

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS**

February 14, 2024

6:03 p.m.

**MEMBERS PRESENT**

Representative Ben Carpenter, Chair  
Representative Tom McKay  
Representative Kevin McCabe  
Representative Cathy Tilton  
Representative Andrew Gray  
Representative Cliff Groh

**MEMBERS ABSENT**

Representative Jamie Allard

**COMMITTEE CALENDAR**

HOUSE BILL NO. 190

"An Act establishing a violation for hindering the Alaska Sunset Commission; relating to the duties of the legislature; establishing the Alaska Sunset Commission to review and make recommendations on discontinuation of or changes to state entities; relating to the powers and duties of the Alaska Sunset Commission; and providing for an effective date."

- MOVED CSHB 190 (W&M) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 190

SHORT TITLE: ALASKA SUNSET COMMISSION

SPONSOR(S): WAYS & MEANS

05/03/23	(H)	READ THE FIRST TIME - REFERRALS
05/03/23	(H)	W&M, STA, FIN
05/08/23	(H)	W&M AT 6:00 PM DAVIS 106
05/08/23	(H)	<Bill Hearing Canceled>
05/09/23	(H)	W&M AT 6:00 PM DAVIS 106
05/09/23	(H)	Heard & Held
05/09/23	(H)	MINUTE (W&M)
01/24/24	(H)	W&M AT 6:00 PM DAVIS 106
01/24/24	(H)	Heard & Held
01/24/24	(H)	MINUTE (W&M)
01/31/24	(H)	W&M AT 6:00 PM DAVIS 106

01/31/24 (H) Heard & Held  
01/31/24 (H) MINUTE (W&M)  
02/14/24 (H) W&M AT 6:00 PM DAVIS 106

#### **WITNESS REGISTER**

DONNA ARDUIN, Staff  
Representative Ben Carpenter  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions regarding the amendments offered during the hearing on HB 190.

#### **ACTION NARRATIVE**

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**CHAIR BEN CARPENTER** called the House Special Committee on Ways and Means meeting to order at [6:03] p.m. Representatives Groh, McKay, McCabe, Tilton, Gray, and Carpenter were present at the call to order.

#### **HB 190-ALASKA SUNSET COMMISSION**

[6:04:30 PM](#)

CHAIR CARPENTER announced that the only order of business would be HOUSE BILL NO. 190, "An Act establishing a violation for hindering the Alaska Sunset Commission; relating to the duties of the legislature; establishing the Alaska Sunset Commission to review and make recommendations on discontinuation of or changes to state entities; relating to the powers and duties of the Alaska Sunset Commission; and providing for an effective date."

CHAIR CARPENTER recapped the reasons behind proposing HB 190. He said those reasons include: Alaska spends about twice as much on state government as other states; time and information are insufficient to utilize the annual budget process to ensure efficient spending, effective service delivery, and continual process improvement in state agencies; the requirements of the Executive Budget Act are not always followed by the executive or legislature in the budgeting process; data provided by the executive departments is insufficient at times for program evaluation, planning, and budgeting; and for the past 10 years, the state auditor has produced performance review audits of state agencies that sometimes weren't well used and that statute has sunset.

CHAIR CARPENTER explained that HB 190 aims to provide useable data through extensive third-party review by Alaskans and to impose a recourse into the review process through the real risk that a government entity might be eliminated by law as a forcing function to get to an assessment. The bill would help ensure adherence to performance requirements and process improvement in the operation of Alaska's state government by establishing the Alaska Sunset Commission under the lieutenant governor as an independent and objective group charged with reviewing each department by division in the state on a rotating schedule. The commission's seven members would have staggered terms of five years, with three of the members appointed by the governor, two by the speaker of the house, and two by the president of the senate. The commission would review the entities on a schedule that includes adherence of financial and performance requirements under the Executive Budget Act, utilization of process improvement, efficiency of operations, and overlap with other state agencies. The commission would submit a report to the governor and the legislature within the first 10 days of legislative session that includes a determination of whether there is a public need for the continuation of the entity and to make a recommendation to continue, discontinue, restructure, or transfer duties and programs of the entity to another entity. Along with its report, the commission would provide to the rules committees any recommended statutory changes necessary to accomplish its recommendations and request the introduction of legislation. Should the legislature not act on the commission's report, the entity subject of the report would be sunset at the conclusion of the following fiscal year, providing motivation to address the report.

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CHAIR CARPENTER entertained amendments to HB 190.

[6:09:18 PM](#)

REPRESENTATIVE MCCABE moved to adopt Amendment 1 to HB 190, labeled 33-LS0685\B.4, Wallace, 1/30/24, which read:

Page 4, line 25:

Delete "each entity listed in"

Insert "principal departments and the University of Alaska under"

Page 4, line 27:

Delete "listed in"  
Insert "reviewed under"

Page 5, line 31, through page 6, line 20:

Delete all material and insert:

**"Sec. 44.99.730. Review of state entities. (a)**

The commission shall review at least one principal department or the University of Alaska, and its entities each year."

Page 6, line 21:

Delete "of each entity listed in"

Insert "under"

Page 6, line 23:

Delete "entity"

Insert "department or University of Alaska"

Page 6, lines 24 - 25:

Delete "entity for the purpose of advising or otherwise assisting the entity"

Insert "department or university to advise or assist the department or university"

Page 6, line 27:

Delete "listed in"

Insert "reviewed under"

Page 6, line 28:

Delete "listed in"

Insert "reviewed under"

Page 8, line 11:

Delete "listed in"

Insert "reviewed under"

REPRESENTATIVE GROH objected for the purpose of discussion.

CHAIR CARPENTER also objected for the purpose of discussion.

CHAIR CARPENTER explained Amendment 1 would amend Section 7 by replacing the schedule of departments to be reviewed with a requirement that the Alaska Sunset Commission review at least one principal department or the University of Alaska each year allowing for flexibility and prioritization of the departments and overlap between large and small departments. The intent is

to allow the commission to review more than one per year if there is the opportunity to do so.

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REPRESENTATIVE GRAY asked whether the University of Alaska will be viewed as one entity given that it is large.

CHAIR CARPENTER agreed that the University of Alaska is large.

REPRESENTATIVE GRAY asked whether the commission would review the entire University of Alaska [as one entity].

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DONNA ARDUIN, Staff, Representative Ben Carpenter, Alaska State Legislature, answered that the schedule is one department or the University of Alaska each year. Each one of the departments and the university is made up of several entities. The word "entity" in the bill refers to all the pieces, so the commission would review the entirety in one year. For example, the Department of Commerce, Community, and Economic Development has several entities, including corporations, underneath it. Every division is an entity, every corporation is an entity, and the commission will decide which entities it wants to send legislation on.

CHAIR CARPENTER, responding to Representative Gray, offered his belief that the accurate number of entities is 180.

REPRESENTATIVE GRAY said he fears that the word "and" within the amendment's language of "principal departments and the University of Alaska under" could result in some entities and the university being reviewed, and then some other entities and the university being reviewed, such that the university would be getting audited more frequently than the other 180 entities.

MS. ARDUIN clarified that the University of Alaska is listed separately because it isn't a department. A department and its divisions and sub-corporations, or the university and its divisions, would be reviewed every year, so the university would only come up in rotation once, just like every entity of that department or the university. The commission would decide which of them to send legislation on. Amendment 1 allows for flexibility in that scheduling whereas the original bill said which one would be done in which year and that it would have to have one year.

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REPRESENTATIVE MCCABE offered his understanding that the University of Alaska is being treated like all the others and one of them will be audited [each] year in a rotation.

MS. ARDUIN nodded in the affirmative.

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CHAIR CARPENTER removed his objection to Amendment 1.

REPRESENTATIVE GROH removed his objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

[6:14:59 PM](#)

REPRESENTATIVE MCCABE moved to adopt Amendment 2 to HB 190, labeled 33-LS0685\B.5, Wallace, 1/30/24, which read:

Page 1, line 3, following "**entities;**":  
Insert "**and**"

Page 1, lines 4 - 5:  
Delete "**; and providing for an effective date**"

Page 8, line 17, through page 8, line 20:  
Delete all material.

[REPRESENTATIVE GRAY objected.]

CHAIR CARPENTER objected for the purpose of discussion.

CHAIR CARPENTER explained that because HB 190 would take effect immediately, Amendment 2 would amend the title change to eliminate the words "providing for an effective date". The amendment would remove Section 8 that repeals the statutes governing the disposition of entities under the Division of Legislative Audit and laws that sunset in 2023 when the bill was drafted. Amendment 2 would remove Section 9 which repeals performance review state law 2013 that sunset on 7/1/23.

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REPRESENTATIVE GRAY removed his objection to Amendment 2.

CHAIR CARPENTER removed his objection to Amendment 2. There being no further objection, Amendment 2 was adopted.

[6:16:05 PM](#)

REPRESENTATIVE MCCABE moved to adopt Amendment 3 to HB 190, labeled 33-LS0685\B.6, Wallace, 1/30/24, which read:

Page 7, line 18, following "hearings":  
Insert "on the interconnected state road system"

REPRESENTATIVE GRAY objected.

CHAIR CARPENTER explained Amendment 3 would amend Section 7 by requiring the Alaska Sunset Commission to hold its public hearings on the interconnected [state] road system.

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REPRESENTATIVE GROH asked whether the amendment's intent is to eliminate the possibility that hearings would occur off the road system in locations such as Sitka, Ketchikan, Juneau, Cordova, Nome, or Bethel.

CHAIR CARPENTER replied that if a location doesn't have a road, then that would be the effect of Amendment 3.

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REPRESENTATIVE GRAY expressed his fear that the committee might be prejudiced toward Amendment 3 because all its members live on the road system.

CHAIR CARPENTER responded that he doesn't think the bill as drafted prohibits a meeting from being held off the road system.

MS. ARDUIN clarified that if Amendment 3 [is adopted] the bill would then say that by September 1 of the year of the review for an entity, the commission shall provide notice of and hold one or more public hearings on the interconnected road system.

REPRESENTATIVE TILTON surmised that Amendment 3 comes forward due to her comments at the bill's last hearing that there be a hearing held somewhere on the road system so the public can weigh in at the least cost where the greater number of constituencies live.

REPRESENTATIVE GRAY removed his objection to Amendment 3. There being no further objection, Amendment 3 was adopted.

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CHAIR CARPENTER stated that HB 190, as amended, was now before the committee. He asked whether members have any questions or comments.

REPRESENTATIVE GRAY asked whether the report to the governor and the legislature, in addition to the recommendation options of continue, discontinue, restructure, or transfer duties to another entity, could include instruction to a department to do its job if the department isn't doing its job.

CHAIR CARPENTER answered yes, that's the intent of forming the commission. The authority to recommend those specific actions isn't the only thing that the commission could do. Legislation [submitted by the commission] would have to come with an explanation for why the legislation is necessary and would tell the legislature and Executive Branch how to do their jobs.

REPRESENTATIVE GRAY said his support of HB 190 is for different reasons than those stated by the drafter. He asked whether part of the sponsor's intent is that by having this legislation in place the departments will be more likely to do what they are supposed to do.

CHAIR CARPENTER confirmed that that is some of the intent. He said he knows from his own experience working in bureaucratic organizations that day-to-day operations are all consuming, overcoming the ability to look toward process improvement or improving oneself or the organization. The Alaska Sunset Commission's sole duty of doing a deep dive to understand what is supposed to happen, what is happening, and how can it be improved will assist the government in seeing itself and getting better.

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REPRESENTATIVE GROH inquired whether, under HB 190, the Alaska Industrial Development and Export Authority (AIDEA) would be considered a principal department or entity.

CHAIR CARPENTER confirmed that that is correct.

REPRESENTATIVE GROH said many people, including himself, think AIDEA is an entity deserving an audit of its activities and use of funds, and that is one reason why he would support the bill.

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REPRESENTATIVE TILTON stated that HB 190 is a good bill. She argued, however, that technically the administration has more appointees and representation on the Alaska Sunset Commission because three commissioners are appointed by the governor and two are appointed by each legislative body. She said she is reserving the right to continue thinking about what the makeup of the commission should look like.

CHAIR CARPENTER noted that there was discussion by the committee and discussion in his office to re-evaluate commission's makeup and the decision to place the commission underneath the lieutenant governor's office. Options discussed included placing the commission underneath the Legislative Budget and Audit or under Legislative Counsel. The roadblock was where else could the commission be put placed that would have an objective oversight. Also discussed was the option of reducing the number of governor appointees by one, thereby reducing the commission's membership from seven to six, but an odd rather than even number of members makes it easier to accomplish things because there wouldn't be ties. No conclusion was arrived at that seemed a better option than what was listed in the bill, but he is open to suggestions as the bill goes through the process.

REPRESENTATIVE TILTON expressed her appreciation for the bill as well as the efforts that went into the bill.

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REPRESENTATIVE MCCABE shared that he too has thought about this. He said he thinks, however, that a smart executive wouldn't put three "yes men" on the commission because a smart executive would want three smart and apolitical people on the commission who will find the answers needed for the governor, as executive, to move forward. This gives the governor that vehicle while still giving the legislature some skin in the game, and so he thinks [the makeup] is good the way it is now.

CHAIR CARPENTER stated that that intent is now on the record.

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REPRESENTATIVE GRAY described his assumption for the formula of how the pattern of appointments would work and suggested that an amendment be drafted that spells out the formula.

CHAIR CARPENTER offered his belief that most boards have staggered assignments so there is continuity, and he believes that is the bill's intent.

MS. ARDUIN explained that the bill as written provides for staggered terms for the commissioners. All the commissioners would be appointed so there is a full commission the first term and those appointments would have staggered end dates. Then, at each end date, the reappointment or new appointment would be for five years.

CHAIR CARPENTER stated he would like to move out the bill if there are no objections or additional work needing to be done.

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REPRESENTATIVE MCCABE moved to report HB 190, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 190(W&M) was moved out of the House Special Committee on Ways and Means.

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#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at 6:31 p.m.