

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

April 30, 2024

1:32 p.m.

MEMBERS PRESENT

Senator Forrest Dunbar, Chair

Senator Elvi Gray-Jackson

Senator Jesse Bjorkman

MEMBERS ABSENT

Senator Donald Olson, Vice Chair

Senator Cathy Giessel

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 347(CRA) AM

"An Act relating to assessment of property, boards of equalization, and certification of assessors; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 264

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 347

SHORT TITLE: PROPERTY ASSESSMENT

SPONSOR(S): REPRESENTATIVE(S) COULOMBE

02/20/24	(H)	READ THE FIRST TIME - REFERRALS
02/20/24	(H)	CRA
03/12/24	(H)	CRA AT 8:00 AM BARNES 124
03/12/24	(H)	Heard & Held
03/12/24	(H)	MINUTE(CRA)
03/14/24	(H)	CRA AT 8:00 AM BARNES 124
03/14/24	(H)	Heard & Held

03/14/24 (H) MINUTE (CRA)
 03/19/24 (H) CRA AT 8:00 AM BARNES 124
 03/19/24 (H) Moved CSHB 347 (CRA) Out of Committee
 03/19/24 (H) MINUTE (CRA)
 03/20/24 (H) CRA RPT CS (CRA) 4DP 2NR 1AM
 03/20/24 (H) DP: MCCABE, BAKER, MCKAY, MCCORMICK
 03/20/24 (H) NR: MEARS, HIMSCHOOT
 03/20/24 (H) AM: RUFFRIDGE
 04/08/24 (H) RLS AT 6:00 PM GRUENBERG 120
 04/08/24 (H) -- MEETING CANCELED --
 04/22/24 (H) BEFORE HOUSE IN SECOND READING
 04/25/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)
 04/25/24 (S) <Pending Referral>
 04/26/24 (H) TRANSMITTED TO (S)
 04/26/24 (H) VERSION: CSHB 347 (CRA) AM
 04/29/24 (S) READ THE FIRST TIME - REFERRALS
 04/29/24 (S) CRA, FIN
 04/30/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 264

SHORT TITLE: LOANS UNDER \$25,000; PAYDAY LOANS
 SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

04/26/24 (S) READ THE FIRST TIME - REFERRALS
 04/26/24 (S) CRA
 04/30/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE JULIE COULOMBE, District 11
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 347.

EDRA MORLEDGE, Staff
 Representative Julie Coulombe
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented the summary of changes for HB 347.

DAN NELSON, State Assessor
 Community and Regional Affairs Division
 Department of Commerce, Community and Economic Development
 Anchorage, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 347.

ARIELLE WIGGIN, Staff
Senator Forrest Dunbar
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 264 on behalf of the Senate Community and Regional Affairs Committee, Senator Dunbar, Chair, and paraphrased the sectional analysis.

JEN GRIFFIS, Vice President of Policy and Advocacy
Alaska Children's Trust
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation in support of SB 264.

GRAHAM DOWNEY, Economic Justice League
Alaska Public Interest Research Group (AKPIRG)
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation in support of SB 264 and answered questions.

DAWN HANNASCH, Operations Manager
Division of Banking and Securities
Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Presented the fiscal note on SB 264.

ACTION NARRATIVE

[1:32:17 PM](#)

CHAIR FORREST DUNBAR called the Senate Community and Regional Affairs Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Gray-Jackson, Bjorkman, and Chair Dunbar.

HB 347-PROPERTY ASSESSMENT

[1:33:14 PM](#)

CHAIR DUNBAR announced the consideration of CS FOR HOUSE BILL NO. 347(CRA) am "An Act relating to assessment of property, boards of equalization, and certification of assessors; and providing for an effective date."

CHAIR DUNBAR stated this is the introductory hearing of HB 347 in the Senate Community and Regional Affairs Committee. SB 242, the Senate companion bill, was heard in committee on March 12, 2024, invited and public testimony were heard. He invited the bill sponsor to introduce HB 347.

[1:33:44 PM](#)

REPRESENTATIVE JULIE COULOMBE, District 11, Alaska State Legislature, Juneau, Alaska, sponsor of HB 347, said that HB 347 is the companion legislation to SB 242. HB 347 establishes fairness in property tax assessments by setting guidelines for municipalities while preserving local control. It directs the Department of Commerce, Community, and Economic Development to set clear assessment standards for Alaskans while allowing municipalities to adopt their own to address specific needs. She explained that HB 347 shifts tax appeals to an appointed board of equalization instead of a local arraigned body, ensuring separation between policymakers and quasi-judicial decision-makers. Many Alaskans may hesitate to speak openly with an elected official who could later rule on their appeal. HB 347 prohibits municipalities from increasing assessed property values during an appeal, preventing punitive actions. It also requires assessors to have the necessary professional experience and credentials.

[1:35:43 PM](#)

CHAIR DUNBAR invited Ms. Morledge to put herself on the record and present the summary of changes for HB 347.

[1:35:49 PM](#)

EDRA MORLEDGE, Staff, Representative Julie Coulombe, Alaska State Legislature, Juneau, Alaska, presented the summary of changes for HB 347 and introduced herself.

[1:36:12 PM](#)

At ease.

[1:37:15 PM](#)

CHAIR DUNBAR reconvened the meeting.

[1:37:23 PM](#)

MS. MORLEDGE continued the summary of changes for HB 347.

[Original punctuation provided.]

Summary of Changes - CSHB 347(CRA)am
Version 33-LS1430\S.A.
4.25.2024

"An Act relating to assessment of property, boards of equalization, and certification of assessors; and providing for an effective date."

- Defined the full and true value of a property as "the estimated price that the property would bring in an open market and under the prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels."

[1:37:46 PM](#)

CHAIR DUNBAR asked where this change occurs in the bill.

[1:37:54 PM](#)

REPRESENTATIVE COULOMBE replied it occurs on page 1, lines 10-12 [lines 7-10].

[1:38:01 PM](#)

CHAIR DUNBAR sought confirmation those lines were added to the bill.

[1:38:10 PM](#)

REPRESENTATIVE COULOMBE replied that those lines were accidentally removed in drafting and were put back into the bill.

[1:38:20 PM](#)

CHAIR DUNBAR asked if these lines were also in the version of the Senate companion bill.

REPRESENTATIVE COULOMBE replied yes.

[1:38:25 PM](#)

MS. MORLEDGE continued the summary of changes, stating the next change is in Section 3 on page 2, lines 15 -16 [lines 6-7]:

- Allows for a level 3 certification or higher, rather than requiring only a level 3 certification of a municipal assessor.

[1:38:58 PM](#)

REPRESENTATIVE COULOMBE said that assessors can go up to level 5. The House did not want to restrict the certification to a level 3, so it added the words "or higher" to include level 4 and level 5 assessor certifications.

[1:39:16 PM](#)

MS. MORLEDGE said the next change is on page 2, line 18 [lines 12-14] and clarified that the change amends Section 4, which begins on line 10.

- Requires the assessor to meet with a person who has received an assessment notice they believe to be in error to advise them of the methods used and to answer questions of the property owner.

[1:40:30 PM](#)

CHAIR DUNBAR reiterated the change, reading the inserted, new text aloud.

[1:40:42 PM](#)

MS. MORLEDGE continued the summary of changes with the final bullet point, stating the effective date for when a municipality shall engage a certified level 3 or higher was extended to January 1, 2026, rather than 2025.

- Extended the effective date for municipalities to employ or contract with a level 3 certified assessor to January 1, 2026.

[1:41:13 PM](#)

CHAIR DUNBAR stated that some small communities in Alaska contract assessors who may not live in the community. He asked if Section 4 allows for a remote meeting with an assessor.

[1:41:47 PM](#)

REPRESENTATIVE COULOMBE replied that public testifiers mentioned difficulty meeting with the assessor. She noted that the language remains general to allow meetings in person, online, or by phone. Some public testifiers wanted the assessor to visit their property. Section 4 does not require an in-person visit but ensures availability to speak with an assessor.

[1:42:46 PM](#)

CHAIR DUNBAR stated that Anchorage has thousands of properties, making it possible for a group to exploit the system by organizing hundreds of meeting requests. He noted that the assessor has a small staff but would still be required to attend the meetings. This could create a filibuster of the assessor's office. He asked if this concern was considered during the drafting of HB 347.

[1:43:25 PM](#)

REPRESENTATIVE COULOMBE stated that the issue was not discussed because 90 percent of problems are resolved through conversations within the assessor's office. She noted that it is standard practice to attempt resolution before the Board of Equalization (BOE) process. Complaints about difficulties meeting with the assessor came from smaller communities.

[1:44:15 PM](#)

SENATOR GRAY-JACKSON stated that in the Municipality of Anchorage, assessments are typically 10 percent or more below market value. She asked if the amendment would require assessments to be at market value.

[1:44:36 PM](#)

REPRESENTATIVE COULOMBE asked if the reference was to line 10, which states, "the full and true value as provided in standards." She noted that this language was inadvertently removed from the original bill and does not create a change.

[1:45:29 PM](#)

SENATOR GRAY-JACKSON stated that she asked the question because the Summary of Changes for HB 347 reads, "the estimated price that the property would bring in an open market and under the prevailing market conditions," goes further than the language used in statute.

[1:45:56 PM](#)

CHAIR DUNBAR directed the question to Mr. Nelson and asked if he sees the language in Section 1 as a change in policy or as a restatement of existing state and local tax policy.

[1:46:34 PM](#)

DAN NELSON, State Assessor, Community and Regional Affairs Division, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, answered he sees it as the same policy.

[1:46:54 PM](#)

CHAIR DUNBAR noted that although there is no fiscal note, municipalities may incur costs if required to have Level 3 assessors. He asked how much it would cost municipalities to train assessors.

[1:47:23 PM](#)

MR. NELSON stated that he was unfamiliar with the costs but was familiar with Level 3 certification requirements. He described the point system.

[1:49:09 PM](#)

SENATOR GRAY-JACKSON asked how many assessors hold Level 3 certification.

MR. NELSON replied that he does not know the qualification of each assessor. He stated he would find out the number of assessors with Level 3 certification.

[1:49:54 PM](#)

SENATOR GRAY-JACKSON thanked Mr. Nelson for his offer.

[1:50:05 PM](#)

CHAIR DUNBAR asked if the sponsor has a sense of whether Level 3 is a new level of qualification for assessors.

[1:50:10 PM](#)

REPRESENTATIVE COULOMBE replied that this discussion was well vetted among colleagues from small communities. She pointed out that HB 347 allows Level 3 assessors to oversee lower-level assessors. She noted that assessor turnover is an issue, and the [state] will grant Level 3 certification to assessors from the lower 48 if they have similar qualifications. Small communities can contract rather than hire a Level 3 assessor. She added that problems in Haines and Juneau were the result of uncertified assessors.

[1:51:49 PM](#)

CHAIR DUNBAR opened public testimony on HB 347; finding none, he closed public testimony.

CHAIR DUNBAR held HB 347 in committee.

[1:52:20 PM](#)

At ease.

SB 264-LOANS UNDER \$25,000; PAYDAY LOANS

[1:55:04 PM](#)

CHAIR DUNBAR reconvened the meeting and announced the consideration of SENATE BILL NO. 264 "An Act relating to loans in an amount of \$25,000 or less; relating to the Nationwide Multistate Licensing System and Registry; relating to deferred deposit advances; and providing for an effective date."

CHAIR DUNBAR said this is the introductory hearing of SB 264 in the Senate Community and Regional Affairs Standing Committee.

The House companion bill is HB 145. He invited Ms. Wiggin to introduce the bill and present the sectional analysis.

1:55:26 PM

ARIELLE WIGGIN, Staff, Senator Forrest Dunbar, Alaska State Legislature, Juneau, Alaska, introduced SB 264 on behalf of the Senate Community and Regional Affairs Committee, Senator Dunbar, Chair, and paraphrased the sectional analysis. She stated that invited testimony would address the impact of payday loans. Each year, approximately 15,000 Alaskans take out payday loans, which have significant effects. SB 264 aims to remove a special exception and hold all lenders to the same standards when issuing loan contracts. General lending institutions are capped at a 36 percent annual percentage rate (APR), but payday loans are exempt, drawing vulnerable individuals into a cycle of financial hardship. She described the 16 sections of SB 264:

Section 1: Simplifies bill wording for clarity, replacing several phrases with the word "on."

Section 2: Modifies AS 06.01.050(3) to eliminate mentions of the Deferred Deposit Advances Act in definitions.

Section 3: Broadens the definition of lenders in AS 06.20.010 for loans up to \$25,000 insuring it includes various financial arrangements and practices. It states that a loan occurs in Alaska if it is completed in Alaska by a resident of Alaska. This is an issue because several of these organizations are out of state.

Section 4: Amends AS 06.20.025. It integrates Alaska's licensing system with a nationwide multistate licensing system registry. This employes many administrative processes.

Section 5: Allows the collection of investigation fees through the new system. This amends AS 06.20.030(a).

Section 6: Amends [AS 06.20.030(b)] to collect the licensing fees through the new system, adjust the licensing structures without increasing costs for the licensees.

Section 7: Repeals and reenacts AS 06.02.090 updating these requirements for small loan business licenses to match current regulator standards. It was partially a cleanup made in the other body.

Section 8: Eliminates AS 06.20.170 changing the mandatory inspection period for small loan businesses from fixed 18-month intervals to as needed for regulatory compliance.

Section 9: Revises AS 06.20.230 to standardize the interest rate at 3 percent per month for loans up to \$25,000, whether they are closed or open ended to make this loan rate simplified and consistent.

Section 10: Adds AS 06.20.310 and introduces rules against interest rate evasion on small loans.

Section 11: Introduces AS 06.20.325 and prevents small businesses from threatening criminal action against borrowers who are in default.

Section 12: Amends AS 06.20.900 specify and define registry as the previously mentioned nationwide multi-state licensing systems and registry.

Section 13: Adjust AS 08.76.500 to no longer exempt deferred deposit advanced licensees from certain regulations applying consistent standards across similar institutions.

Section 14: Amends AS 45.45.020 to ensure that all service charges are included in the interest rate calculations.

Section 15: Removes multiple sections within the section of law to clean up financial regulations.

Section 16: The bill will take effect July 1, 2024.

[2:00:26 PM](#)

CHAIR DUNBAR announced invited testimony on SB 264.

[2:00:57 PM](#)

JEN GRIFFIS, Vice President of Policy and Advocacy, Alaska Children's Trust, Anchorage, Alaska, testified by invitation in support of SB 264, which aims to establish reasonable consumer protections for payday lending practices in Alaska. She emphasized that economic hardship and poverty significantly increased the risk of child abuse and neglect, as financial strain amplifies household stress, anxiety, and frustration. She explained that payday loans, while offering quick cash, often trap Alaskans in cycles of debt and poverty, further exacerbating family instability. She noted that in 2020, neglect and medical neglect accounted for 75 percent of substantiated

child maltreatment cases in Alaska, highlighting the connection between economic hardship and child welfare, and urged the passage of SB 264 to ensure rational safeguards for low-income families.

[2:04:11 PM](#)

GRAHAM DOWNEY, Economic Justice League, Alaska Public Interest Research Group (AKPIRG), Anchorage, Alaska, testified by invitation in support of SB 264 and answered questions. He stated that SB 264 had three core aspects. First, the bill updated the Small Loans Act (AS 06.20) with requested changes from the Division of Banking and Securities, which strongly supported the bill. Second, it simplified Alaska's tiered interest rate structure by implementing a flat 36 percent cap for loans under \$25,000 while maintaining the default usury rate for loans above that amount. Third, it established an anti-evasion provision modeled after laws in New Mexico and Maine to ensure online, out-of-state lenders complied with Alaska law, while also providing a safe harbor for lenders operating below the 36 percent cap, which had received broad industry support.

[2:06:45 PM](#)

CHAIR DUNBAR asked about the origin of the 36 percent cap and whether the 3 percent per month mentioned in the Sectional Analysis was related to it.

[2:07:03 PM](#)

MR. DOWNEY confirmed that the 3 percent per month equated to the 36 percent cap. He stated that the 36 percent rate aligns with the Military Lending Act, which protects active-duty military but does not cover veterans or other citizens. He noted that 36 percent is a national standard, with approximately 20 states adopting similar rate caps.

CHAIR DUNBAR stated that he believed protections already existed for active-duty military members. He noted his experience as an officer interacting with junior enlisted personnel and recognized efforts to exploit service members as they moved between states. He asked if there was information on how these laws had been used to protect service members. He also inquired about the origin of the 36 percent cap and whether there was a specific policy rationale behind that figure.

MR. DOWNEY stated that the 36 percent cap emerged as a compromise between consumer groups, like Alaska Public Interest Research Group (AKPIRG) and mainstream financial institutions. He explained that 36 percent was considered the upper limit of

reasonable credit, with anything higher seen as wealth extraction rather than access to credit. He noted that the cap had broad public and bipartisan support, with most opposition arguing it was too high rather than too low. He described 36 percent as a balanced upper limit, acknowledging that an ideal rate might be lower but emphasizing its role as a compromise.

[2:09:25 PM](#)

DAWN HANNASCH, Operations Manager, Division of Banking and Securities, Juneau, Alaska, stated that SB 264, a companion bill to HB 145, has a simple fiscal note. She explained that the bill would eliminate Alaska's 19 Deferred Deposit Advance (DDA) licenses, though those licensees could apply for a Small Loan Act license instead. She noted that for the 19 DDA licenses the Division receives a \$3,000 biannual renewal fee. She estimated a fiscal year revenue loss of approximately \$28,000, which she described as not a significant change.

[2:11:13 PM](#)

CHAIR DUNBAR opened public testimony on SB 264; finding none, he closed public testimony.

CHAIR DUNBAR held SB 264 in committee.

[2:12:12 PM](#)

There being no further business to come before the committee, Chair Dunbar adjourned the Senate Community and Regional Affairs Standing Committee meeting at 2:12 p.m.