

SENATE FINANCE COMMITTEE

May 9, 2023

1:34 p.m.

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CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Senator Scott Kawasaki, Sponsor; David Dunsmore, Staff, Senator Scott Kawasaki; Ken Alper, Staff, Senator Donny Olson; Rena Miller, Special Assistant, Office of the Commissioner, Department of Natural Resources; John Boyle, Commissioner, Department of Natural Resources.

PRESENT VIA TELECONFERENCE

Christopher Constant, Chair, Anchorage Assembly, Anchorage; Michael Garvey, ACLU of Anchorage, Anchorage; Carol Beecher, Director, Division of Elections, Anchorage; Jeannette Lee, Research Director, Sightline Institute, Anchorage; Christy Colles, Director, Division of Mining, Land and Water, Department of Natural Resources; Ashlee Adoko, Executive Director, Office of Project Management and Permitting, Department of Natural Resources; Helge Eng, State Forester, Division of Forestry and Fire Protection, Department of Natural Resources.

SUMMARY

SB 48 CARBON OFFSET PROGRAM ON STATE LAND

SB 48 was HEARD and HELD in committee for further consideration.

SB 122 APPORTION TAXABLE INCOME;DIGITAL BUSINESS

SB 122 was HEARD and HELD in committee for further consideration.

SB 138 ELECTIONS; VOTER REG.; CAMPAIGNS

SB 138 was HEARD and HELD in committee for further consideration.

#sb138

SENATE BILL NO. 138

"An Act relating to elections; relating to voters; relating to voting; relating to the crime of unlawful interference with voting in the first degree; relating to campaign signs; relating to the reporting of financial and business interests by certain municipal officers and former officers and candidates for municipal office; relating to the Redistricting Board; and providing for an effective date."

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AT EASE

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SENATOR SCOTT KAWASAKI, SPONSOR, introduced the legislation. He read from the Sponsor Statement (copy on file):

Over 360,000 Alaskans voted in the 2020 election making it the election with the greatest participation in Alaska history. Yet 173,000 Alaskans were eligible to vote or registered to vote but did not. Senate Bill 138 seeks to build upon the participatory success of the 2020 election by strengthening the voter

registration system, tightening residency requirements, paying postage for by-mail absentee ballots, and requiring the Alaska Division of Elections to offer absentee voters the option to fix errors in their ballots. This bill facilitates participation for those legally eligible to vote and ensures the integrity of elections by updating absentee ballot verification and curing.

Currently, voters are not notified of errors in their absentee ballots until after the election is certified. Over 7,500 ballots were rejected in the 2022 special primary election, a 4.55 percent rejection rate. That's about 1/20 ballots. On average, if we all in this room had voted by mail, the Division of Elections would have rejected at least one of our ballots without notifying us until it was too late.

Therefore, SB 138 establishes a ballot tracking system and a ballot curing process. The ballot curing process requires the Division to notify voters if the signature on their ballot does not match the one on their registration.

Other updates to the election system include:

- requiring the Division of Elections to count absentee ballots starting at least seven days before election day and beginning to release vote tallies at 8pm on election day,
- tightening and clarifying residency requirements for voting in order to clean Alaska's voter rolls,
- replacing the witness signature requirement with a signature verification system and requiring the Division of Elections to ballot cure for signature discrepancies,
- pre-paying vote by mail postage and allowing a verifiable date sent (such as a USPS bar code), rather than the post marked date, to serve as the date on which the voter voted,
- making explicit what happens when someone votes twice and maintaining that it is a crime to intentionally vote more than once.

Voting rights are fundamental to American democracy, which works best when eligible voters can participate and have the freedom to choose our elected leaders. Optimizing and strengthening our voting system ensures that these freedoms and rights prevail.

I respectfully urge your support of SB 138. Please reach out to my office with any questions.

[1:39:37 PM](#)

DAVID DUNSMORE, STAFF, SENATOR SCOTT KAWASAKI, discussed the presentation, "SB 138, Omnibus Elections Bill" (copy on file). He highlighted slide 2, "Signature Verification to Protect the Integrity of By-Mail Ballots":

- Signatures on absentee ballot envelopes would be compared to the voter's signature on file with the division of elections.
- Signatures can be verified electronically, and reviewers will be trained to identify handwriting patterns to manually verify signatures.
- The Municipality of Anchorage has successfully employed signature verification since 2018.
- Voters would have the opportunity to cure their ballots if their signature cannot be verified.

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Co-Chair Olson queried the system for signature verification in rural communities.

Mr. Dunsmore replied that currently absentee ballots were reviewed at each of the five offices, which have verification systems.

Mr. Dunsmore displayed slide 3, "Repeals the witness signature requirement for by mail ballots":

- In the 2022 special primary election, 2,724 ballots were rejected because of a missing witness signature 1.7 percent of all ballots cast.
- Witness signature rejections disproportionately affected rural Alaska.
- In District 38, 10.9 percent of all ballots cast were rejected for missing witness signatures.
- There is no indication of any misconduct with these rejected ballots.

Senator Wilson queried the percentage of how many ballots had some inaccuracies in other municipalities.

Mr. Dunsmore replied that the training in jurisdictions require looking at specific features of handwriting.

Senator Wilson wondered whether the handwriting verification would be done by individuals or artificial intelligence (AI).

Mr. Dunsmore replied that most jurisdictions have a two-step verification process with electronic scanning and then training humans.

Mr. Dunsmore highlighted slide 4, "The witness signature requirement provides no meaningful election integrity protection":

- The Division of Elections has testified that they do not have any way to verify that witness signatures meet the statutory requirement that they be from a person at least 18.
- The Division accepts as valid any mark made in the witness signature portion of the envelope.
- The absentee by mail envelope does not even provide space for the witness to print their name or provide their date of birth.

Mr. Dunsmore displayed slide 5, "Creating a Ballot Curing Process":

- Within 24 hours of receiving the ballot, the Division mails a deficiency notice with curing instructions.
- If the voter has a phone number on file, the Division will call and text them as well.
- The voter returns the cure form confirming they voted on the ballot with a copy of their ID and a signature.
- The cure process may be done electronically.
- A properly cured ballot will be counted if it is otherwise valid.
- If the voter responds that they did not vote the ballot, it will be referred to the Attorney General.

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Mr. Dunsmore looked at slide 6, "A voter will be able to cure their ballot and have it counted if it would be rejected because:"

The voter did not sign the ballot envelope.
The voter's signature cannot be verified.

The voter did not provide an identifier that can be verified.

Mr. Dunsmore addressed slide 7, "Ballot tracking system for absentee ballots":

- The Division already offers ballot tracking and this bill places it into statute.
- Voters can check the status of their ballot online and see whether it has been counted or rejected.
- This bill requires a multifactor authentication system to protect voters' privacy

Mr. Dunsmore looked at slide 8, "Voter Registration list clean-up":

- Reduces to two years the time for which someone not voting or updating their registration triggers a notice to verify their registration.
- Adds several indications of residency in another state to the list of factors that trigger notice.
- Voters who do not verify their registration are moved to inactive status, and their votes will be counted, and their registration reactivated if they vote or request an absentee ballot.

Mr. Dunsmore addressed slide 9, "Allows voters who register within 30 days of an election to vote":

- Currently a voter must register in the state and district in which they are voting 30 days before the election.
- This means an Alaska resident who moves within 30 of the election might not be able to validly vote in any district.
- The Division already conducts same day registration for presidential elections, but these votes are only counted for president.
- Voters registering within 30 days will only be able to vote absentee, early, or questioned ballots which will be reviewed to ensure the voter is eligible.

Mr. Dunsmore addressed slide 11, "Create a statutory procedure for voters to cancel their registration":

- Currently the Division of Elections will cancel a voter's registration if they request, but it is not required by statute.
- Voters would be allowed to cancel their registration in person or electronically.
- The process for cancelling a registration would be posted at polling places.

Mr. Dunsmore discussed slide 12, "Clarify rules for poll watchers and ballot review observers":

- Currently statutes only provide for observers for political parties, initiatives, referenda, and recalls.
- This provision clarifies that candidates and ballot question campaigns may have observers.
- Ballot questions include constitutional amendments, judicial retention, bond propositions, and advisory votes.
- This bill also clarifies that campaigns may have observers at all tables where ballots are being reviewed within a counting center.

Mr. Dunsmore looked at slide 13, "Allow international election observers at polling places and counting centers":

- Only international organizations that the United States belong to may have observers.
- Observation missions must be invited by the U.S. State Department.
- International observers will not be allowed to make challenges.
- The Organization for Security and Cooperation in Europe is the only organization the State Department regularly invites to observe elections.

Mr. Dunsmore addressed slide 14, "Clear rules for challenging ballot review decisions":

- Currently it is unclear how long campaigns have to file a challenge and campaigns often have to negotiate this with the regional counting centers.

- This bill requires regulations to explicitly address the challenge process.
- These regulations must allow at a reasonable time to submit a challenge.

Senator Bishop wondered whether the third bullet on the slide would be implemented through regulations.

Mr. Dunsmore replied in the affirmative.

Senator Bishop felt that there needed to be more conversation about possibly putting the regulations into statute.

Mr. Dunsmore discussed slide 15, "Stop special needs ballots from being rejected because of mistakes by poll workers or voter representatives":

- Currently special needs ballots can be rejected because of mistakes by poll workers or voter representatives.
- In the 2022 general election 8 percent of special needs ballots were rejected, compared with only 1.3 percent of by mail ballots.
- This bill would prevent special needs ballots from being rejected if they meet the requirements for an absentee ballot to be counted.

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Mr. Dunsmore pointed to slide 16, "Repeal the requirement for APOC to have offices in every Senate district":

- Current law requires the Alaska Public Offices Commission (APOC) to have offices in every Senate district.
- They have never had the funding level to meet this requirement.
- This bill replaces this requirement with a requirement that they make reports available on their website.

Co-Chair Hoffman asked which Senate districts were not able to have APOC.

Mr. Dunsmore agreed to provide that information, but stated that the only Senate districts with an APOC office were in Juneau and Anchorage.

Co-Chair Hoffman queried the reason for the law.

Mr. Dunsmore replied that it was from a ballot measure related to finance reporting.

Mr. Dunsmore addressed slide 17, "Creates a consistent standard for when a voter votes more than once":

- Currently, depending on how a voter votes multiple times, they will have either one or counted or all their votes will be rejected.
- This bill clarifies that if a voter votes in person and by another means, the in person vote shall count. Otherwise, the first ballot to be reviewed shall be the one that is counted.
- Under no circumstances will a voter have more than one vote counted.
- Generally multiple voting is the result of honest mistakes by voters with memory issues, but all cases of multiple voting must still be referred to the Attorney General.

Mr. Dunsmore displayed slide 18, "Risk limiting audits to reduce the risk of certifying an incorrect result":

- These audits take place after counting is completed and before the election is certified.
- Risk limiting audits are used in at least 16 states.
- The Division shall develop statistical methods to determine what results to audit.
- Campaigns will be able to observe the audit process.

Mr. Dunsmore looked at slide 19, "Cybersecurity program":

- Requires the division to adopt regulations for a cybersecurity program to protect records from hackers.
- The program will include cybersecurity training for elections officials.

Mr. Dunsmore discussed slide 20:

Alaska's billboard law bans advertising along state roads. In a 2018 settlement the state agreed not to

enforce this ban against political signs 32 square feet or smaller on private property if the sign is not in a highway right of way or displayed for compensation.

This provision updates the statutes to codify these settlement terms.

Mr. Dunsmore addressed slide 22, "Clarifies the Open Meetings Act applies to the Redistricting Board

- The OMA requires public notice for meetings and that decisions be made in public.
- In two different redistricting cycles, courts have ruled against the board's argument that it was not subject to the OMA.
- This will make it crystal clear in statute that the board must follow the OMA.

Mr. Dunsmore looked at slide 23, "Clarifies the Open Meetings Act applies to the Redistricting Board":

- The OMA requires public notice for meetings and that decisions be made in public.
- In two different redistricting cycles, courts have ruled against the board's argument that it was not subject to the OMA.
- This will make it crystal clear in statute that the board must follow the OMA.

Senator Bishop queried the penalty for defacing, stealing, or damage to a ballot box.

Mr. Dunsmore replied that the bill did not provide specific penalties other than current law.

Senator Bishop queried the current law for destruction of state property.

Mr. Dunsmore agreed to provide that information.

Mr. Dunsmore looked at slide 24:

This bill clarifies that a voter's residence is a place where they have a definite, articulable, and reasonable plan to return to whenever they are absent.

It also establishes that the presumption a voter's registered address is accurate can be rebutted by evidence that they reside at another location.

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Senator Kiehl queried more detail about the three-part test as it relates to a plan to return to the state: "definite, articulable, and reasonable plan."

Mr. Dunsmore replied that it would not change the current presumption.

Co-Chair Hoffman queried the way to confirm the plan to return to the state.

Mr. Dunsmore replied that the plan to return was within current statute.

Mr. Dunsmore addressed slide 25, "Begin Scanning Absentee Ballots 7 Days Before Election Day":

This bill will allow election results to be available earlier by having the scanning of absentee ballots begin seven days before Election Day.

Tabulated results will not be released until the polls close at 8pm on Election Day.

Mr. Dunsmore looked at slide 26, "Adopt best practices for reporting ranked choice voting results":

This bill adopts the national best practices identified by Fair Vote:

- Requires unofficial ranked choice tabulations be released along with the unofficial first round results.
- Contains in tent that updated cast vote record (CVRs) be released throughout the counting process, to allow for independent verification of the results.

This will provide greater transparency and reduce confusion about results.

Mr. Dunsmore looked at slide 27, "Allows voters to request to continue to sign up to receive absentee by mail for future elections":

- The Division currently allows this for military and overseas voters.
- This bill would allow voters to continue to receive by mail if they vote at least once every four years.
- Every absentee ballot returned will continue to be reviewed to ensure it is valid.

Senator Bishop wondered whether the second bullet would preclude someone from requesting a ballot.

Mr. Dunsmore replied that a voter would remain eligible.

Co-Chair Hoffman felt that missing an election or two would be a high standard for rural Alaska.

Mr. Dunsmore agreed to provide further information.

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Mr. Dunsmore pointed to slide 28, "Legalize voters photographing their ballots":

- It is currently illegal for voters to share photos of their voted ballots.
- This bill clarifies they may not share a photo of a ballot to persuade someone within 200 feet of the polling place.
- Bans against ballot photos have been challenged as potentially violating the First Amendment, although it appears not court has issued a final ruling on that issue.

Mr. Dunsmore addressed slide 29, "Codify language assistance requirements":

- Federal law requires the state to provide language assistance for voting in certain languages.
- Currently Alaska provides assistance in 10 indigenous languages and dialects as well as Spanish and Tagalog.
- This bill requires that voters be able to request that election materials be mailed to them in any language for which the state is required to provide assistance.
- Information about the availability of language at polling where language assistance is available.

Co-Chair Hoffman felt that there were many instances that showed that there was a cumbersome system for voting. He felt that there needed to be a more streamlined approach for access to voting.

Senator Kawasaki agreed.

[2:05:15 PM](#)

Co-Chair Olson wondered whether there was a way for all registered voters to receive an absentee bill.

Senator Kawasaki replied that people in rural Alaska could benefit from absentee voting. He stressed that he did not want to limit someone from voting in person.

Co-Chair Hoffman believed that there were issues in his district that he felt were adequately addressed, and felt that the issue could be fixed on a larger scale.

Senator Wilson queried the process to ensure that a person's ballot is counted.

Mr. Dunsmore replied that currently the division was not required to send notification until after the decision.

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CHRSTOPHER CONSTANT, CHAIR, ANCHORAGE ASSEMBLY, ANCHORAGE (via teleconference), spoke in support of the legislation.

[2:20:10 PM](#)

MICHAEL GARVEY, ACLU OF ANCHORAGE, ANCHORAGE (via teleconference), spoke in support of the legislation.

[2:23:32 PM](#)

Co-Chair Olson OPENED and CLOSED public testimony.

[2:24:20 PM](#)

Mr. Dunsmore discussed the Sectional Analysis (copy on file):

Section 1 is intent language for the Division of Elections (division) to follow national best practices for releasing ranked-choice voting results by releasing preliminary tabulations and updated cast vote records throughout the counting process.

Section 2 is a conforming section reflecting the amendments made in sections 5-9 allowing voters to register to vote within 30 days of an election.

Section 3 clarifies the residency requirements to define a residence as a place where a voter has a definite, articulable, and reasonable plan to return to whenever they are absent. It also provides that the presumption that a voter's registered address is correct may be rebutted by evidence that the voter has established residency at a different location.

Section 4 allows voters to submit an electronic image of their signatures when registering to vote and requires voter registration forms to require voters to certify that they understand the state will notify jurisdiction where they were previously registered.

Section 5 allows voters registering to vote to designate a language to receive election materials in from the languages that the Division of Elections is required to provide language assistance in.

Section 6 states that a person registering to vote within 30 days of an election, and who meets the qualifications to register, may vote an absentee, special needs, or questioned ballot for that election.

Section 7. states that a person who registers to vote within 30 days of an election may only vote an absentee, special needs, or questioned ballot in that election and their ballot may not be rejected solely because they do not appear on the official registration list.

Section 8 states that if a person whose registration was previously cancelled for inactivity reregisters to vote within 30 days of an election, they may only vote an absentee, special needs, or questioned ballot in that election and their ballot may not be rejected

solely because they do not appear on the official registration list.

Section 9 states that when a person registers to vote in a new precinct within 30 days of an election, they may only vote an absentee, special needs, or questioned ballot in that election and their ballot may not be rejected solely because they do not appear on the official registration list.

Section 10 states that a person who is not already registered to vote within 30 days of an election, they may only vote an absentee, special needs, or questioned ballot in that election and their ballot may not be rejected solely because they do not appear on the official registration list.

Section 11 amends the procedures sending notices to verify voters are still residents to send notices to voters who have not voted in two years or who have evidence of establishing residency in another state.

Section 12 is a conforming section to remove language that is addressed in Section 10.

Section 13 is a conforming section to reflect the changes made in Sections 10 and 11.

Section 14 requires the director to develop a process for voters to cancel their registrations and require that instructions for how to cancel one's registration be prominently posted at polling places.

Section 15 allows candidates and ballot question campaigns to appoint poll watchers and ballot review observers and allows campaigns to have observers present at all locations where ballots or envelopes are being reviewed in a precinct or counting center.

Section 16 allows international election observers to be present at precincts and counting centers if they are part of a mission of an international organization of which the United States is a member and invited by the U.S. State Department to observe the election and provides that international election observers may not question ballots or challenge ballot review decisions.

Section 17 repeals the requirement for the Alaska Public Offices Commission to have offices in every senate district.

Section 18 requires the division to provide language assistance at polling places as required by federal law and to post information at each polling place about the language assistance available.

Section 19 prohibits displaying an image of a marked ballot to persuade a voter within a polling place or within 200 feet of the entrance to a polling place.

Section 20 requires that voters who have requested or voted absentee ballots may only vote questioned ballots at precincts unless they surrender their absentee ballot to the poll workers for destruction.

Section 21 is a conforming section to remove language that is made unnecessary by the amendments in Section 16.

Section 22 clarifies that it is not illegal for a voter to share an image of their marked ballot if it is not done to persuade another person.

Section 23 clarifies that precincts results reports shall list the number of votes cast for candidates at each ranking.

Section 24 requires the division to release unofficial ranked-choice voting tabulations every day the division releases updated election results.

Section 25 clarifies how the division should handle ballots when a voter attempts to vote more than once. If a voter votes in person at their polling place and by another means, the in-person vote shall be the one that is counted. If a voter attempts to vote multiple times through absentee, special needs, or questioned ballots the first ballot to be reviewed shall be the one that is counted. The voter's vote will only be counted if the division does not determine the voter intentionally voted more than once.

Section 26 requires the division to conduct risk limiting audits prior to certifying election results.

Subsection (a) requires that risk limiting audits take place after counting is completed and before certification, and that they be designed using statistical methods to limit the risk of certifying an incorrect result.

Subsection (b) requires the director to adopt regulations for risk limiting audits.

Subsection (c) allows candidates to have observers witness the audits.

Section 27 requires that the division provide paid return postage for absentee by-mail ballots, requires absentee envelopes have a space for the date the voter signed the ballot, prohibit absentee envelopes from displaying a voter's party affiliation, and has a conforming amendment to reflect the repeal of the witness signature requirement in Section 21.

Section 28 provides that the division may not reject an otherwise valid special needs ballot because of an error by a poll worker or representative.

Section 29 repeals the requirement for a witness signature for absentee by-mail ballots.

Section 30 provides that a by-mail ballot received after the election without a postmark, or postmarked after the date of the election, may be counted if it has a U.S. Postal Service tracking barcode that verify it was mailed on or before the date of the election.

Section 31 contains two provisions related to absentee by-mail ballots.

Subsection (m) allows voters to register to continue to receive absentee by-mail ballots for future elections if they continue to vote at least once every four years.

Subsection (n) allows voters to request absentee by-mail ballots in any language for which the division is required to provide language assistance by federal law.

Section 32 requires the division to begin counting absentee ballots at least seven days before the

election and to release the first tabulated results when polls close at 8pm on Election Day.

Section 33 contains conforming amendments to reflect the repeal of the witness signature requirement in Section 21, the tracking barcode provisions in Section 22, and the signature verification provisions in Section 26.

Section 34 requires signature verification for absentee by-mail ballots.

Section 35 requires the division to adopt procedures for challenging ballot review decisions by regulation and that these regulations must provide at least 24 hours to submit a challenge.

Section 36 provides that ballots that are properly cured under new AS 15.20.222 shall be counted during the state review board process if they were not previously counted.

Section 37 enacts two new sections of statutes:

New AS 15.20.221 requires the division to establish a ballot tracking system to allow a voter to track the status of their absentee by-mail ballot.

New AS 15.20.222 provides for ballot curing for absentee ballots.

- Subsection (a) requires the division to notify voters if their signature cannot be verified, there is no signature on the envelope, the voter does not have a signature on file, or if the voter did not provide a sufficient identifier of the process to cure their ballot.

- Subsection (b) requires that these notices must explain the need for a signature for verification purposes and include a form for the voter to provide their signature and copy of the identification.

- Subsection (c) provides that a ballot may be cured and counted if the voter returns the form, confirms that they did in fact vote, and provides a signature and copy of their identification.

- Subsection (d) provides that a ballot shall not be counted, and the director will refer the matter to the attorney general for investigation,

if the voter indicates they did not in fact vote the ballot.

- Subsection (e) states that the division shall update their records with the signature the voter provides on the ballot curing forms.

Section 38 requires the division to provide secure ballot drop boxes in municipalities with 20,000 or more residents.

Section 39 clarifies that the return postage for absentee by-mail ballots required by Section 19 does not violate the prohibition on giving a thing of value in exchange for a person voting.

Section 40 requires the Division to adopt a cybersecurity program by regulation.

Section 41 provides that political campaign signs 32 square feet or smaller may be displayed on private property along state roads outside of highway rights-of-way.

Section 42 removes the requirement that reports filed with the Alaska Public Offices Commission (APOC) be available at offices in every senate district and requires that they be available on APOC's website.

Senator Bishop wondered about municipalities of 20,000 or more.

Senator Kawasaki replied that the number was just "thrown out there."

Senator Bishop felt that there could be a challenge to that number.

[2:30:51 PM](#)

Mr. Dunsmore continued with the Sectional Analysis:

Section 43 clarifies that reports filed with APOC shall be available at the commission's offices and on their website.

Section 44 provides that in municipal elections, a voter who was not registered to vote in the

municipality within 30 days of an election may only vote an absentee, special needs, or questioned ballot in that election and their ballot may not be rejected solely because they do not appear on the official registration list.

Section 45 makes technical corrections to the statutes for public official financial disclosure for municipal candidates and officials.

Section 46 requires Redistricting Board members to file annual public official financial disclosures with APOC.

Section 47 clarifies that the Redistricting Board is subject to the Open Meetings Act.

Section 48 repeals several provisions:

- AS 25.10.170(b) providing for poll watchers and ballot review observers for candidates in primary elections, which is made unnecessary by the amendments in Section 11.
- AS 15.20.203(i) requiring the division to mail notices to voters whose ballots were rejected, which is being replaced by the provisions of new AS 15.20.222 created by Section 29.
- AS 15.20.203(j) requiring the division provide a system for absentee voters to check the status of their ballot which is being replaced by new AS 15.20.221 created by Section 29.
- AS 29.26.050(a)(3) requiring a voter be registered in a municipality 30 days before a municipal election in order to vote in that election.

Section 49 is an applicability section stating that the amendment in Section 31 to the definition of "other thing of value" only applies to offenses committed after the effective date of that section.

Section 50 allows APOC and the Division of Elections to adopt regulations to implement the provisions of this bill.

Section 51 provides an immediate effective date for Section 41.

Section 52 provides an effective date of January 1, 2024 for the rest of the bill.

Senator Wilson noted some discrepancies and some missing items, so felt that there needed to be a slower examination of the bill.

Senator Kawasaki replied that he was willing to refine the Sectional Analysis, and stressed that the details were within the bill.

Mr. Dunsmore replied that he would verify that the committee had the accurate sectional analysis for the current bill version.

[2:35:14 PM](#)

Senator Bishop wanted to ask Ms. Beecher a question.

[2:35:24 PM](#)

CAROL BEECHER, DIRECTOR, DIVISION OF ELECTIONS, ANCHORAGE (via teleconference), introduced herself.

Senator Bishop asked whether the division could execute the regulations in the bill.

Ms. Beecher replied that she was not certain, and noted that it would need to change.

Senator Kiehl wondered whether a delegate could sign the sheet for ballot watchers.

Mr. Dunsmore felt that it was reasonable.

Senator Kawasaki agreed.

Senator Wilson wondered whether the signature storing would become a part of public record.

Mr. Dunsmore replied that it was not public information, and the division was stored in their database.

Senator Wilson asked about the cyber-security information at its cost.

Senator Kawasaki stated that the division should have a cyber-security system in place.

[2:40:10 PM](#)

Ms. Beecher explained the fiscal note. She stated that the division had a cyber-security program.

Senator Wilson queried the discrepancies in the amounts.

Ms. Beecher replied that beginning in FY 17, the operating costs was decided in order to reduce volatility, so it was split between two years.

Senator Wilson wondered whether the services should also be the full amount for FY 24.

Ms. Beecher agreed to follow up.

[2:45:46 PM](#)

Senator Bishop asked for a restatement of the capital cost.

Ms. Beecher replied that the capital cost would be just over \$5 million.

Senator Bishop wondered how long the verification systems are known to last.

Ms. Beecher replied that she did not know the lifespan of those systems.

Senator Bishop wondered whether there had been contact with other states about the systems.

Ms. Beecher replied in the negative and agreed to reach out to other states.

Co-Chair Olson REOPENED public testimony.

[2:47:32 PM](#)

JEANNETTE LEE, RESEARCH DIRECTOR, SIGHTLINE INSTITUTE, ANCHORAGE (via teleconference), spoke in support of the bill.

Co-Chair Olson CLOSED public testimony.

[2:50:15 PM](#)

Senator Kiehl looked at Section 4, and remarked that the penalty was extremely strong.

Mr. Dunsmore replied that he would do research related to the issue.

Senator Kiehl felt that the penalty did not fit.

Co-Chair Olson stated that the amendment deadline was Thursday at noon.

SB 138 was HEARD and HELD in committee for further consideration.

#sb122

SENATE BILL NO. 122

"An Act relating to the Multistate Tax Compact; relating to apportionment of income to the state; relating to highly digitized businesses subject to the Alaska Net Income Tax Act; and providing for an effective date."

[2:52:25 PM](#)

Senator Kiehl MOVED to ADOPT the committee substitute for SB 122, Work Draft 33-LS0663\Y (Nauman, 5/5/23).

Co-Chair Olson OBJECTED for discussion.

[2:52:57 PM](#)

KEN ALPER, STAFF, SENATOR DONNY OLSON, discussed the Summary of Changes (copy on file):

1) Amends Sec. 11(e), page 25 lines 9-12, clarifying that public utilities and utilities that provide telecommunications services would not be included within the new "single factor allocation" method.

[2:54:01 PM](#)

AT EASE

[2:54:54 PM](#)

RECONVENED

Mr. Alper continued to discuss the Summary of Changes:

2) Amends Sec. 12, page 26 lines 1-5, adding new subsections to clarify that an "entity" paying the 9.4 percent on their allocated Alaska income over \$4 million would also include an LLC or any entity that filed for federal tax purposes as a sole proprietorship, partnership, S-corporation, or LLC.

[2:56:56 PM](#)

Co-Chair Olson wondered whether the Rules Committee chairman was in favor of the committee substitute.

Mr. Alper replied in the affirmative.

Senator Bishop wondered whether the Department of Revenue (DOR) would be available for questions at the next bill hearing.

Mr. Alper replied in the affirmative.

Co-Chair Olson WITHDREW his OBJECTION. There being NO further OJECTION, it was so ordered.

SB 122 was HEARD and HELD in committee for further consideration.

#sb48

SENATE BILL NO. 48

"An Act authorizing the Department of Natural Resources to lease land for carbon management purposes; establishing a carbon offset program for state land; authorizing the sale of carbon offset credits; and providing for an effective date."

[2:58:24 PM](#)

RENA MILLER, SPECIAL ASSISTANT, OFFICE OF THE COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, (DNR) addressed the fiscal notes.

[2:59:53 PM](#)

CHRISTY COLLES, DIRECTOR, DIVISION OF MINING, LAND AND WATER, DEPARTMENT OF NATURAL RESOURCES (via teleconference), introduced herself. She spoke to the fiscal note related to the leases portion of the bill.

[3:01:27 PM](#)

ASHLEE ADOKO, EXECUTIVE DIRECTOR, OFFICE OF PROJECT MANAGEMENT AND PERMITTING, DEPARTMENT OF NATURAL RESOURCES (via teleconference), spoke to the fiscal note.

[3:03:02 PM](#)

HELGE ENG, STATE FORESTER, DIVISION OF FORESTRY AND FIRE PROTECTION, DEPARTMENT OF NATURAL RESOURCES (via teleconference), spoke to the fiscal note.

[3:05:12 PM](#)

Senator Bishop wondered whether there could be a shift to defining it as DGF funds after the revenue began.

Ms. Miller replied in the affirmative.

Senator Merrick noted the two bills related to carbon. She wondered which bill was more of a priority for the administration.

Ms. Miller replied that the Department of Natural Resources (DNR) would like both bills to have potential to generate revenue.

[3:07:11 PM](#)

AT EASE

[3:07:59 PM](#)

RECONVENED

[3:08:04 PM](#)

Ms. Miller discussed the Sectional Analysis:

Section 1: Amends AS 36.30.850(b) to exempt the Department of Natural Resources (DNR) from following the state procurement code when contracting with third parties for purposes related to the carbon offset program established in Section 6. Requires notice by

DNR if the department elects to use the procurement code.

Section 2: Amends AS 37.05.146(c) to allow revenue from carbon offset credit sales to be treated as designated program receipts. This revenue would be deposited into a new Carbon Offset Revenue Fund established in Section 6.

Section 3: Conforming to Section 4. Amends AS 38.05.075(a) to exempt state land leases for carbon management purposes from a requirement to award leases to the highest bidder at public auction or by sealed bid and related terms when competitive interest has been demonstrated, as Section 4 establishes procedures specific to the carbon management purpose leases.

Section 4: Adds a new section to AS 38.05 authorizing DNR to lease state land to third parties for carbon management purposes.

Proposed AS 38.05.081(b): Provides an application process for a state land lease for carbon management purposes.

Proposed AS 38.05.081(c): Sets a process for deciding between applications for the same land; an aggrieved applicant may appeal within 20 days of a decision.

Proposed AS 38.05.081(d): Caps land leases for carbon management purposes at 55 years and requires the lease include performance conditions. Requires DNR to terminate a lease if the land is not being used for the approved purpose or if the lessee fails to meet lease requirements after a reasonable opportunity to come into compliance.

Proposed AS 38.05.081(e): Specifies a lessee does not receive a preference right to purchase the leased land.

Proposed AS 38.05.081(f): Requires lease compensation be designed to maximize returns to the state and be a form of compensation set out in AS 38.05.073(m).

Requires separate accounting of lease revenue and allows the Legislature to appropriate the lease revenue to fund the department's leasing program.

Proposed AS 38.05.081(g): Applies standard provisions relating to sublease, assignment,

renewal and extension to leases for carbon management purposes.

Proposed AS 38.05.081(h): Requires DNR to make a best interest finding, which includes public notice of a preliminary decision for public comment, before issuing a state land lease for carbon management purposes. A finding must include the reasonably foreseeable effects a project may have on the state or local economy and the anticipated revenue to the state.

Proposed AS 38.05.081(i): Requires state land leased for carbon management purposes to remain accessible by the public, to the extent possible, for generally allowed uses such as hunting and fishing.

Proposed AS 38.05.081(j): Requires an annual, public report to the Legislature on detailed information about the carbon management purpose leasing program.

Proposed AS 38.05.081(k): Defines "carbon management" to include greenhouse gas mitigation measures and non-geologic carbon sequestration projects.

Section 5: Conforming to Section 4, amends AS 38.05.102 such that at the end of a carbon management lease if the state moves to sell or long-term lease those same lands, the carbon management purpose lessee is not granted a preferential right.

Section 6: Adds a new article within AS 38.95 establishing the carbon offset program at DNR through enactment of AS 38.95.400 - 38.95.499. Defines a process for DNR to undertake carbon offset projects and creates a fund to receive project revenues.

Proposed AS 38.95.400: Establishes the carbon offset program and allows DNR to contract with third parties to carry out the new program. Caps commissions in contracts to no more than 30 percent of the revenue generated by the carbon offset project the contract relates to. Explicitly disclaims application of the carbon offset program to activities of private landowners.

Proposed AS 38.95.410: Requires DNR to adopt criteria to evaluate carbon offset projects on state lands; makes land generally available for

carbon offset projects; and ensures projects are not undertaken on legislatively designated lands without legislative approval or unless allowed by law. Requires a written finding that a project is in the best interests of the state before a project is undertaken; caps project terms at 55 years; and requires land used for a project to remain open to the public for access, hunting and fishing and other generally allowed uses.

Proposed AS 38.95.420: Allows DNR to enroll projects with a registry and requires DNR to maintain certain project records.

Proposed AS 38.95.430: Creates the carbon offset revenue fund to receive revenue from the sale of carbon offsets. Funds could be used for purposes of the carbon offset program and to pay program administrative costs. Appropriations to the fund do not lapse.

Proposed AS 38.95.440: Requires legislative approval to execute contracts that exceed \$10 million in costs. Provides the Legislature 45 days if already in session, or 45 days once in session if not already in session, to act.

Proposed AS 38.05.450: Requires an annual, public report to the Legislature on specific, detailed information about the Carbon Offset Program, including the entities engaged in a project, revenues, and project status.

Proposed AS 38.95.499: Defines 16 terms related to the new program.

Section 7: Adds a new subsection to AS 41.15.300 making land within the Haines State Forest Resource Management Area eligible for a carbon offset project.

Section 8: Conforming to Section 7. Amends AS 41.15.315(d) allowing Haines State Forest Resource Management Area lands to be managed for a carbon offset project.

Section 9: Conforming to Section 7. Adds a new subsection to AS 41.15.315 enabling amendments to the Haines State Forest Resource Management Area management plan to allow for carbon offset projects. A plan must identify land appropriate for a carbon offset project and a project must be consistent with the management plan.

Section 10: Adds a new subsection to AS 41.17.200 authorizing lands within the State Forest system to be used for carbon offset projects.

Section 11: Conforming to Section 10. Amends AS 41.17.220 so State Forest lands are managed under the sustained yield principle, AS 41.17, a forest management plan, and, as applicable, a carbon offset project.

Section 12: Conforming to Section 10. Amends AS 41.17.230(a) to include carbon offset projects among the forest uses a forest management plan must consider and permit when compatible with the primary purpose of State Forests.

Section 13: Conforming to Section 10. Adds a new subsection to AS 41.17.230 enabling amendments to State Forest management plans to allow for a carbon offset project. Requires plans to identify land appropriate for a carbon offset project and requires a project be consistent with the plan.

Section 14: Disallows oil and gas production tax lease expenditures for capital costs incurred for a carbon management purpose lease or a state carbon offset project.

Section 15: Sets an immediate effective date for the bill.

[3:11:36 PM](#)

JOHN BOYLE, COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, thanked the committee for hearing the bill. He stated that carbon bills were important at DNR.

SB 48 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[3:13:55 PM](#)

The meeting was adjourned at 3:13 p.m.