval under Amendment 3.

Mr. Jensen there were transmission project preapproval requirements related to length, size, and capacity of a project. He offered to follow up with the details.

Representative Josephson wanted to ensure no transmission project above 69 kilovolts could be built without RCA approval. His concern was that committee members would be asked to vote on the amendment during the current meeting. He asked for verification that nothing in the amendment

would allow the construction of such a project without RCA approval.

Mr. Jensen answered that he would have to review the statute. He stated that preapproval was required for large projects over a certain threshold. He believed they would be required to do so. He relayed that there were member-owned cooperatives responsible to their ratepayers. The cooperatives had fiduciary duties and prudence and responsibilities. Ultimately, the cooperatives had to go to the RCA for approval of cost recovery; therefore, it was not in their best interest to put their ratepayers at risk for uneconomic projects.

[4:54:52 PM](#)

Representative Josephson asked if the amendment would limit the RTO's principal function to overseeing the transmission tariff.

Mr. Jensen answered affirmatively. He confirmed that under the statute, the RTO's only job was to eliminate wheeling and establish a new cost recovery and open access tariff. The RTO would not manage the assets. He clarified that nothing would prevent the utilities from getting together on their own. The RTO would establish the cost recovery and open access tariff for the "backbone" asset based on standards established by the Federal Energy Regulatory Commission (FERC). The commission used the Mansfield Test that included five criteria for what qualified as a transmission asset. The statute would give the utilities and RCA clear guidance on what the state expected them to follow. He explained that if the utilities could not come to an agreement by the deadline specified in the amendment, the RCA would do it and would follow the standards to ensure it followed industry accepted federal standards.

[4:56:18 PM](#)

Representative Galvin asked if the [RTO's] job of overseeing a new cost recovery and open access tariff could be done without legislation. She understood the group had been meeting weekly for more than a year. She was trying to understand the purpose of provision.

Mr. Jensen believed that if it was possible for utilities to do it on their own, it would have been done decades ago.

He stated that legislation was required to make it happen, which was the purpose of the current legislation. The utilities had stated they were willing to join the organization for the express purpose of eliminating wheeling for a new cost recovery and open access tariff.

Representative Galvin stated that one utility out of Homer seemed to think the state needed to wait a bit longer for more distillations of what the working group had to suggest. She asked if she had misinterpreted the testimony.

Mr. Jensen replied that Homer Electric had expressed its concern, particularly with the bill version in the other body. He had spoken with Homer Electric earlier in the day and it very optimistic that the group would be able to come up with something that worked. He relayed that Homer Electric was in favor of the original legislation, which included joining an association and eliminating wheeling. He believed their concerns were being addressed by the amendment. He explained that narrowing the focus of the organization would start to build consensus. He explained that legislation was required to accomplish the change. Some utilities had "straight up said that and other utilities had said that they're willing to do it."

[4:59:43 PM](#)

Representative Coulombe referenced an earlier comment that Section 3 related to refuse did not have any public testimony. She clarified that there was public testimony offered on the subject twice in the Senate.

Co-Chair Edgmon stated it was important that the committee understood the difference between the RTO and the Electric Reliability Council. He felt he had an advantage because he had gone on the Iceland trip and the Iceland model featured a private commodity regulated by a government nonprofit entity that dispersed the energy equally to all beneficiaries and users. He believed the Railbelt Transmission Organization would take whatever the source of energy (e.g., natural gas, geothermal, wind, solar) and distribute the energy was equally distributed to various communities. He elaborated that it would take the private sector energy and convert it into a regulated commodity to be dispersed equally to different utilities. The various utilities had different costs, business models, debt ratios, sizes, but they would receive the power the same

way through the RTO. He stated it was the big difference between the Electric Reliability Council.

5:02:21 PM

Mr. Jensen expanded on the statement. The concept Co-Chair Edgmon was talking about was known as economic dispatch, which meant the lowest cost power was what moved through the system. He explained that true economic dispatch required a system operator to make sure the lowest cost power was moving. The ERO was an oversight organization, not a system operator. He elaborated that the RTO in the amendment was not a system operator. The administration believed the legislation was a foundational piece of how to get to economic dispatch down the road. The first step was to eliminate wheeling rates because wheeling rates prevented economic dispatch from occurring. The bill had been scaled back from the Senate version and reflected the foundational structure to get to economic dispatch through better unified management of the system. He stated it was the administration's goal and "what everybody is trying to get." He referenced some of the tension around the bill in the other body. He explained that it was very difficult to take something out of an organization with transmission planning at the ERO, but it would be easier to add responsibilities. The goal was to start with something everyone agreed on - eliminating wheeling - and continue to work to determine what else could be agreed upon to get to economic dispatch. The goal was moving the lowest cost power from whatever source, from anywhere, to anywhere.

Co-Chair Edgmon relayed that the RTO would have "muscle" and would be able to enforce all of the various sources of power that came at different costs, some cheaper than others. The RTO would have the economic dispatch to get the power out to utilities at a rate that provided the cheapest power to everyone on an equal basis including Homer Electric, which was quite small compared to Chugach, all the way up to the Golden Valley Electric Association (GVEA) located in the far north. There was a functional role that an RTO would play that was very different than the role of an ERO. He stated that until that was clear, it was not possible to understand the rest of the legislation.

Mr. Jensen answered that public testimony had talked about three different constraints. The first was a physical constraint pertaining to infrastructure. He explained that

the transmission line on the Kenai Peninsula responsible for moving Bradley Lake power was being upgraded. The GRIP project would provide additional capacity to address physical constraints. Second, getting rid of wheeling rates and providing for tax parity for independent power producers would remove an economic constraint. Third, the formation of the RTO would start to get rid of the institutional constraint. All three things needed to happen. The bill moved on the physical and economic constraints and included the first step toward dealing with the institutional constraint. He believed the bill was a great foundational step toward the ultimate goal.

Co-Chair Edgmon agreed that Mr. Jensen's summary was the intent of the goal during the current session. He stated that everything else was ancillary. The intent was to set the stage for GRIP projects, the expansion of Bradley Lake, the addition of renewable energy power sources, more natural gas for a cheaper power stability, and a grid-like relationship that did not currently exist.

[5:06:51 PM](#)

Representative Josephson asked if committee members should be concerned that the amendment removed the net metering function that was included in SB 217.

Mr. Jensen asked Representative Josephson to repeat the question.

Representative Josephson complied.

Mr. Jensen answered that the metering section had been removed because there was a bill in the other body that touched on net metering for multiple meters at the same address. He explained it had a certain rate structure instruction to the RCA that would differ from the net metering that was in the other body. He expounded that the two options had to be reconciled in order to avoid one rate for multimeter locations versus a single family location.

Representative Josephson believed Mr. Jensen was referring to SB 152.

Mr. Jensen agreed.

Representative Stapp remarked that there had been a robust discussion on the amendment. He asked for members' support.

Representative Josephson WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 3 was ADOPTED.

Representative Josephson WITHDREW Amendments 4 and 5 (copy on file).

Representative Hannan MOVED to ADOPT Amendment 6, 33-GH2489\A.13 (Walsh, 5/2/24) (copy on file):

Page 1, line 1:

Delete "independent power producers"

Insert "new electricity generation facilities"

Page 1, line 10, through page 2, line 7:

Delete all material. 7

Renumber the following bill section accordingly.

Page 3, following line 21:

Insert a new bill section to read:

"* Sec. 3. AS 43.98 is amended by adding a new section to read:

Article 2A. Taxation of New Electricity Generation Facilities.

Sec. 43.98.100. Taxation of new electricity generation facilities. An electricity generation facility that is constructed and placed into service on or after July 1, 2024, is not subject to state and local ad valorem, income, and excise taxes if the electricity generation facility provides power only to a public utility. In this section, "public utility" has the meaning given in AS 42.05.990."

Co-Chair Foster OBJECTED for discussion.

Representative Hannan explained that the amendment. She stated that extending the exemption from state and local taxes to the independent power producers would have an unintended consequence in the future. She stated that the hope was that electric transmission networks would grow to connect more communities across the state. While most electric utilities in Alaska were formed as cooperative as municipal owned, there were also economically regulated

investor-owned utilities (IOUs). She elaborated that IOUs paid state and local taxes and by regulation, passed the cost of the taxes onto customers through authorized rates. She explained that without modifying the bill to provide tax benefits to all new generation projects, instead of only a certain type of for-profit nonregulated entities - IPPs - the customers of IOUs would be unfairly burdened by state and local taxes charged to them, but not charged to other for profit energy companies. The amendment did not factor in the passage of Amendment 3, which was a comprehensive rewrite. As HB 307 was written, an IPP may be discouraged from making a sale to an IOU because it would lose access to the proposed tax benefit. She stated that an amendment that would extend tax benefits to IPPs for making sales to any type of utility could still unfairly burden the customers of an IOU by unfairly increasing its avoided cost. She asked for members' support on the amendment.

[5:11:17 PM](#)

Co-Chair Foster asked Mr. Jensen to provide comments on Amendment 6.

Mr. Jensen replied that the administration was neutral on the measure. He relayed that the amendment was an expansion on the administration's goal for the legislation. He remarked that there had been public testimony earlier in the day from Nils Andreassen with the Alaska Municipal League (AML) about tax exemptions.

Co-Chair Edgmon asked if the definition of electricity generation facility was in statute.

Representative Hannan answered it was her understanding that the public utility definition in AS 42.05.990 addressed electric generation facilities.

Co-Chair Edgmon asked where an independent power producer fit into the different definitions.

Mr. Jensen thought that an electricity generation facility would appear to cover a wind or solar farm generating electricity. He believed it would cover an IPP. He relayed that the administration had chosen a narrow scope for the bill to avoid things becoming a burden to its passage. The administration deferred to the will of the committee on the amendment.

Co-Chair Edgmon believed an electricity generation facility was synonymous with independent power producer. He suggested the amendment would be better suited by taking out the lesser used term and using the term independent power producer.

Mr. Jensen did not have any comments to provide on the amendment. He relayed that it had not come from the administration and there had not been time to run it by the Department of Law. He was uncertain about the implications and definitions.

Representative Hannan requested an "at ease."

[5:14:38 PM](#)

AT EASE

[5:29:51 PM](#)

RECONVENED

Co-Chair Foster noted the committee was hearing Amendment 6.

Representative Hannan noted it was the civilian knowledge of a complex utility that required engineers and lawyers. She noted that Co-Chair Edgmon had asked why not call it an IPP. She clarified that IPPs did not currently exist in Alaska statute; they fell under electric generation facilities and regulated utilities. The amendment would only impact new electrical generation projects after July 1, 2024, and would allow a tax advantage on the new generation facility if the power was sold to a regulated utility (e.g., private, cooperative, municipal). She relayed that taxes paid by an IOU were entirely passed to the consumer. She wanted to avoid situations where a business producing power did not want to sell the power to individual utility customers because they would lose their tax advantage. She wanted to incorporate as much tax incentive as possible to bring new power online to all kinds of producers. She asked for members' support.

Representative Stapp stated that his amendment [Amendment 3] had adopted Section 10 that looked similar. He identified two differences in Amendment 6. First, it specified public utilities, but it did not incorporate taxes and cooperatives. He did not know if there was a

material difference between a public utility, an electric cooperative, or a municipal owned utility. He did not have too much of an issue with the amendment, but he thought it may be a little redundant. He asked to hear from Mr. Jensen.

Mr. Jensen replied that it was a large policy change. He stated that the administration's original bill had a narrow exemption and had been vetted in the House and Senate as to the particular tax exemption. He elaborated that there had been a great deal of public comment and testimony on the tax exemption. He stated that the amendment was a broad expansion and large policy change for the legislature to make. He thought it would require public comment for the committee members to consider. He remarked that the administration had not had a legal analysis over the definitions or implications. He deferred to the will of the committee.

[5:34:15 PM](#)

Representative Stapp asked Representative Hannan if there was a fundamental difference between a municipal owned utility and an electric cooperative and in the words public and utility.

Representative Hannan answered that it was her understanding that public utility incorporated all utilities, while cooperative or municipal utilities excluded some public utilities. She stated that an investor owned utility was not a cooperative or municipality, but a public utility included investor owned, cooperatives, and municipal owned utilities.

Co-Chair Edgmon stated that public utility was a term for something like the RCA, which regulated public utilities. He stated that the term electricity generation facility was not in statute, which he considered to be the Southeast component to the Railbelt bill that had a place and a role. He thought including the amendment in the bill may need to be flushed out a bit more, like a definition section in the bill that would precisely define an electricity generation facility. He felt it had its place and should be considered in a bill setting a structure in place for a long period of time. He was supportive of the amendment. He noted that if the amendment was included in the bill it would be considered by the other body and legal counsel would likely

be consulted to do what was needed to strengthen it or in a worst case scenario, remove it.

Representative Hannan hoped members would support the amendment.

[5:36:39 PM](#)

Representative Coulombe OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Ortiz, Hannan, Cronk, Galvin, Johnson, Edgmon, Foster

OPPOSED: Coulombe, Tomaszewski, Stapp

The MOTION PASSED (8/3). There being NO OBJECTION, Amendment 6 was ADOPTED.

Representative Hannan MOVED to ADOPT Amendment 7, 33-GH2489\A.9 (Walsh, 5/1/24) (copy on file):

Page 1, line 1, following "producers;":
Insert "relating to electric reliability organizations;" 3

Page 2, following line 7:
Insert a new bill section to read:
"* Sec. 3. AS 42.05.760(a) is amended to read:
(a) An electric utility must participate in an electric reliability organization if the utility operates in an interconnected electric energy transmission network served by an electric reliability organization certificated by the commission. The commission may not require an electric reliability organization for an interconnected bulk-electric system if (1) all of the load-serving entities operating in the interconnected bulk-electric system are exempt under AS 42.05.711 (b); or {2) the sum of annual electric energy sales made by load-serving entities operating in the interconnected bulk-electric system is less than 3,000,000 megawatt-hours."

Renumber the following bill section accordingly.

Co-Chair Foster OBJECTED for discussion.

Representative Hannan explained the amendment would add a new section, which would exempt all interconnected bulk electric systems from the current requirement in statute to form an ERO as long as the load sharing entity on the interconnected system had an annual energy sale of less than 3 million megawatts. She explained that the provision would ensure that utilities from smaller communities located outside the Railbelt that were working to become interconnected would not face the expense of forming the ERO that the Railbelt ERO was addressed at. She elaborated that because of the considerably less economies of scale for non-Railbelt systems, such costs could result in significant burden to smaller system ratepayers.

Co-Chair Foster asked Mr. Jensen to comment on the amendment.

[5:38:51 PM](#)

Mr. Jensen relayed that the administration was neutral on Amendment 7. He had seen the proposal and was familiar with the language. He believed the ERO statute was geared around the Railbelt. He stated that the amendment did not preclude utilities from forming an ERO, but utilities would not be forced to do so.

Representative Stapp was not familiar with the 3 million megawatt hours. He imagined that power in that amount would be used by a small community in Southeast Alaska. He asked for more information.

Mr. Jensen replied that the total load for the Railbelt was around 4.4 million megawatt hours, while the amount for AEL&P [in Southeast Alaska] was about 400,000 megawatt hours. He stated that it would take quite a while before Southeast utilities or other utilities around the state would hit the threshold [of 3 million megawatt hours].

Representative Stapp reviewed his understanding of the amendment. He observed that 400,000 to 3 million [megawatt hours] seemed like a big change. He asked if there was a ballpark for the number. He asked what the number would be if it was possible to magically teleport all of the power to all of the Southeast communities combined.

Mr. Jensen responded that if there were a number of utilities with total sales of that size, something like an

ERO may make more sense to ensure the system was run correctly, especially if there were multiple owners. He explained that one of the reasons the ERO structure was created was to force collaboration among utilities that were connected but not necessarily cooperating with one another. He believed it was the reason the amendment set the number at such a high level.

Representative Stapp remarked that the Railbelt was interconnected. He surmised that the amendment pertained to things that were not interconnected. He asked if the amendment would make it possible to carve out each individual utility and measure their megawatt hours and exempt them from a Railbelt RTO.

Mr. Jensen answered that multiple utilities were connected to each other, and their combined sales reached the threshold [outlined in the amendment]. He asked Representative Stapp to clarify his question.

Representative Stapp cited the following language in the amendment: "...the sum of annual electric energy sales made by load-serving entities operating in the interconnected bulk-electric system..." He did not interpret the language to mean combined. He thought in theory the language could mean individual.

Mr. Jensen clarified that the language specified the sum of the sales by entities operating in the interconnected bulk system. He explained it pertained to multiple utilities combining their annual sales, which was about 4.4 million megawatt hours for the Railbelt. The whole purpose of the ERO was to take when there were multiple utilities connected to each other.

Co-Chair Edgmon thought the amendment was outside the scope of the bill topic. He believed the amendment almost anticipated all of Southeast Alaska being on a grid. He did not believe that would happen, especially in the near term. He thought it would put a prescriptive feature into the bill, whereas the previous amendment added a good tool for the utility in Southeast that depended on hydropower. He stated that the amendment envisioned something that would not be in place in the near term and was theoretically possible in the future.

5:44:16 PM

Representative Hannan outlined the concern that had been brought to her. She stated that when the legislature first talked about EROs about four years back it had included multiple utilities connected together. For example, Haines had one utility, the [nearby] community of Klukwan had a different utility, and Mosquito Lake (located 20 miles up the road) had yet another utility. She stated the three utilities were small and were serving people who shopped at the same grocery stores and attended the same schools. She explained that the definition of "where they were" did not really work. The communities hoped there would not be three separate utilities serving the area in the near future and that they may get enough generation in one of the utilities that they would link together an ERO, but they did not need the full structure of the Railbelt ERO. She explained that current statute specified that utilities connected together needed to for an ERO. She stated it was complex and each utility had its own critical needs. The intent of the amendment was to apply a threshold that made sure small entities looking to cooperate together were not scooped into it. She considered basing the amendment on geography, but the amount of power drawn together between the utilities involved was more recommended.

Mr. Jensen answered that if two utilities connected it could trigger the requirement to form an ERO. He stated that the administration wanted more utilities to connect to each other to share load or increase their load. He stated that on the Railbelt it had been established in statute in 2020 and it had taken a year to write the regulations, which were about 110 pages. It had taken another year to apply for certificate to the RCA as an ERO. There was a requirement that if two utilities did not form an ERO, the RCA would establish one for the utilities. He noted the concern heard by Representative Hannan was that two utilities hooking up could trigger the requirement to form an ERO. He stated it was a cumbersome and costly process. He relayed that the legislation had been written to apply statewide, but it was aimed at the Railbelt. He elaborated that the state wanted smaller utilities to hook together, but if it created a burden, it may be a burden to connecting together. He understood where the concerns referenced by Representative Hannan were coming from.

[5:47:23 PM](#)

Representative Stapp thought if the amendment passed it could incentivize the Railbelt utilities to potentially kick someone out to avoid the requirement to form an ERO. He thought they may kick GVEA out.

Mr. Jensen answered that the scenario would still require leave three utilities connected and would require them to be within an ERO.

Representative Stapp opposed the amendment. He stated that his utility [GVEA] would like to be in an ERO and would not like to be kicked out of the Railbelt.

Representative Hannan provided wrap up. She urged committee members to consider that the current statute on EROs required two or more utilities that were connected to form an ERO. She stressed there were a lot of small utilities and communities close together statewide that the state likely did not want them to have to form an ERO for purposes of transmission. She used Bethel and a small nearby community as an example. She urged members' support.

Co-Chair Foster WITHDREW the OBJECTION.

Representative Stapp OBJECTED.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment 7 FAILED (5/6).

[Note: Action on Amendment 7 was later rescinded. Amendment 7 was amended and adopted. See approximately 5:56 p.m. for details.]

[5:49:51 PM](#)

Representative Ortiz MOVED to ADOPT Amendment 8, 33-GH2489\A.11 (Walsh, 5/1/24) (copy on file):

Page 2, line 7, following "utilities":

Insert "; "independent power producer" does not include a joint action agency established under AS 42.45.310"

Co-Chair Foster OBJECTED for discussion.

Representative Ortiz explained the amendment. He noted that the amendment narrowed the focus back to the Railbelt. He MOVED to ADOPT conceptual Amendment 1 to Amendment 8. He explained it would delete line one of Amendment 8 because it was specific to the bill prior to being amended. The conceptual amendment would insert language on lines two and three wherever "independent power producer" was defined in the bill.

There being NO OBJECTION, conceptual Amendment 1 to Amendment 8 was ADOPTED.

Co-Chair Foster asked for an explanation of the amendment as amended.

Representative Ortiz highlighted that the intent of the bill was to not impact utilities outside the Railbelt. He stated that the definition of the independent power provider as currently written in the bill would reach outside the boundary of the Railbelt. He explained that the Southeast Alaska Power Agency (SEAPA) was a wholesale power provider that only sold power to municipal utilities. He relayed that SEAPA was already defined under AS 42.45.300. The current language of HB 307 would redefine SEAPA as an independent power provider. He stated it was a problem he was aiming to correct. The amendment would exempt joint action agencies from the definition of independent power producer. He elaborated that the joint action agency statute, AS 42.45.300 allowed for multiple utilities to form under a single agency, reducing risk, increasing reliability, and reducing costs, which was the overall goal of the bill. He stated that energy legislation should be intended to reduce cost. He elaborated that redefining a joint action agency as an independent power producer would constitute a tax burden on its member utilities and increase cost, which would go against the goal of the bill to reduce customer costs in the Railbelt area. The amendment would ensure that statutes did not conflict with one another and to avoid any unintended consequences.

Co-Chair Foster asked if members needed a clean amendment reflecting the passage of the conceptual amendment.

Representative Ortiz explained that the conceptual amendment deleted line one of Amendment 7 and inserted language on lines 2 and 3 wherever "independent power producer" was defined in the bill.

Mr. Jensen stated his understanding of the amendment. He asked for verification that Representative Ortiz was stating that without the amendment an existing entity could have its status changed.

Representative Ortiz agreed.

Mr. Jensen deferred to the committee. The bill covered future projects so that existing relationships were not interrupted. He added that the goal was to avoid unintended consequences. He deferred to the will of the committee. He added that they did not want to retroactively change something.

Co-Chair Foster WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 8 was ADOPTED.

[5:56:31 PM](#)

Representative Hannan MOVED to RESCIND action on Amendment 7. She wanted to offer a conceptual amendment to lower the megawatt threshold.

There being NO OBJECTION, it was so ordered.

Representative Hannan MOVED to ADOPT Amendment 7 (copy on file) [See 5:37 p.m. for the complete amendment]. She MOVED conceptual Amendment 1 to Amendment 7. She explained that the conceptual amendment would replace 3 million megawatt hours with 1.5 million megawatt hours on line 13 of Amendment 7.

Co-Chair Foster OBJECTED for discussion.

Co-Chair Edgmon stated his understanding that the purpose of offering the conceptual amendment was to get enough votes to pass Amendment 7.

Representative Hannan agreed.

Co-Chair Edgmon was considering whether it was possible. He requested an "at ease."

5:58:06 PM

AT EASE

5:58:54 PM

RECONVENED

Mr. Jensen recalled a conversation recently about the topic. He stated there was a regulation with a petition process for exemption from the requirement to join an ERO. For example, the process would enable three small [connected] utilities to ask the RCA whether they had to join an ERO.

Representative Stapp was not sure about the amendment, and he would likely still be opposed at present. He noted it did not mean he would not change his mind with some future research.

Co-Chair Edgmon thought it was a valuable discussion. He stated that maybe the committee set the stage for the bill evolving and it could reach that additional step in the next ten days or so. His one rub with the bill was that it did not incorporate rural Alaska. He was not certain he was able to vote in support of the amendment at present.

Representative Hannan wanted to ensure smaller utilities outside the Railbelt that became interconnected, which was a goal, would not face the huge expense of forming an ERO. She remarked that even though there was a regulatory bypass, it too was a burden. She noted that one of the small utilities she referenced earlier was investor owned, but the others were cooperatives with boards and local board members. She explained that participating in the RCA process to exempt themselves was still potentially a large burden. She stated that the economies of scale outside the Railbelt could result in a large burden for small utility ratepayers. She explained that setting a threshold of power was a solution that small utilities in Southeast Alaska had requested (to not be covered by the EROs even though they were striving to connect to each other).

Co-Chair Foster WITHHELDREW the OBJECTION.

Representative Stapp OBJECTED.

A roll call vote was taken on the motion.

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

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment 7 was ADOPTED as AMENDED.

Co-Chair Foster stated that he would like to move the bill from committee. He understood there was some desire to expedite the bill. He observed that members appeared happy to move the bill. He requested a motion.

Co-Chair Johnson MOVED to REPORT CSHB 307(FIN) out of committee with individual recommendations and the accompanying fiscal notes with permission for Legislative Legal Services to make technical and conforming changes.

There being NO OBJECTION, it was so ordered.

CSHB 307(FIN) was REPORTED out of committee with five "do pass" recommendations, four "no recommendation" recommendations, and one "amend" recommendation and with one previously published fiscal impact note: FN2 (CED); and one previously published zero note: FN1 (CED).

[6:04:56 PM](#)

RECESSED

[6:48:09 PM](#)

RECONVENED

Co-Chair Foster recognized individuals in the room. He relayed that there were five more bills on the calendar that evening. He suggested the one bill scheduled the following day could be added to the calendar and the meeting the following day could be canceled. He continued to discuss the plan for the evening. The committee would begin with SB 74 and SB 75 sponsored by Senator David Wilson. He noted the bills were similar in nature and would be heard simultaneously.

#sb74

#sb75

CS FOR SENATE BILL NO. 74 (FIN)

"An Act relating to an interstate physical therapy licensure compact; relating to the licensure of physical therapists, physical therapist assistants, occupational therapists, and occupational therapy assistants; and providing for an effective date."

CS FOR SENATE BILL NO. 75 (FIN)

"An Act relating to an audiology and speech-language interstate compact; relating to the practice of audiology and the practice of speech-language pathology; and providing for an effective date."

[6:53:13 PM](#)

SENATOR DAVID WILSON, SPONSOR, introduced himself and thanked the committee for hearing the two bills. He asked his staff to start the presentation.

JASMINE MARTIN, STAFF, SENATOR DAVID WILSON, thanked the committee for hearing the bills. She relayed that SB 75 allowed Alaska to enter the audiologist and speech language pathologist interstate compact. Senate Bill 74 established the interstate physical therapy licensure compact. She would begin with SB 75. She noted that committee members had received binders that included information relevant to both bills. She stated that much of the information was from the Council of State Governments (CSG) where the National Center for Interstate Compacts was housed. She detailed that CSG partnered with the Department of Defense (DOD) to develop interstate licensure compacts. She explained that the original conversation about the transition of military families was expanded to a broader scope of changing licensure structure. She shared that Alaska was currently part of 28 interstate compacts. She highlighted the driver's license compact as an example, which meant that drivers did not have to get a new drivers license in every state they visited.

[6:55:37 PM](#)

Senator Wilson noted that the bill packets also included letters of support. He provided prepared remarks:

It should be no surprise to anyone here in Alaska that there is a shortage of healthcare providers. Since 1950, the number of licensed provider occupations have risen from 5 percent of the workforce to 25 percent. To address these challenges states and professionals have turned to occupational and interstate compact licensures. The interstate compact is a contract between two or more states that carries the force of statutory law and allows the states to perform certain actions to observe certain standards and cooperate in a certain policy area. These compacts create reciprocal professional license practices between the states while ensuring there was quality and safety of services and safeguarding state sovereignty.

These interstate compacts that are before you today allow Alaska to still have the autonomy that it would normally have under a normal licensure agreement. Both the speech pathologists and audiologists licensure compacts have a privilege to practice model. A person obtains their license in their home state (i.e., their state of residence here in Alaska) and the licensee can then use their home state license to apply for privilege of practice in another member state. When that person is actually practicing here in Alaska they are subject to our laws including the scope of practice here in our state as well and they also must pay for our licensing fees. Alaska must take action to revoke a person's privilege to practice within our state. If a person's privilege to practice is suspended in one or more states, it's suspended in all member states. Only the home state can take actions against that home state license.

The compacts provide a greater public protection through data sharing. Currently, if an Alaska license is penalized in another state, Alaska will never know. But under the interstate compact, a license would receive notification that the licensee broke laws in another state while practicing under a privilege. A bad actor license in another state would also not be able to obtain a privilege to practice in Alaska until the infraction has been cleared. Knowing when our licensees are misbehaving is a strong tool that we currently do not have at our disposal. Under this compact Alaska can collect fees for those incoming providers to take action and a privilege to practice

in our state, the providers must work under that scope of practice and the state will have enhanced access to report bad actors. Nothing in this bill prevents out of state persons from going through the regular licensing process if they choose. They do not have to go through the compact licensure process.

We've heard from both the audiologists and speech language pathologists are swamped. We need every incentive for them to become licensed in our state and this compact is one of those incentives. Adopting Senate Bill 75 in its entirety, the audiologists and speech language pathologists interstate compact will help us recruit those providers to our state, strengthen our licensing, sharing of information between those bad actors in our state, allowing those patients moving between the state compact to maintain within their established providers and increase Alaska access to care all while maintaining our state sovereignty. Over the next ten years Alaska's healthcare was expected to have more jobs than any other sector in our state. Our speech language pathologists are expected to grow by 11 percent in that time and we're not growing nearly enough of our own providers in those fields to meet those demands.

[6:59:40 PM](#)

Senator Wilson turned the bill introduction back to Ms. Martin.

Ms. Martin relayed that audiologists and speech language pathologists both provide essential care at all stages of life, but they were especially essential to young children and older adults. She found it interesting to learn more about the professions beyond knowing that audiologists help with hearing issues and speech language pathologists help with speech issues. She did not know that people always fully understand the issues that came with difficulties in those areas. She explained that hearing loss and balance disorders were among the most commonly diagnosed health conditions worldwide. She detailed that audiology care was essential in maintaining quality of life. Timely access to audiology care was essential in early intervention and hearing issues for children and in maintenance and independence for elderly individuals. Speech language pathologists helped young people with speech development

and helped others recover from stroke or traumatic brain injuries. She shared that speech language pathologists helped people with swallowing issues. She elaborated that if someone did not have the ability to eat independently it could severely impact their quality of life and ability to maintain independence. She noted there were invited testifiers available online.

Co-Chair Foster moved to invited testimony.

[7:01:31 PM](#)

NANCY LOVERING, MEMBER, ALASKA SPEECH AND HEARING ASSOCIATION, ANCHORAGE (via teleconference), testified in support of SB 75. She shared that she had a private practice in speech pathology for pediatrics for over 25 years. She relayed there were chronic shortages in speech language pathologists and patient waiting lists were as long as two years. The compact would help her as a business owner to bring employees into the state. She provided care to military members and their families and received requests to continue care for children when the family left the state. She explained she was happy to do so, but the process of licensing across states was time consuming and expensive. She was currently licensed in six states outside of Alaska and frequently it caused a delay or gap in continuity of care for children. For example, it took her over a year to get licensed in one state for a family who had moved out of Alaska.

Ms. Lovering relayed that there was not a speech pathologist or audiologist licensing board in Alaska; therefore, the level of consumer protection was a bit different. She explained that consumer complaints went to the state level. Due to her work with the Alaska Speech-Language-Hearing Association and the American Speech and Hearing Association she had occasionally received phone calls with questions regarding consumer complaints and how it fit in with the scope of practice and ethics. She explained that it was not possible to know what ended up happening with some of the consumer complaints because there was no definitive process in Alaska. Much of the time, she had to refer people to contact the national association for more assistance. She believed the compact and its ability to provide consumer protection was extremely welcomed. She shared that she worked directly with children with swallowing disorders and there was a

need for more practitioners to work with the population. She stressed that the list of kids needing care was very long and it was heartbreaking to hear stories and professionals did their best to care for everyone possible. She thanked the committee for its time.

[7:06:41 PM](#)

SUSAN ADAMS, DIRECTOR OF STATE AFFAIRS, AMERICAN SPEECH LANGUAGE HEARING ASSOCIATION, MARYLAND (via teleconference), explained that she held an ex officio seat on the Audiology and Speech Language Pathology (ASLP) Compact Commission. She relayed that the interstate compact was designed to allow audiologists and speech language pathologists to practice across state lines and via telehealth without having to obtain an additional license in every state. The compact would increase access to care for individuals with communication disorders, facilitated continuity of care when clients relocated or traveled, and increased consumer protection by expanding the prosecutorial net for bad actors. The compact allowed greater access to currently underserved and isolated populations. Additionally, the compact allowed military spouses to maintain their licensure more easily across state lines.

Ms. Adams shared that the bill was supported by the Alaska Speech-Language-Hearing Association. She detailed that the ASLP commission was currently in the process of developing a system expected to be operational later in the year. She explained that passing the legislation would allow Alaska to appoint two delegates with two votes to the compact commission, the national joint governmental agency responsible for administering compacts. The compact provided guardrails to ensure the commission never exceeded its authority. There were currently 31 member states in the compact with several states currently in the legislative process.

[7:09:00 PM](#)

Co-Chair Foster OPENED public testimony on SB 75. He provided the email address for public testimony.

Co-Chair Foster CLOSED public testimony.

[7:09:41 PM](#)

Representative Coulombe thanked Senator Wilson for putting the bill forward. She relayed that the committee had also been hearing a nursing compact bill. She had received numerous emails in support of SB 75, while the nursing compact seemed to be more contentious. She asked for comment.

Ms. Martin responded that the nurse licensure compact was one of the first interstate licensure compacts developed and used a multi-state license model. She explained there was no way for the state to know who was coming in and out or it was much more difficult to track. She explained that SB 74 and SB 75 operated until a privilege to practice model. She elaborated that a person would obtain their license in their home state and could then go online to register individually for privileges to practice in other states. The registration was reported in the specific state and the privilege to practice could be revoked by the state. She added that the revocation could also be reported to the practitioner's home state for action against the underlying license.

Representative Ortiz asked where the audiologist and speech language pathologist shortages were the most prevalent (e.g., healthcare facilities, schools).

Ms. Martin responded that the need was everywhere. She emphasized there were substantial vacancies in many types of facilities. She underscored that the need for healthcare providers, including audiologists, speech language pathologists, and physical therapists, was expected to grow faster than any other sector in the state over the next ten years.

[7:12:34 PM](#)

Representative Hannan asked how many speech language pathologists were currently practicing or licensed to practice in Alaska.

Ms. Martin deferred the question to the Department of Commerce, Community and Economic Development (DCCED).

SYLVAN ROBB, DIRECTOR, CORPORATIONS, BUSINESS, AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, replied that in FY 23 there were

956 audiologists and speech language pathologists in Alaska. She noted there were far more speech language pathologists relative to audiologists.

Representative Tomaszewski considered changes under the bill. He remarked that the first change was a new section that exempted currently licensed pathologists from a criminal records check. He asked if it was consistent through all professional licenses.

Ms. Martin responded it was a change between the original version of the bill as introduced and the current bill. She elaborated that Alaska's statutes did not have a criminal background check. The bill added the background check for new entrants because it was a requirement of the compact. She explained that the compact did not require people who were not interested in entering the compact or current license holders to go through a background check. As a result, the bill adjusted the language to ensure DCCED would not have to go back through and do administrative work that was not necessary for entering the compact.

Senator Wilson summarized that the legislation was trying to address the shortage of speech language pathologists and audiologists in Alaska. He noted there was not an educational path for speech language pathology or audiology in Alaska, meaning it was currently necessary to import professionals. The goal was to help Alaskans and provide access to healthcare. The ease of access to healthcare was one of his priorities.

Co-Chair Foster set an amendment deadline for Wednesday, May 8th at 5:00 p.m. for SB 75.

SB 75 was HEARD and HELD in committee for further consideration.

[7:16:40 PM](#)

Co-Chair Foster moved to SB 74. He asked the sponsor to introduce the bill.

Senator Wilson explained that the physical therapy licensure compact was an interstate compact that operated on the privilege to practice model. He relayed there were individuals online to speak to the profession of physical therapy as something that anyone could need at any stage in

life. Physical therapy helps individuals maintain strength and mobility and helped individuals recover from injury and regain mobility after a stroke or traumatic brain injury. Physical therapy also helped individuals with conditions such as multiple sclerosis and cerebral palsy. Access to physical therapy was important for prevention and recovery from serious injury and surgery. He highlighted there were over 100 job postings for the positions. He relayed that Alaska's schools could only produce 7 to 21 physical therapists per year.

[7:18:22 PM](#)

Co-Chair Foster moved to invited testimony beginning with Kelly Chick Comstock. He did not see her online.

Ms. Martin did not see Ms. Comstock online. She noted that Ms. Comstock had been online until midnight the previous night watching the committee conduct its business. She appreciated the work and knew it was important to providers.

Representative Ortiz noted that he heard from Ms. Comstock at about 11:30 p.m. the previous evening asking if she would have an opportunity to testify that night. He relayed that she was a strong supporter of the legislation. He noted it was a big need in Ketchikan.

[7:19:23 PM](#)

JEFF ROSA, COMPACT ADMINISTRATOR, PHYSICAL THERAPY COMPACT COMMISSION, WASHINGTON, DC (via teleconference), appreciated the committee's consideration of SB 74. He relayed that the Physical Therapy (PT) Compact Commission was an independent governmental entity that currently consisted of 36 states and D.C. He relayed that each of the states previously enacted the same legislation the committee was currently considering. Instead of a multi-state license model in which an individual license in one compact state could legally practice in any other compact state with no notification or requirements to the remote state, under the PT compact when a licensee wanted to work in another active compact state (a remote state), the individual was required to purchase a compact privilege for the specific remote state. In addition to the fee charged by the compact commission, each state was also authorized to charge an additional fee for the purchase of the compact

privilege. He clarified that the compact privilege was the legal authorization to practice in a remote state.

Mr. Rosa elaborated that although the compact language authorized the commission to levy on and collect an annual assessment from each member state, since the formation of the PT compact in 2016, it had never levied an annual assessment on member boards. Instead, the sales of compact privileges had been used to support the operations of the commission. The PT compact had many benefits for Alaska and its physical therapy providers. Importantly, as home to nine military installations, the compact also supported military families because it greatly improved portability for military spouses by improving the speed and ease in obtaining the ability to practice physical therapy when stationed in Alaska, and for military families from Alaska stationed in other states. The compact was widely supported by physical therapists and physical therapy assistants, including those who live and practice in Alaska. He appreciated the opportunity to speak.

[7:21:37 PM](#)

Co-Chair Foster OPENED public testimony on SB 74. He provided the public testimony email address.

Co-Chair Foster CLOSED public testimony on SB 74.

Representative Hannan asked how many physical therapists were currently licensed in Alaska.

Ms. Robb responded that in FY 23 there were 1,559 physical therapists and 241 physical therapy assistants in Alaska.

Representative Hannan asked if the bill impacted physical therapy assistants.

Ms. Martin responded in the affirmative.

Senator Wilson expressed appreciation to the committee for hearing the bill. He relayed that SB 74 was about helping Alaskans with access to quality healthcare. He stated the bill could be an option to help with the shortage in Alaska.

Co-Chair Foster set an amendment deadline of Wednesday, May 8th at 5:00 p.m. for SB 74.

SB 74 was HEARD and HELD in committee for further consideration.

Co-Chair Foster set an amendment deadline of Monday, May 6th at 5:00 p.m. for HB 149.

#hb232

HOUSE BILL NO. 232

"An Act relating to retirement benefits and military service."

7:25:35 PM

Co-Chair Foster asked for a brief recap of the legislation.

RYAN MCKEE, STAFF, REPRESENTATIVE GEORGE RAUSCHER, explained that the bill allowed permanently disabled veterans to access their accrued Public Employees' Retirement System (PERS) retirement benefits without penalty. The bill also allowed military service purchased in accordance with PERS standards to count towards the credited service requirements for normal retirement.

7:26:38 PM

Co-Chair Foster opened public testimony on HB 232. He provided the email address for public testimony.

Co-Chair Foster CLOSED public testimony.

7:27:44 PM

Co-Chair Foster asked for a review of the one fiscal note from the Department of Administration [he read the OMB component number and date, which he corrected after the following speaker].

KEVIN WORLEY, CHIEF FINANCE OFFICER, DIVISION OF RETIREMENT AND BENEFITS, DEPARTMENT OF ADMINISTRATION, reviewed the indeterminate fiscal note from the Division of Retirement and Benefits. He explained that in prior committee meetings there was an indication that approximately 48 members could be eligible for the benefit; however, there was not enough information available about the members and their military service to use in the calculation for their pension

benefits. If the legislation passed, the cost in the future would ultimately be included in the past service cost and would pass on through to the additional state contribution paid by the state. The cost would also be included in the state contribution rate calculated by the actuaries and adopted by the Alaska Retirement Management Board (ARMB).

Co-Chair Foster clarified that the fiscal note's OMB component number was 64 and it was dated February 13, 2024.

Mr. Worley agreed.

Mr. McKee thanked the committee for hearing the bill.

Co-Chair Johnson MOVED to REPORT HB 232 out of committee with individual recommendations and the accompanying fiscal note.

Representative Josephson OBJECTED. He read the last two sentences of the fiscal note: "Implementing this bill's provision will require an actuarial analysis due to the impact on the PERS defined benefit system. DRB submits an indeterminate fiscal note until such time as an actuarial analysis can be completed." He would lift his objection, but he found it ironic that the two sentences were essentially cited as reasons to pause other retirement benefit bills. He WITHDREW the OBJECTION.

HB 232 was REPORTED out of committee with nine "do pass" recommendations and with one previously published indeterminate fiscal note: FN1 (ADM).

#sb104

SENATE BILL NO. 104

"An Act relating to appropriations to the civil legal services fund."

[7:31:42 PM](#)

SENATOR FORREST DUNBAR, SPONSOR, introduced himself.

JAMES HOLZENBERG, STAFF, SENATOR FORREST DUNBAR, introduced himself.

Senator Dunbar thanked the committee for hearing the bill. He explained that SB 104 increased the court filing fees

that could go to the Alaska Legal Services Fund from 10 percent to 25 percent. He shared that when he had been in law school, he had an internship where he worked with a young attorney on a child custody case where a father had abused and neglected a little girl to the point where she almost died. The attorney he interned with had been trying to win custody for an aunt and uncle. The organization was the Alaska Legal Services Corporation (ALSC) and the attorney was Maggie Humm, who was now the interim director of the agency. He relayed that Ms. Humm would provide testimony on how the fund worked and the work performed by ALSC. He detailed that ALSC did critical housing work, veterans benefits, elder abuse and elder care cases, and was the largest provider of free legal services to survivors of domestic violence in the state. Demands on ALSC had increased dramatically in the past few decades and their state funding was decreasing. He relayed that the bill had passed the other body unanimously. He expressed gratitude to the committee for hearing the bill.

Co-Chair Foster moved to invited testimony.

Senator Dunbar noted that in addition to Ms. Humm there had been a second invited testifier, Nicole Borrromeo with the Alaska Federation of Natives; however, Ms. Borrromeo was in D.C. and was currently unavailable.

[7:34:45 PM](#)

MAGGIE HUMM, EXECUTIVE DIRECTOR, ALASKA LEGAL SERVICES CORPORATION, thanked the committee for hearing the bill. She thanked Senator Dunbar for carrying the legislation in the Senate and Representative Stanley Wright carrying the companion bill in the House. She explained that ALSC was a nonprofit law firm that provided free critical civil legal aid to lower income Alaskans across the state for close to 60 years. The services helped protect Alaskans from domestic violence and other forms abuse, protected Alaskans livelihoods and benefits to which they are legally entitled, and helped Alaskans gain access to healthcare and maintain safe housing. In the previous state fiscal year, ALSC provided legal assistance in over 5,000 cases across its 15 locations throughout the state, impacting over 13,000 Alaskans and 196 communities. The organization's services focused on helping the most vulnerable Alaskans. In the past year, nearly one-third of ALSC's clients were impacted by domestic violence, nearly one-third of ALSC's

clients were seniors, and over one-third were living with one or more disabilities. She relayed that ALSC's work was preventative and solved problems upstream and its outcomes were measurable.

Ms. Humm shared that a study commissioned by the Alaska Mental Health Trust Authority (AMHTA) found that Alaska had a five to one return on investment, which brought cost savings to communities and dollars to Alaskan households. Despite the hard work, Alaska continued to face a crisis when it came to Alaskans being able to identify help for their civil legal problems. The past year, ALSC had to turn away hundreds of families who sought assistance with compelling needs. Due to a lack of resources the organization turned away approximately one family for every family it helped. Unaddressed legal problems resulted in a cascade of issues for families, further destabilizing them and putting the most vulnerable (i.e., children and elders) at risk. The client population continued to grow annually and funding had not kept pace. She elaborated that ALSC's state funding was roughly 58 percent of its appropriation 40 years back for triple the eligible population.

Ms. Humm continued that in the current state fiscal year, ALSC's total state appropriation was \$700,001, including \$400,000 from the general fund and the remainder from the Alaska Legal Services Fund. She explained that the money from the fund varied greatly over the years from zero to \$360,000. The amount appropriated in the current state fiscal year was \$301,000 and the funds for FY 25 were slated to drop slightly to \$296,000. The fund was established as a special account in the general fund in 2007 to provide additional money for civil legal aid. She relayed that the fund was last amended in 2018 with near unanimous support after widespread bipartisan acknowledgement that ALSC was severely underfunded. At the discretion of the legislature, the fund was funded by a total of 10 percent of the court system's filing fees and the state's share of any punitive damage awards. She explained that SB 104 sought to increase the amount of the court system filing fees from 10 percent to 25 percent.

Ms. Humm relayed that ALSC was doing as much as possible with its current resources. Every dollar was extremely important and the organization was incredibly efficient. She detailed that 80 percent of its cases were resolved without going to court, which saved the state money. She

reported that an average case cost ALSC less than \$600. The organization leveraged its funding with thousands of dedicated volunteer hours and in some regions there were things like donated office space. The organization also made numerous resources available to the public to increase their access to the justice system by conducting outreach and education events. The organization was implementing innovative ways to address the justice crisis, such as through its Community Justice Worker Program, which had garnered national attention.

Ms. Humm shared a story about a young woman with an infant son who came to ALSC for help. Her boyfriend had started abusing her when she was 16 and the abuse had been escalating and taking place in front of the baby and causing injuries. The organization helped the young woman get a one-year protective order, custody of the baby, child support, and supervised visitation for the father. She stressed that civil legal aid was critical to those who needed it, often the lifeline; however, the cost and demand was increasing. She relayed that civil legal services help to ensure fairness and equal justice guaranteed by state and federal constitutions. She stated that if the organization's funding did not keep pace, it would be forced to turn away hundreds of individuals. She emphasized that SB 104 was critical to adequately fund civil legal services, ensuring a fair and equal system, and addressing the justice crisis in Alaska. She thanked the committee for its time and consideration.

[7:41:09 PM](#)

Co-Chair Foster thanked Ms. Humm for her testimony.

Representative Coulombe asked if ALSC received money from nonprofits.

Ms. Humm responded that ALSC received money from many sources including state, federal, local boroughs and municipalities, tribal, private foundation funding, and private donations, but not necessarily from other nonprofits.

Representative Coulombe asked how lawyers got into the field as it was not something that was highly paid. She asked if it was through internships or lawyers coming directly out of law school.

Mr. Humm responded that lawyers came to ALSC in a variety of ways including starting out as an intern and coming off of judicial clerkships. The organization's pay was significantly lower than what the state or the private sector paid, which meant attracting lawyers could be difficult. She relayed that lawyers coming to work from the agency often came from out of state because Alaska did not have a law school.

Representative Coulombe shared that she had been involved with the Council on Domestic Violence and Sexual Assault (CDVSA) and had attended one of its meetings in Cordova. She had learned at the town hall meeting that one thing that everyone wanted was legal services pertaining to domestic violence. She relayed that there was a lot of conversation about CDVSA providing more money for that area. She asked what the criteria were for ALSC to accept a case.

Ms. Humm responded that ALSC was required to screen for income and asset eligibility. The organization was also required to screen for citizenship and could only represent someone without proper documentation if they were a victim of domestic violence or human trafficking and the case would have to be a priority for ALSC offices.

Representative Coulombe asked what she meant by a priority.

Ms. Humm responded that the ALSC board of directors set the case priorities, which were reviewed annually.

[7:44:53 PM](#)

Representative Tomaszewski asked for ALSC's overall budget.

Ms. Humm replied that ALSC's annual budget was approximately \$9.5 million in the current year.

Representative Stapp asked who was getting legal services from ALSC. He asked if the individuals were women suffering from domestic violence and looking for recourse or individuals dealing drugs or squatters in homes. He asked about the typical profile of individuals receiving services.

Ms. Humm responded that the people receiving services varied, but there were criteria that had to be met. The individuals had to meet certain low income and asset guidelines. She detailed that at least one-third of ALSC's clients were impacted by domestic violence and those individuals sought help with a variety of things including protective orders, divorce, custody, problems with an employment issue, income, and other things. She did not believe the organization was representing squatters. The organization did landlord/tenant work, but the law in Alaska did not support squatting and was very favorable to landlords. She detailed that only 3 to 4 percent of ALSC's landlord/tenant cases made it to the point of a contested court decision. She elaborated that approximately 96 percent of the landlord/tenant cases involved giving someone advice free of service or negotiating with landlords. She remarked that the cases were not long and drawn out. One-third of ALSC's clients were seniors and were assisted with a wide variety of things including elder abuse, end of life planning, and advanced directives. She noted that over one-third (close to 40 percent) of the organization's clients were living with one or more disabilities. The individuals were not necessarily coming to see ALSC in connection with their disabilities, but disabilities could also be impacting their ability to address a legal problem. Often individuals may come to ALSC for help with benefits they were legally entitled to but were for some reason facing a challenge receiving.

[7:48:19 PM](#)

Representative Josephson thanked Ms. Humm for her work. He shared that he had an externship in law school in Pennsylvania and had done some legal services work on social security disability claims. He surmised that ALSC did some of that type of work.

Ms. Humm confirmed that ALSC worked with social security disability or supplemental security issues.

Representative Josephson assumed that ALSC would not refer to a holdover tenant as a squatter.

Ms. Humm agreed. She believed the term "squatters" had been sensationalized through out of state stories. It was not the issue in Alaska that may be seen in other states that were highly favorable to tenants. Alaska was not seeing

situations where people were holding over for weeks, months, or years because eviction proceedings in Alaska were very quick. She reiterated her earlier testimony that only 3 percent of the landlord/tenant cases seen by ALSC went to a contested court decision. Most of the landlord/tenant work performed by the organization was quick and included advice, letters, and negotiation.

Co-Chair Foster asked if Ms. Humm had stated that ALSC assisted people with supplemental security income (SSI) issues.

Ms. Humm responded affirmatively.

Co-Chair Foster shared that he had been in Gambell, Alaska the previous week and had spoken with a low income constituent in need of help. He now knew exactly who to reach out to.

Representative Coulombe asked if ALSC was the only one taking money from the civil legal services fund. She wondered if funding went to other organizations as well.

Senator Dunbar replied that he did not know. He deferred the question to Ms. Humm.

Ms. Humm responded that she was not aware of other organizations. She believed ALSC was the sole beneficiary of the civil legal services fund.

[7:51:28 PM](#)

Representative Hannan asked for verification that ALSC did not represent people in criminal cases or class action litigation.

Ms. Humm responded in the affirmative. The organization was prohibited by federal regulation from participating in certain types of cases including but not limited to criminal work and class actions.

Co-Chair Foster asked Senator Dunbar for any closing remarks.

Senator Dunbar clarified his earlier statement that Ms. Borromeo was an ALSC board member. Ms. Borromeo was not a member of the board. Additionally, he spoke to an earlier

question from Representative Coulombe about why lawyers chose to work at ALSC. He believed Ms. Humm was being humble in her response. He relayed that almost every lawyer working at ALSC would make substantially more money working elsewhere. He relayed that ALSC tried to pay a good living wage, but people remained because they loved the work and helping people.

SB 104 was HEARD and HELD in committee for further consideration.

Co-Chair Foster announced the amendment deadline for May 8th at 5:00 p.m.

[7:53:45 PM](#)

#sb118

CS FOR SENATE BILL NO. 118 (FIN)

"An Act relating to critical and essential minerals."

[7:54:28 PM](#)

Co-Chair Foster welcomed Senator Merrick and asked her to introduce the bill.

SENATOR KELLY MERRICK, SPONSOR, introduced herself and thanked the committee for hearing the bill. She introduced the legislation with prepared remarks:

Senate Bill 118 was crafted alongside the Department of Natural Resources, the Department of Commerce, Community and Economic Development, industry, and stakeholders. It directs the state to assess our critical mineral potential and identify strategies to attract investment. The capital budget contains \$2 million plus a \$7 million federal match for critical mineral mapping, so Alaska needs a strategic plan. Critical minerals are things like lithium, copper, cobalt, zinc, and more. These critical minerals are key components of modern technology like the cell phones and microwaves that we use every day. We need to ensure the world can continue to access these resources and Alaska can be the most valuable source for critical minerals. Demand will continue to increase as renewable energy development grows. These minerals are needed in emerging technologies like

electric vehicles and solar panels, as well as in our national defense systems. Communist China is home to the world market for the extraction and processing of critical minerals. Currently, they dominate 60 percent of supply and 85 percent of refining.

Mr. Co-Chair, this is unacceptable. It is crucial to reduce our reliance on adversarial nations and produce these minerals here at home. Senate Bill 118 passed the other body with unanimous bipartisan support. It has the potential to increase investment in Alaska and provide the framework for us to lead the United States to critical mineral independence.

Senator Merrick relayed that her staff was available to provide a sectional analysis or answer questions.

Co-Chair Foster requested to hear the sectional analysis.

[7:56:48 PM](#)

KERRY CROCKER, STAFF, SENATOR KELLY MERRICK, went through the sectional analysis (copy on file):

Section 1: Adds a new section to uncodified law to produce two reports:

1. Gives legislative intent that the State develops a strategy to encourage exploration, development, production refining, and Value -added manufacturing of critical minerals in the state.
2. The Department of Natural Resources shall compare Alaska's current and potential critical mineral production to national and international production, including regulation, permitting, and incentives. The report should identify strategies to increase exploration and development over the next three, five, and ten years.
3. The Department of Commerce, Community, and Economic Development shall identify the state's role in innovation, manufacturing, and transportation to support the global green energy transition and allows for this report to be contracted out.

[7:58:35 PM](#)

Senator Merrick thanked the committee for its time. She relayed that SB 118 was an effort to attract investment, create jobs, boost the state's economy, and keep America safe.

Co-Chair Foster thanked the sponsor and her staff. He set an amendment deadline for May 8th at 5:00 p.m.

SB 118 was HEARD and HELD in committee for further consideration.

[7:59:11 PM](#)

AT EASE

[8:03:01 PM](#)

RECONVENED

#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."

[8:05:13 PM](#)

Co-Chair Foster asked for a brief recap of the legislation.

Representative Tomaszewski explained that the original bill started out as a bond authorization for the Railroad Corporation to build a new dock and terminal facility in Seward. He explained that a couple of amendments had been made throughout the bill process including the addition of a \$58 million bond for the complete phase 1 of the Mackenzie railroad extension and the authorization of a \$300 million bond for Alaska Industrial Development and Export Authority (AIDEA) for critical minerals and rare earth metals.

Co-Chair Foster noted that Representative Cronk had rejoined the meeting via teleconference.

[8:06:35 PM](#)

Representative Ortiz asked what the \$58 million bond that had been added to the legislation was for.

Representative Tomaszewski replied that the bill authorized the Alaska Railroad to issue a bond up to \$58 million to complete phase 1 of the Port Mackenzie rail extension. He stated it was not a bandaid; it merely gave the railroad the authority to exercise the ability to complete phase 1 of the extension.

Representative Ortiz asked if the Alaska Railroad or the state would be the backer of the bond.

Representative Tomaszewski assumed that prior to the issuance of any bond, the railroad would find an anchor client to use the port to pay for the rail extension, somewhat similar to the Seward dock. He believed one of the cruise lines would be the anchor client in Seward and the bond authorization for the Seward port and terminal facility had zero fiscal impact on state funds. The project would be paid for entirely from the cruise ship client.

[8:08:27 PM](#)

Representative Josephson MOVED Amendment 1 to HB 122 33-LS0623\S.3, Walsh, 4/30/24:

Page 1, lines 3 - 7:

Delete "authorizing the Alaska Railroad Corporation to issue revenue bonds to finance the completion of the Port Mackenzie Rail Extension in Point Mackenzie, Alaska; authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance infrastructure that supports development of critical mineral and rare earth element projects;"

Page 2, line 13, through page 3, line 26:

Delete all material.

Renumber the following bill section accordingly.

Co-Chair Foster OBJECTED for discussion.

Representative Josephson highlighted that Mr. Bill O'Leary with the Alaska Railroad had testified on the legislation exclusively about improvements to the Seward dock. He added

that the bill sponsor noted that the original bill pertained to the Seward dock. He shared that when he had asked Mr. O'Leary how much the road under Section 2 of the bill (that would be deleted by Amendment 1) would really cost, Mr. O'Leary had testified that he would need \$275 million to \$300 million. He was not certain what the \$58 million would do. He stated that Mr. O'Leary had never testified that he really wanted Section 2 in the bill. He did not know how Section 2 had come to be included in the bill. He asked for members to support its deletion by adopting Amendment 1.

[8:09:52 PM](#)

Representative Tomaszewski was in opposition to the amendment. He stated that the bill did not force the Alaska Railroad to utilize the bond to finish phase 1. He did not have a complete understanding of how many phases were needed to complete the rail extension to Port Mackenzie. He knew it was an important piece of infrastructure that would contribute to the state's economic development. He was amenable to including the section in the bill.

Co-Chair Foster MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment 1 FAILED (5/6).

[Note: Action on Amendment 1 was rescinded later in the meeting and the amendment was subsequently adopted. See approximately 8:21 p.m. for details.]

[8:11:59 PM](#)

Representative Josephson MOVED Amendment 2 to HB 122 33-LS0623\S.4 (Walsh, 5/1/24):

Page 1, lines 5 - 7:

Delete "authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance infrastructure that supports development of critical mineral and rare earth element projects;"

Page 3, lines 7 - 26:
Delete all material. 8
Renummer the following bill section accordingly.

Representative Stapp OBJECTED.

Representative Josephson explained that earlier in the day an opinion editorial had been published in the Alaska Daily News (AND) written by former Alaska Senate President Rick Halford titled "It's time for the Legislature to Restore Alaska's Constitutional Balance." He explained that the entire piece was about how AIDEA was not well monitored and had grown to be independent of oversight. He stated it stood to reason that Mr. O'Leary would want a railroad because he ran the railroad, but there had been zero indication that he also wanted AIDEA's bonding authority to be included in the package. His concern with Section 3 of the bill was that it spoke to the very thing former Senator Halford feared. He asked members to support the amendment.

[8:13:56 PM](#)

Representative Tomaszewski opposed the amendment. He noted it was by coincidence that the previous bill heard by the committee was SB 118, which related to critical and essential minerals. The specific section of the bill [Section 3] authorized AIDEA to issue \$300 million in bonds for statewide critical minerals and rare earth metals. He remarked that Senator Merrick had made a good point about rare earth minerals coming to the U.S. from other countries. He recognized the section was not part of the original bill, but he did not oppose its inclusion.

Representative Hannan supported the amendment. She opposed the blanket authority given by the section [to AIDEA]. She remarked that it was a very large amount. She stated that she could vote for it if it was bonding for the Niblick project and it was delineated for specific minerals at a given price, but it was not. She had grave concerns that the board authorized projects at \$300 million only to find out there was a different critical mineral the legislature did not have the bonding authority to go for because it gave the authority to AIDEA without having reviewed it. She stated it was the check and balance, which the legislature was supposed to have over AIDEA.

Co-Chair Edgmon stated it was his first exposure to the legislation. He recalled when AIDEA had to get bonding authority from the legislature for \$10 million, which had increased to \$25 million. He understood that AIDEA was now seeking a larger number in a different bill. He highlighted that the first two words in Section 3 of the bill were "legislative approval," which he found to be an oxymoron. He stressed that the legislature was not approving anything other than authorizing \$300 million for AIDEA to do what it wanted. He did not support the legislature's appropriation powers being taken away. He was astounded by the dollar amount. He supported the message to some degree in former Senator Halford's editorial. He stressed that the legislature should never give anyone \$300 million to go do what they wanted to do. He acknowledged the cause was worthy, but there should be some legislative direction. He was a hard no on the inclusion of Section 3. He strongly supported the amendment.

Co-Chair Foster spoke in support of the amendment. He thought AIDEA had a public image problem. He had been contacted by a number of his constituents about the agency. He noted that the issue arose with the agency's prior leadership. He had faith in the current executive director who he believed was very capable and he was looking forward to hopefully a new direction. Until AIDEA was able to fix its image, he thought it was too much money. He believed the agency needed to rebuild the public's trust prior to receiving authorization for any additional funding.

[8:19:36 PM](#)

Representative Coulombe remarked that it was difficult for her to vote against anything pertaining to infrastructure or resource development. She understood that AIDEA was controversial. She ultimately wanted the original bill to pass and would hate to see the amendment kill the bill on the House floor. She did not believe the original bill was the right place for [the AIDEA bond authorization] because the Seward project was very important. She would likely vote in support of Amendment 2.

Co-Chair Edgmon echoed Representative Coulombe's comments. He believed the underlying purpose of the legislation rose above any speculative amendment like the \$300 million [in bond authorization to AIDEA]. He stated it had guided his no vote on Amendment 1 as well.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Hannan, Coulombe, Galvin,
Edgmon, Foster

OPPOSED: Tomaszewski, Cronk, Stapp, Johnson

The MOTION PASSED (7/4). There being NO OBJECTION,
Amendment 2 was ADOPTED.

[8:21:33 PM](#)

Representative Stapp MOVED to RESCIND action on Amendment
1.

Co-Chair Foster asked Representative Josephson if he wanted
to reintroduce Amendment 1.

Representative Stapp stated that the second half of
Amendment 1 included language about critical mineral
infrastructure and AIDEA bonding. He noted the language was
no longer viable due to the passage of Amendment 2;
therefore, he would likely change his vote on Amendment 1.

[8:22:21 PM](#)

AT EASE

[8:22:39 PM](#)

RECONVENED

Representative Josephson MOVED to ADOPT Amendment 1 (copy
on file)[see 8:08 p.m. for amendment details].

Representative Cronk OBJECTED.

Representative Josephson stated that he had no additional
comments.

Representative Stapp called the question on the motion.

A roll call vote was taken on the motion.

IN FAVOR: Galvin, Ortiz, Hannan, Josephson, Stapp, Edgmon

OPPOSED: Tomaszewski, Stapp, Cronk, Johnson, Foster

The MOTION PASSED (6/5). There being NO OBJECTION, Amendment 1 was ADOPTED.

Co-Chair Foster noted that Amendments 1 and 2 had both been adopted. He asked if the bill sponsor would like to make any comments prior to going to a motion on the bill.

[8:24:31 PM](#)

Representative Tomaszewski thanked the committee for all of the help he had received with the legislation. He looked forward to moving the bill out and passing it over to the Senate.

Co-Chair Johnson MOVED to REPORT CSHB 122(FIN) out of committee with individual recommendations and the accompanying fiscal notes and with permission for Legislative Legal Services to make technical and conforming changes.

There being NO OBJECTION, CSHB 122(FIN) was REPORTED out of committee with eight "do pass" recommendations and one "amend" recommendation and with one new zero note from the Department of Commerce, Community and Economic Development and one previously published zero note: FN1 (CED).

Co-Chair Foster reviewed the meeting schedule.

ADJOURNMENT

[8:27:01 PM](#)

The meeting was adjourned at 8:26 p.m.