

SENATE FINANCE COMMITTEE

April 23, 2024

9:04 a.m.

[9:04:45 AM](#)

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:04 a.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

Representative Zack Fields; Representative Genevieve Mina; Senator Elvi Gray-Jackson, Sponsor; Luma Diaz, Staff to Senator Gray-Jackson; Shayne Nuesca, Interim State Director, Make Us Visible Alaska; Lucy Hansen, CEO, Polynesian Association of Alaska; Rebecca Carrillo, Self, Juneau; Kaye Roldan, Self, Juneau; Representative Julie Coulombe, Sponsor; Edra Morledge, Staff to Representative Coulombe; Chad Hutchison, Director of State Relations, University of Alaska; Leah Van Kirk, Health Care Policy Advisor, Department of Health.

PRESENT VIA TELECONFERENCE

Kelly Manning, Deputy Director, Division of Innovation and Education Excellence, Department of Education and Early Development; Lee Montoya, Self, Anchorage; Tafilisaoa Toleafeoa, Executive Director, Pacific Community of Alaska, Anchorage; Nick Moe, Public Policy Manager, Thread Alaska; Jen Griffis, Vice President of Policy and Advocacy, Alaska

Children's Trust; Michael Williams, Acting Deputy Director,
Tax Division, Department of Revenue.

SUMMARY

SB 131 ASIAN AMERICAN/PACIFIC ISLANDER PROGRAM

SB 131 was heard and HELD in Committee for
further consideration.

CSHB 89(FIN)

CHILD CARE: TAX CREDITS/ASSISTANCE/GRANTS

CSHB 89(FIN) was heard and HELD in Committee for
further consideration.

Co-Chair Olson discussed the agenda.

REPRESENTATIVE ZACK FIELDS,
REPRESENTATIVE GENEVIEVE MINA,

#sb131

SENATE BILL NO. 131

"An Act requiring education in the history and
contributions of Asian Americans and Pacific
Islanders."

9:05:48 AM

SENATOR ELVI GRAY-JACKSON, SPONSOR, offered a brief history
of the bill. She recounted that a few years previously, the
consulate for Korea visited Anchorage. The consulate had
requested that the legislature work to provide education on
the history and contributions of Asian Americans and
Pacific Islanders.

Senator Gray-Jackson read from a Sponsor Statement (copy on
file):

Senate Bill 131 requires schools in the State of
Alaska to educate students on the history and
contributions of Asian Americans and Pacific
Islanders.

This curriculum will be established and provided by each school district for students in kindergarten through grade 12. The contributions of Asian Americans and Pacific Islanders are aplenty and need to be taught in schools. In addition to teaching about the contributions of the two communities, schools will also educate students on the cultural and economic diversity of the communities. May is Asian Pacific American History Month and was established as a way to commemorate the immigration of the first Japanese individuals to the US in 1843. There are numerous sister cities between Japan and Alaska. Closest one to Juneau is Nemuro, Japan. It is an ocean facing fishing port. As early as 1788 there were Filipino seamen contacting Alaskan Natives. As Alaska developed our natural resource industries, there was a steady stream of Filipino immigrant workers. May is also the anniversary of the Transcontinental railroad completion where most of the workers were Chinese Immigrants.

Although we are recognizing Asian Americans and Pacific Islanders as a group, they are very different and have their individual traditions, culture, and ways of life. It is important to teach our youth the differences within these cultures and their significance to our country.

[9:08:49 AM](#)

LUMA DIAZ, STAFF TO SENATOR GRAY-JACKSON, discussed a Sectional Analysis (copy on file):

Section 1: AS 14.30 is amended by adding a new section to article 10 which will require schools to teach students about the history and contributions of Asian Americans and Pacific Islanders. Each school will establish a program that is specific to the history, contributions, culture and economic diversity of Asian Americans and Pacific Islanders in the United States.

Senator Gray-Jackson emphasized that there had been massive support for the legislation and listed organizations that had expressed support:

Make Us Visible Alaska, Polynesian Association of Alaska, Mana, People of Oceania Association, Pacific

Community of Alaska, Filipino American National Historical Society, Filipino Community of Anchorage, AAPI Student Club - University of Alaska Southeast, Consular Outreach Mission - Alaska, Filipino Community of Juneau, Native Movement, UTOPIA Alaska, Korean American Community of Anchorage, Ketchikan Wellness Coalition, Sealaska Heritage Institute, Elder Della Cheney, Mat-Su Kabayan, Asian Alaskan Cultural Center.

[9:10:37 AM](#)

SHAYNE NUESCA, INTERIM STATE DIRECTOR, MAKE US VISIBLE ALASKA, spoke in support of the bill. She offered a brief history of her emigration to the United States at 6 years old. She discussed her work collecting and documenting the oral histories of Filipinos in Alaska. She cited that Asian-Americans and Pacific Islanders were the fastest growing group in the state. She noted that Anchorage was one of the most diverse cities in the country - but that was not reflected in the History curriculum in schools. She listed notable contributions made by Filipino Americans in Alaska. She relayed stories of being bullied in her youth for being Filipino and hoped that passage of the legislation would lead to a better informed, more inclusive, and empathetic society.

[9:14:19 AM](#)

LUCY HANSEN, CEO, POLYNESIAN ASSOCIATION OF ALASKA, spoke in support of the bill. She stressed the importance of the bill to herself and young students so they would know their history. She emphasized the importance of history and instilling knowledge in youth. She said that she had provided Asian and Pacific Islander historical knowledge and information during Asian and Pacific Islander Heritage Month for over 20 years. She believed that the legislation would instill history and truth of the Asian and Pacific Islander experience in the youth of Alaska.

[9:17:11 AM](#)

Senator Bishop was not certain how the curriculum would be developed and how it would be taught. He requested that some history of navigation skills be included.

Ms. Hansen thought other testifiers could speak to the curriculum.

Co-Chair Olson expressed amazement at the history and amazing achievement of navigation.

Ms. Hansen agreed.

[9:18:55 AM](#)

Co-Chair Olson OPENED public testimony.

[9:19:14 AM](#)

REBECCA CARRILLO, SELF, JUNEAU, testified in support of the bill. She asserted that Asian Americans and Pacific Islanders were an integral part of America and were comprised of over 50 ethnic groups, speaking over 100 languages, with connections to Chinese, Indian, Japanese, Filipino, Vietnamese, Samoan, Tongan, and others. She added that it was crucial to add to the curriculum to K-12 education in the state. She asserted that adding the material to K-12 curriculum would help for understanding the struggles, sacrifices, and contributions of Asian Americans and Pacific Islanders in the building of America. She added that the added curriculum would enrich the experiences of Asian American and Pacific Islander youth, foster understanding, encourage tolerance, bring friendship across cultures, and bring hope and peace to an increasingly divided nation.

[9:22:17 AM](#)

Co-Chair Olson asked how the bill would impact the work of the schools.

KELLY MANNING, DEPUTY DIRECTOR, DIVISION OF INNOVATION AND EDUCATION EXCELLENCE, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), was not able to speak to the district's possible response to passage of the bill. She shared that updates to Social Studies standards were already being done. She said that, should the bill pass, a rubric would be identified to evaluate curriculum and support districts in incorporating the curriculum.

Co-Chair Olson asked Ms. Manning to address the fiscal note.

Ms. Manning discussed FN 1 from the Department of Education and Early Development. She cited that the note included

costs for gathering educators to evaluate standards and creating a rubric for curriculum evaluation. She said that the note included a stipend for 20 educators to help with the process and \$35,000 for a facilitator to help with the review. She said that the legal cost for updating regulation had also been included in the note.

[9:25:34 AM](#)

Co-Chair Olson asked how to implement the bill so that it would not be viewed as an unfunded mandate.

Ms. Manning thought it would be dependent on the existing Social Studies curriculum. If there was not already curriculum, curriculum would need to be purchased.

[9:26:31 AM](#)

Senator Wilson wondered whether the sponsor had heard from any school districts about any anticipated cost.

Senator Gray-Jackson relayed that she had not heard comments from any school districts.

[9:27:18 AM](#)

KAYE ROLDAN, SELF, JUNEAU, spoke in support of the bill. She relayed that she had moved to Alaska at the age of 1 year. She discussed finding community and belonging at the Filipino Community Hall in Juneau. She mentioned a showcase of Filipino History in Alaska at the city museum. Ms. Roldan stressed the importance of representation in history. She quoted the late Dr. Walter Soboleff, "Once you know yourself - you don't harm yourself." She said that education about who you are and where you come from was critical for building confidence and keeping culture alive.

[9:30:51 AM](#)

LEE MONTOYA, SELF, ANCHORAGE (via teleconference), spoke in support of the bill. He relayed that he was a retired high school counselor from the Anchorage School District. He had found that Alaska and especially Anchorage was one of the most diverse places in the United States. He recounted that he had worked with families from all over the world. There was a large Hmong population in Anchorage. Mr. Montoya stressed that there was a huge need for the education

proposed in the bill. He encouraged passage of the legislation.

[9:33:17 AM](#)

TAFILISAOA TOLEAFEOA, EXECUTIVE DIRECTOR, PACIFIC COMMUNITY OF ALASKA, ANCHORAGE (via teleconference), testified in support of the bill. She relayed that the Pacific Community of Alaska was an organization that worked in Anchorage, Juneau, Barrow, and Fairbanks. She was a mother of two and mentioned the importance of representation. She felt that the bill would elevate the voices of Asian and Pacific Islanders. She spoke of the Hōkūle'a voyage to Juneau. She noted that both Pacific Islanders and Indigenous Alaskans were a part of that original history.

[9:36:13 AM](#)

Co-Chair Olson CLOSED public testimony.

Senator Gray-Jackson corrected that there was a letter of support from the Anchorage School District in members packets.

Ms. Diaz stressed that the importance of the bill was to make the curriculum mandatory and not optional.

SB 131 was heard and HELD in Committee for further consideration.

#hb89

CS FOR HOUSE BILL NO. 89(FIN)

"An Act relating to education tax credits for certain payments and contributions for child care and child care facilities; relating to the insurance tax education credit, the income tax education credit, the oil or gas producer education credit, the property tax education credit, the mining business education credit, the fisheries business education credit, and the fisheries resource landing tax education credit; renaming the day care assistance program the child care assistance program; relating to the child care assistance program and the child care grant program; providing for an effective date by amending the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014; and providing for an effective date."

[9:37:39 AM](#)

Co-Chair Olson relayed that it was the first hearing for HB 89.

[9:37:55 AM](#)

REPRESENTATIVE JULIE COULOMBE, SPONSOR, recounted that the previous year she had been appointed to serve on the Governor's Task Force on Childcare and work toward making childcare more affordable to Alaskan families. She asserted that childcare was a work force issue. She said that lack of high-quality affordable care cost employers \$152 million per year. She had talked with private businesses and childcare providers while crafting the legislation. She related that the legislation addressed concerns raised by the taskforce. She contended that it was not the job of the government to provide childcare, but an environment could be created to make it easier for those who wanted to start a childcare business. Representative Coulombe pointed out that women are over 60 percent of the state's workforce, and housing and energy prices continued to increase forcing women to work to support their families.

[9:41:26 AM](#)

Senator Bishop thanked the bill sponsor.

[9:41:38 AM](#)

EDRA MORLEDGE, STAFF TO REPRESENTATIVE COULOMBE, discussed a presentation entitled "CHILDCARE: TAX CREDITS/ ASSISTANCE/GRANTS" (copy on file). She showed slide 2, "Overview":

1. How the Childcare Assistance Program Works Currently
2. HB 89 New Provisions
3. How the Childcare Tax Credits Work
4. Wrap-up

[9:42:01 AM](#)

Ms. Morledge turned to slide 3, "CURRENT PROGRAM":

- Provides a monthly subsidy to help with childcare expenses based on a sliding fee scale for eligible low-moderate income families - up to 9%.
- The family benefit is based on geographic location, type of care, age of child(ren), unit of care authorized, and attendance at the childcare facility.
- Parents must be participating in an eligible activity of working, attending school or a job training program, and meet non-financial and financial criteria set by the department.
- The income limit is 85% of adjusted median income for Alaska.
- Children between infancy and 12 years old are eligible.
- Provides a \$50 grant per child to childcare facilities.

[9:42:55 AM](#)

Ms. Morledge reviewed slide 4, "HB 89 ~ PROVISIONS & SECTIONS":

- Provides for the childcare tax credit, increases education and childcare tax credits to \$3 million annually, and extends the tax credit sunset to January 1, 2028. (Secs. 1-21)
- Changes terminology throughout statute from "day care" to "childcare." (Secs. 22-27, 29-32, and 36)
- Increases the income eligibility to 105% of the State Median Income. (Sec. 24)
- Caps the family contribution at 7% (currently 9%). (Sec. 28)
- Requires facilities to be designated as "high quality" to receive childcare assistance funds. (Sec. 31)
- Requires the prioritization of low-income children for the childcare assistance program. (Sec. 34)
- Prohibits a childcare facility from denying a child for acceptance at a facility based on disability or socioeconomic status. (Sec. 34)
- Definition of "childcare facility" (Sec. 35)
- Eliminate the \$50 per child grants to childcare facilities. (Secs. 37 & 40)

- Effective Dates - Tax credits sunset 1/1/2028 (Sec. 37); the Act takes effect 1/1/2026 (Sec. 39 & 41); All other sections effective immediately (Sec. 42)

[9:44:42 AM](#)

Ms. Morledge addressed slide 5, "Childcare Tax Credits":

- Insurance Tax Credit - Authorized Insurers in the state (Sec. 1-3)
- Income Tax (Sec. 4-6)
- Oil & Gas Production Tax (Sec. 7-9)
- Oil & Gas Exploration, Production, and Pipeline Property Tax (Sec. 10-12)
- Mining Business Tax (Sec. 13-15)
- Fisheries Tax (Sec. 16-18)
- Floating Fisheries Business Tax (Sec. 19-21)
 - Raises the maximum tax credit (in combination with the education tax credit) to \$3 million annually.
 - Provides an inflation increase every 5 years beginning in 2030.
 - Includes contributions of cash or equipment to a childcare facility, expenditures made to a childcare facility for the taxpayer's employees, or payments made to an employee by the taxpayer to offset childcare costs.
 - Education and Childcare Tax Credits sunset January 1, 2028

[9:45:33 AM](#)

Ms. Morledge referenced slide 6, "IN WRAP-UP, - HB 89 WILL...":

- Incentivize the private sector to contribute to childcare for their employees
- It does this by increasing the maximum contribution.
- Extends the sunset date to 2028
- Broaden access to the program for families, helping parents return or enter the workforce, thus increasing the number of children attending childcare facilities, growing the industry and increasing the seats available

- Lower the amount of the maximum contribution for families to 7% of income
- Increase the eligibility threshold to 105% of the State Median Income

Co-Chair Olson asked about the effective date of January 1, 2026.

Representative Coulombe relayed that the department had requested the date because of the approval process on the federal level.

[9:46:54 AM](#)

NICK MOE, PUBLIC POLICY MANAGER, THREAD ALASKA (via teleconference), offered invited testimony in support of the bill. He explained that Thread Alaska worked to provide access to quality early education with a focus on childcare. He relayed that the organization served more than 10,000 families, 2,000 early educators and teachers, and 400 early education programs. He mentioned a letter with over 300 signatures in support of the legislation (copy on file).

Mr. Moe emphasized that he was not using hyperbole when he stated that there was a childcare crisis in the state. He relayed that Thread anticipated more childcare programs closing without stable and meaningful support from the state.

Mr. Moe stressed that the state's economic infrastructure struggled when there was not appropriate childcare available. He stated that data showed that businesses were impacted by families struggling to find childcare.

[9:51:26 AM](#)

Mr. Moe cited that lack of childcare impacted parents' ability to be employed. He lauded the legislation and the removal of the childcare grant program. He encouraged the committee to support the legislation and budget items related to childcare in the state.

[9:53:55 AM](#)

JEN GRIFFIS, VICE PRESIDENT OF POLICY AND ADVOCACY, ALASKA CHILDREN'S TRUST (via teleconference), offered invited

testimony in support of the bill. She provided some background to the work done by the Alaska Children's Trust (ACT). She relayed that currently Alaskans spend 15 percent to 35 percent of their income on childcare. She shared that Alaska ranked 44th in the nation for economic wellbeing and 34 percent of Alaskan children had parents that lacked secure employment. She said that parents that were able to access the childcare they need reported reduced stress and increased economic stability, which were important societal factors for decreasing child abuse and neglect. She believed that the bill was an important step in revitalizing the childcare system in the state.

[9:56:13 AM](#)

CHAD HUTCHISON, DIRECTOR OF STATE RELATIONS, UNIVERSITY OF ALASKA, offered invited testimony in support of the bill. He discussed the education tax credit program, the three-year extension, and the \$2 million cap. He provided examples of qualifying education tax credit contributions. He names several companies that had contributed to the past, such as Alaska Airlines and Glacier Fish Company. He said that the credits varied over the years due to the fluctuating economy - from \$2.1 million to \$8.4 million.

[9:59:26 AM](#)

Senator Kiehl mentioned bill provisions related to childcare quality. He mentioned training of childcare workers. He asked for information regarding what UA programs were available at various campuses.

Mr. Hutchison agreed to provide the information.

[10:00:47 AM](#)

LEAH VAN KIRK, HEALTH CARE POLICY ADVISOR, DEPARTMENT OF HEALTH, addressed FN 2 from the Department of Health, OMB Component number 1897. She cited that the amount of the note was approximately \$6.1 million. The largest portion of the fiscal note was the grants and benefits line that reflected the increased eligibility criteria; subsidies would be provided to families above 85 percent of the state median income and up to 105 percent. She said there were 18,000 additional children that met the criteria. A series of assumptions had been developed to calculate the projections and the calculations were broken down in 5

percent increments. The total, based on a 7 percent utilization rate by 18,000 children, resulted in a total of \$5.6 million.

Ms. Van Kirk continued that additional staffing would be required to administer the additional subsidies proposed in the bill. Additional grant funding would be needed to administer the program. She noted that all the positions were eligible to be funded through 50/50 federal funds and General Fund match.

[10:03:45 AM](#)

Senator Kiehl asked whether Ms. Van Kirk could discuss the 50/50 split in relation to the incentives for private sector employers.

Ms. Van Kirk explained that the Childcare Development Block Grant supported quality and subsidy initiatives at a 50/50 match, specific to the positions. Federal funds could be used to support incentives for employers for developing onsite or near site childcare centers.

[10:04:58 AM](#)

Co-Chair Olson requested that the Department of Revenue comment on FN 3.

[10:05:21 AM](#)

MICHAEL WILLIAMS, ACTING DEPUTY DIRECTOR, TAX DIVISION, DEPARTMENT OF REVENUE (via teleconference), spoke to FN 3 from the Department of Revenue, OMB Component 2476. He read from the analysis on page 2 of the fiscal note:

This bill would expand the education tax credit to include donations made to childcare facilities (employer run or nonprofit) for the children of the taxpayer's employees, or for payments made to an employee of the taxpayer for the purpose of offsetting the employee's childcare costs. The new provisions would take effect 90 days from being signed into law (est. July 1, 2024). This bill also would increase the credit limit from \$1 million to \$3 million annually per taxpayer. The bill extends the sunset provisions to January 1, 2028.

Revenue Impact

The change in revenues reflected in this fiscal note only include those eligible tax programs administered by the Department. The bill's fiscal impacts can be divided into three categories: (1) expansion of the education tax credit to childcare facilities and employer costs, (2) increase to the annual tax credit limit, and (3) extending the credit repeal date.

(1) The revenue impact of the expansion of the credit to childcare facilities and costs cannot be determined because the Department of Revenue does not have Alaska-specific data to estimate how many taxpayers will claim the expansion of the credit, how many taxpayers currently pay their employees' child care costs or make donations to child care facilities for the children of their employees, or how many taxpayers will start paying their employees' child care costs or making donations to child care facilities for the children of their employees.

(2) The revenue impact of the increase in the credit limit is estimated by applying historical information at higher credit limits and interpolating the impact of the \$3 million annual credit limit. See the table below. (3) The revenue impact of the increase in the extension of the repeal date is estimated by using the average of the last three years of actual credits claimed as a basis going forward. See the table below.

Mr. Williams said that the department could implement the fiscal note using current resources.

[10:08:15 AM](#)

Senator Kiehl asked about the language in the proposed new credits. He spoke of the payment to employee credit and wondered whether the department had scrutinized the language to be sure it covered payments to support only childcare expenses. He feared that some businesses could get tax breaks for wage hikes through "creative" wording of the credit.

Mr. Williams relayed that the department had looked at the language. He had a minor concern with the corporate income tax statute language. He noted that the current wording of

the statute prevented "double dipping". He said that he could follow with specific language.

Senator Kiehl relayed that he would appreciate a follow up.

[10:11:03 AM](#)

Co-Chair Olson asked about tax credits pertaining to childcare centers.

Mr. Williams noted that the statute would allow any contribution for childcare to be claimed as a tax credit.

[10:12:06 AM](#)

Senator Kiehl mentioned his earlier question about childcare quality and observed that there was a provision that facilities be designated as "high quality." He asked for discussion of the factors involved in the designation.

Representative Coulombe relayed that the task force had discussed "quality" in depth. She said that the quality in the bill was related to licensure. She said that all childcare facility standards in Anchorage were equal to Head Start programs. She explained that Head Start was a federally subsidized program that could afford to meet higher standards and other programs struggled to afford to meet the standards. She stated that Thread had provided training to ensure quality of centers and the balance between quality and availability was hard to strike.

Senator Kiehl appreciated the response. He referenced childcare facility grants and a new provision proposed in the bill that prioritized children from low-income families. He agreed that the need was tremendous and queried compliance checks and auditing for centers. He wondered if DOH would be auditing facilities' books.

Representative Coulombe relayed that the verbiage was added in the previous committee of referral through amendment and thought the department could speak about the matter. She relayed that she was not sure how the provision would be implemented.

[10:15:59 AM](#)

Senator Wilson agreed that there had been an amendment made in the Senate Health and Social Services Committee. He said that the language needed to be reviewed and an amendment was forthcoming. He spoke on the previous topic of facility quality and noted that the language had also been added by amendment and that language still needed to be clarified.

[10:16:49 AM](#)

Senator Kiehl looked forward to working with the sponsor and the HESS committee chair.

[10:17:01 AM](#)

Co-Chair Olson referenced page 20 of the bill asked if there was a definition of "quality childcare facility".

Representative Coulombe asked whether Co-Chair Olson was referencing line 31, on page 20.

Co-Chair Olson answered affirmatively.

Representative Coulombe deferred to the department.

[10:17:47 AM](#)

Ms. Van Kirk relayed that there was not an identified definition of "quality" in statute but thought there was a road map to develop the definitions. She said that the department supported grants that had developed a learning growth system that had 5 different levels, 3 of which had been launched in the state and integrated early childhood education programs for quality. She noted that as the sponsor had mentioned earlier, the initial base quality rating was that a childcare facility was licensed.

CSHB 89(FIN) was heard and HELD in Committee for further consideration.

#

ADJOURNMENT

[10:19:42 AM](#)

The meeting was adjourned at 10:19 a.m.