

HOUSE FINANCE COMMITTEE
May 14, 2024
9:06 a.m.

9:06:24 AM

[Note: continuation of 5/13/24 9:00 a.m. meeting. See separate minutes for detail.]

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:06 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Almeria Alcantra, Staff, Senator Donny Olson; Lisa Purinton, Director, Division of Statewide Services and Acting Legislative Liaison, Department of Public Safety; Senator James Kaufman, Sponsor; Paul Labolle, Staff, Representative Neal Foster; Senator Jesse Bjorkman, Sponsor; Laura Achee, Staff, Senator Jesse Bjorkman.

PRESENT VIA TELECONFERENCE

Charles Collins, Director, Division of Workers' Compensation, Department of Labor and Workforce Development.

SUMMARY

CSSB 34 (FIN)

CITIZEN ADVISORY COMM ON FEDERAL AREAS

HCS CSSB 34 (FIN) was REPORTED out of committee with five "do pass" recommendations, four "no recommendation" recommendations, one "amend" recommendation and with one new fiscal impact note from the Department of Natural Resources.

CSSB 151 (FIN)

MISSING/MURDERED INDIGENOUS PEOPLE;REPORT

CSSB 151 (FIN) was REPORTED out of committee with eight "do pass" recommendations and with one previously published fiscal impact note: FN2 (DPS).

SB 183

WORKERS' COMP BENEFITS GUARANTY FUND

SB 183 was REPORTED out of committee with eleven "do pass" recommendations and with one previously published zero note: FN1 (LFW).

Co-Chair Foster reviewed the meeting agenda.

#sb151

CS FOR SENATE BILL NO. 151 (FIN)

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

[9:07:24 AM](#)

Co-Chair Foster noted that Senator Donny Olson, Co-Chair Edgmon, Co-Chair Johnson, and Representative Ortiz were all currently attending a conference committee meeting. He relayed that the bill had previously been heard by the committee. He asked for a brief review of the legislation.

ALMERIA ALCANTRA, STAFF, SENATOR DONNY OLSON, provided a brief introduction of the bill. She clarified that the bill had not yet been heard by the House Finance Committee, but the committee had previously heard the companion legislation (HB 234, sponsored by Representative CJ McCormick) at the end of April. She offered to provide an explanation of the differences between the two pieces of legislation.

Co-Chair Foster asked for a brief overview of the bill including the differences.

Ms. Alcantra relayed that SB 151 required cultural training for all law enforcement officers and required the Department of Public Safety (DPS) to submit missing persons information to the National Missing and Unidentified Persons database within 60 days of the first report filed with local law enforcement. She noted that the same requirement in HB 234 was set at 30 days [of the first report filed with local law enforcement]. The Senate bill put two missing and murdered indigenous persons (MMIP) investigators into statute whereas HB 234 included four MMIP investigators. She elaborated that SB 151 established the MMIP review commission under DPS. She detailed that the commission would be comprised of nine members and was tasked with reviewing unresolved cases from different state regions to make recommendations to enhance coordination and reduce instances of violence. She noted that SB 151 did not contain a sunset date for the commission whereas HB 234 contained a sunset date of January 1, 2027, which coincided with requirement of a legislative report. She noted that SB 151 required a legislative report every three years. The Senate bill also included a needs assessment submission date for DPS by January 1, 2027. She believed the date in HB 234 was January 1, 2026. Language had been added to SB 151 to set term lengths for public members and to stagger the term dates initially.

[9:10:31 AM](#)

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

Co-Chair Foster asked for a review of the fiscal note from the Department of Public Safety.

LISA PURINTON, DIRECTOR, DIVISION OF STATEWIDE SERVICES AND ACTING LEGISLATIVE LIAISON, DEPARTMENT OF PUBLIC SAFETY, reviewed the fiscal note OMB component 2325 dated 4/19/24. The costs in FY 25 were \$563,100. She detailed that costs were higher in the first year because it included the position needed to support the nine-person commission within DPS. She noted that the startup costs for the position included setting up computers and a workstation. There were one-time costs for contract work associated with a requirement for DPS to take on a needs assessment for investigative and protective resources on a statewide basis. She explained the needs assessment was pretty comprehensive and the department was estimating fairly significant costs for a contractor to do a project plan, stakeholder engagement, travel and meeting schedules, data collection analysis, interim reports, community outreach, needs assessments, invoicing, and presentation with final recommendations for the commission to consider. She noted that the governor's FY 25 budget request included funding for two of four MMIP investigator positions to ensure all four existing positions were fully funded. She relayed that outyear costs were associated with the one position added to support the commission.

[9:13:52 AM](#)

Representative Hannan directed a question to DPS. She looked at the reporting timeline for local notification in Section 2. She noted that SB 151 included a timeline of 60 days whereas HB 234 had 30 days. She asked if the 30-day timeframe was manageable and doable.

Ms. Purinton answered that law enforcement entered missing and murdered persons information into several databases. The statewide system was for law enforcement (it was not public) and the information was also fed into the Federal Bureau of Investigation's (FBI) national database of missing person records. She noted that the records were entered within 24 hours and within two hours for individuals under the age of 21. The National Missing and Unidentified Persons (NamUs) database was public. Additionally, DPS housed the Missing Persons Clearinghouse, which took copies of all missing person records (not only trooper cases). She elaborated that the Missing Persons Clearinghouse and the local agency that input the records were notified from the FBI system when the records had been in the system for over 30 days. She explained that at the

30-day mark the Missing Persons Clearinghouse did the outreach with local agencies and would also put the record into the NamUs database.

Ms. Purinton estimated that about 98 percent of all missing person records in the state (about 1,300) were entered into the NamUs database. She explained that DPS was currently doing the work, but the 60-day mark ensured the department would come into compliance with the statutory requirement to meet the timeline because it allowed the department to leverage the automatic notice that came in from the FBI's law enforcement database. The department was getting the trooper cases into the system quickly, but for other law enforcement agencies, especially smaller ones without many missing persons, the timeline provided them the benefit and support of the Missing Persons Clearinghouse to make sure that if they were not meeting the requirement to get into NamUs, the clearinghouse would work with agencies to get a record into the NamUs database. The department's preference was the 60-day mark because it allowed DPS to leverage existing technology and the existing process. The NamUs database was meant for long-term missing persons.

[9:17:08 AM](#)

Representative Hannan highlighted that legislators hear from constituents about the importance of making sure law enforcement was treating a case seriously and taking immediate action. She stated her understanding that the department was acting quickly, but it was the communication with the national NamUs system that required the "trickle up" effect; therefore, 60 days was preferred. However, she believed that notification within the state was coming out within 30 days between a local police department or a Village Public Safety Officer (VPSO) and DPS at the state level.

Ms. Purinton agreed. She explained that the information was going into law enforcement databases as soon as the reports came into law enforcement. She clarified that she was not saying agencies were waiting until the 60 days, they could put the information into to the public NamUs database right away. However, some agencies may not have the capacity to put the information into other system. The 60 days allowed a safety net for the Missing Persons Clearinghouse to support them and do the follow up in case it had not been done already.

Representative Hannan looked at Section 3 where SB 151 had two [investigator] positions and HB 234 had four. She asked if all four positions were funded in the budget.

Ms. Purinton answered there were currently four filled MMIP investigator positions. The positions were filled with retired troopers who had investigative experience. She noted that the troopers currently had a staffing shortage. She explained that the strategy made sure DPS had enough investigative resources spread out throughout the department. She relayed that the commissioner [Commissioner Cockrell] had been vocal in support of the bill, in support of the four positions, and in support of continuing the work. She explained that if one of the investigator positions became vacant it would take DPS time to refill it. The intention was to continue to have at least four of the [investigator] positions at all times.

Co-Chair Foster noted that Co-Chair Edgmon had joined the meeting from conference committee.

Ms. Alcantra thanked the committee for hearing the bill.

[9:20:06 AM](#)

Representative Stapp MOVED to REPORT CSSB 151(FIN) out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSSB 151(FIN) was REPORTED out of committee with eight "do pass" recommendations and with one previously published fiscal impact note: FN2 (DPS).

#sb34

CS FOR SENATE BILL NO. 34(FIN)

"An Act reestablishing the Citizens' Advisory Commission on Federal Management Areas in Alaska; relating to the membership and duties of the Citizens' Advisory Commission on Federal Management Areas in Alaska; relating to the authority of the Department of Natural Resources regarding the Citizens' Advisory Commission on Federal Management Areas in Alaska; and providing for an effective date."

9:21:56 AM

Co-Chair Foster asked for a review of the bill. He noted the committee had heard the bill several times during the previous and current sessions.

SENATOR JAMES KAUFMAN, SPONSOR, explained that the bill would reestablish the Citizens Advisory Commission on Federal Management Areas (CACFA). The commission's role was to represent the views of Alaskan citizens concerning federal land management plans within the state.

Co-Chair Foster noted that he had two amendments to offer based on input from some statewide organizations.

Co-Chair Foster MOVED to ADOPT Amendment 1, 33-LS0250\S.1 (Gunther, 5/8/24) (copy on file):

Page 2, lines 11 - 12:

Delete "a federally recognized tribe and at least one other member must be a shareholder of"

Insert "and represent a federally recognized tribe. At least one other member must be a shareholder of and represent"

Representative Stapp OBJECTED for discussion.

Co-Chair Foster asked his staff to come to the table. He explained the amendment pertained to two seats on the commission. The bill specified that one member was to be a member of a tribal organization and one was to be a shareholder. He referenced his comment at a prior hearing on the bill that [under the bill's current language] someone could be tribal member living in Florida [or elsewhere out of state]. For example, he had brothers who lived in the State of Washington who were both tribal members and shareholders who could technically serve on the commission. He was looking to ensure the seat would be filled by someone who was clearly a representative of a tribe or Native corporation. He asked for further details from his staff.

PAUL LABOLLE, STAFF, REPRESENTATIVE NEAL FOSTER, noted that the only change made by the amendment was the addition of

the term "and represent." He explained the term was intended to mean "to act on behalf of."

Co-Chair Foster did not want to be overly prescriptive. The intent of the amendment was to have the seat filled by someone for example who was the external affairs director, governmental affairs director, CEO, or president [of a federally recognized tribe]. He asked to hear from the bill sponsor to ensure he was amenable to the amendment.

Senator Kaufman relayed that he was very supportive of the amendment. He detailed that the amendment was reflective of the work his office had done to improve the geographic and cultural representation of the board.

Co-Chair Foster noted that his office had also checked with the Alaska Federation of Natives (AFN).

Representative Stapp WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

[9:26:04 AM](#)

Co-Chair Foster MOVED to ADOPT Amendment 2, 33-LS0250\S.3 (Gunther, 5/9/24) (copy on file):

Page 2, line 14:
Delete "a new subsection"
Insert "new subsections"

Page 2, following line 16:
Insert a new subsection to read:
"G) Notwithstanding another provision of this section, the commission may not consider, research, or hold hearings relating to public use on private land, including a highway with an easement onto private land or onto public land reserved for private use. In this subsection, "highway" has the meaning given in AS 19.59.001."

Representative Stapp OBJECTED for discussion.

Co-Chair Foster explained that some statewide organizations had indicated concern that the bill could allow grandfathered trails to go over private lands. For example, Alaska Native Corporations owned large parts of the state.

The entities wanted to make sure that if there was a grandfathered trail, the bill would not allow someone to go over private lands. It would also apply to individuals as well. For example, if someone had a farm somewhere that had a grandfathered trail, it would not allow just anyone from the public to trespass over individual landowners' private land.

Mr. Labolle noted the amendment included the terminology "or onto public land reserved for private use." He explained that the language captured tribal land, which was technically federal land held in trust.

Co-Chair Foster asked the bill sponsor for any comments on the amendment.

Senator Kaufman believed CACFA's scope was clear in the bill as currently written, but he understood the concerns and deferred to the will of the committee.

Representative Stapp looked at the amendment language "including a highway with an easement onto private land." He thought it seemed to mean a lot of things. He noted there were many easements on state highways. He asked if the language meant any conversation would be disallowed just because easements ran through public highways.

Mr. Labolle answered that the word "highway" was as defined in statute. He explained the language was intending to capture RS 2477s.

Representative Stapp WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

Co-Chair Foster reported that no other amendments had been received. The committee had previously reviewed the fiscal note and taken public testimony.

Co-Chair Edgmon stated he certainly would not object to moving the bill from committee. He relayed there was a proven element to the commission because he had been at the table a number of years back when it had been decided the commission was not needed per the cost at the time and the duties of the executive director. He hoped that 10 to 12 years later that with a renewed sense of purpose the commission could reestablish itself and not return to the

point where there were questions about its germaneness given the amount of money to be spent on it annually.

Co-Chair Johnson MOVED to REPORT HCS CSSB 34(FIN) out of committee with individual recommendations and the accompanying fiscal note.

[9:31:05 AM](#)

AT EASE

[9:31:29 AM](#)

RECONVENED

Co-Chair Johnson restated her motion.

There being NO OBJECTION, it was so ordered.

HCS CSSB 34(FIN) was REPORTED out of committee with five "do pass" recommendations, four "no recommendation" recommendations, and one "amend" recommendation and with one new fiscal impact note from the Department of Natural Resources.

Co-Chair Foster noted the committee would give Legislative Legal Services the ability to make technical and conforming changes when incorporating the two amendments to the bill. He thanked the bill sponsor.

Senator Kaufman thanked the committee.

#sb183

SENATE BILL NO. 183

"An Act relating to the workers' compensation benefits guaranty fund; and providing for an effective date."

[9:32:37 AM](#)

Co-Chair Foster welcomed the sponsor to the table.

[9:33:10 AM](#)

AT EASE

[9:34:19 AM](#)

RECONVENED

Co-Chair Foster asked for an introduction of the bill.

SENATOR JESSE BJORKMAN, SPONSOR, explained that the bill would protect the workers' compensation benefits guarantee fund from being swept so that it had the funds needed to pay out workers who got hurt on the job and their employers were without workers' compensation insurance. In recent years, injured workers waited up to six months to receive benefit payments because the fund had been empty. The fund's reserves came from civil penalties against employers who did not carry the statutorily required workers' compensation insurance and reimbursement from employers for injured employee benefits when the state was able to recover them. He elaborated that because the revenue stream and benefit payouts were irregular, there were times when benefit claims were made and there was insufficient revenue in the fund to make payments to workers who got hurt. In the past, the fund had been carefully managed to build up reserves that decoupled from revenues and claims, would be paid in a timely manner regardless of when they were received. However, since FY 21, the Constitutional Budget Reserve (CBR) sweep had cleared the unobligated balance from the fund each year, removing the reserves that had allowed for timely payments from the fund.

Senator Bjorkman relayed that the bill had been introduced by the Senate Labor and Commerce Committee at the request of the Alaska Workers' Compensation Board (AWCB) and would help to moderate the fluctuations. The bill would move the fund outside of the general fund so that it was no longer subject to the CBR sweep and could gradually rebuild its reserves in order to pay claims as they were received. He noted that an individual with the Department of Labor and Workforce Development (DLWD) Division of Workers' Compensation was available online to provide further details.

[9:36:45 AM](#)

Co-Chair Johnson stated her understanding that the bill needed to happen because some funds had been swept that included some workers' money. She asked how the problem had been corrected.

Senator Bjorkman answered that when there had been a zero balance in the fund it was his understanding that workers had to wait or once the problem had been identified, there had been some direction given for the benefits to be paid

from somewhere; however, no one had been able to tell him where the money came from as of yet.

LAURA ACHEE, STAFF, SENATOR JESSE BJORKMAN, replied that the bill would move the Workers' Compensation Benefits Guarantee Fund out of the general fund (which was sweepable), and make it a separate fund in the state treasury. The intent was to remove the fund from the list of funds that were eligible to be swept.

Co-Chair Johnson stated her understanding that some of the funds had been swept and consequently it had required some clean up and for some of the funds to be reinstated.

Co-Chair Foster noted that conference committee had closed out. He noted that Co-Chair Johnson, Representative Ortiz, and Representative Coulombe had joined the meeting. He asked to hear comments and a fiscal note review from DLWD.

CHARLES COLLINS, DIRECTOR, DIVISION OF WORKERS' COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), responded to Co-Chair Johnson's question. He relayed that over \$4 million had been swept from the Benefit Guarantee Fund over the past several years, which had greatly impacted the state's ability to pay ongoing indemnity and medical benefits to injured employees and medical providers. The department was asking the legislature to protect the funds as they were completely made up of settlements or fines where employers had been through the hearing process and settled with the state for failing to cover employees with workers' compensation insurance. He noted it reflected a minority of the employers in Alaska; over 99 percent of employers continued to provide coverage for their employees. However, those few employers [without coverage for their employees] sometimes had some egregious injuries and had cost the employee the ability to take care of themselves. There were currently several individuals who would likely never be able to work again. He elaborated that the injury was to the extent an individual was paralyzed or had lost a portion of their body and they were no longer able to do the job and in some cases any job.

Mr. Collins relayed that the department had recommended the bill because the Alaska Workers' Compensation Board voted unanimously to send a resolution requesting the protection of the fund (copy on file). The fund was established in

2005 and it took over a decade to achieve a decent balance, knowing that occasionally there would be a claim in the millions of dollars. Unfortunately, after the first sweep event, the state had been ordered by the supreme court to pay a claim of about \$1.1 million. The combination of the two things had greatly emptied the fund. Since that time, the state had struggled every fiscal year to cover all of the benefits. In recent years, the Office of Management and Budget (OMB) had directed him to pay the benefits and pay from the fund into the negative and the benefits would be covered through reappropriation. He highlighted that DLWD had requested \$530,000 in the FY 24 supplemental budget to cover benefits. He relayed that the fiscal note [OMB component number 2820] was zero because there were no changes to the management of the fund. He explained that the fund was managed by staff within the Division of Workers' Compensation. The department's goal with the legislation was merely to keep the fund from sweep action.

[9:43:10 AM](#)

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

[9:43:50 AM](#)

Representative Josephson noted it was an issue his office had been involved with the previous term. He thought that when the CBR had been created by the people in 1990, they would not have approved it if they had known of the unintended consequence. He stated that sweeping the fund so that it was unable to meet its intended purpose was illogical. He noted that superior court Judge [Josie] Garton wrote an opinion a couple of years ago (he believed related to power cost equalization) that said calling something a separate fund met the requirements of the past supreme court decision Hickel v Cowper. He stated that the bill before the committee was one of the cures and he applauded the senator for bringing the bill forward. He stated that the legislature used to routinely repopulate funds; however, around 2020 it stopped and had become a new weapon that had never been used before to deny the repopulation of funds. He supported the bill.

Representative Hannan observed that when the fund was established one of the primary funding mechanisms was civil

penalty assessments against uninsured employers. She referenced a packet of information from DLWD and looked at page 2 showing revenue including supplemental funds and investment profits. She asked Mr. Collins how much money the fund received annually from civil penalty assessments. She asked if it was around \$750,000.

Mr. Collins answered that in a typical year the funds were about \$750,000, but the current year was about \$680,000. He noted the previous year had been a bit better than the current year. The amount generally fluctuated between \$700,000 and \$750,000. He noted the division had one position tasked with managing the payment agreements going forward. He relayed that investigators were constantly on the job. The department tried to remind employers to keep their insurance up. He stated it would be a great day if all employees were covered with workers' compensation and the guarantee fund had no purpose. Unfortunately, that was not the situation.

Representative Hannan reasoned there must be a lag time between the department becoming aware an employer was not paying the insurance and action being taken to create a payment plan. She asked if the lag time was one year. She asked if the department was collecting money from a year's arrears or longer.

[9:47:25 AM](#)

Mr. Collins replied that he could not say exactly how many, but it was not uncommon for the division to have payment plans set up with employers who did not have the funds to pay the agreed upon amount. There could be a fine levied of around \$50,000 or more after going through the formula laid out in statute. He explained that the employer may not be able to pay that amount. In that case the division did a payment agreement at his direction, which over the past four years had been any amount as long as the employer was always paying. For example, if an employer was sending \$100 per month, the division was allowing them to continue the payment. In most cases there was a set amount that employers were to pay as expeditiously as possible.

Representative Hannan underscored the importance of why the fund needed to not be sweepable. She stated that the sweep mechanism was set up on an annual fiscal year, yet the purpose of the fund was to collect things that may be

happening over multiple fiscal years and securing funds to be available to meet the fund's intended purpose. She stated that if a payment plan was five years in duration, yet the fund was swept annually, the money never accrued. She remarked that it was an important piece of legislation to get across the finish line in the current session.

Senator Bjorkman thanked the committee for questions and commentary and Mr. Collins for his diligent work in keeping the effort up.

Representative Stapp MOVED to REPORT SB 183 out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

SB 183 was REPORTED out of committee with eleven "do pass" recommendations and with one previously published zero note: FN1 (LFW).

Co-Chair Foster thanked the senator and his staff.

Co-Chair Foster noted that the 10:00 am meeting would be delayed.

ADJOURNMENT

9:51:18 AM

The meeting was adjourned at 9:51 a.m.