

HOUSE BILL NO. 274

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/23/26

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the powers and duties of the Legislative Budget and Audit
2 Committee; relating to the powers and duties of the legislative audit division; providing
3 for a sunset review of executive branch agencies; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 44.66.050 is repealed and reenacted to read:

6 **Sec. 44.66.050. Sunset review.** (a) An agency is subject to a sunset review by
7 the Legislative Budget and Audit Committee at least once every six years. The
8 legislative audit division shall publish a staggered schedule for the sunset review of
9 every agency.

10 (b) No later than January 1 of the calendar year in which an agency is
11 scheduled for a sunset review, the agency shall report to the division in an electronic
12 format prescribed by the division

13 (1) the extent to which the agency has met the criteria in (d) of this
14 section; and

1 (2) any other information that the agency considers appropriate or that
2 is requested by the division.

3 (c) Upon receipt from an agency of the information required under (b) of this
4 section, the division shall

5 (1) review and verify the information submitted by the agency;

6 (2) conduct a review of the agency based on the criteria in (d) of this
7 section;

8 (3) provide notice of and hold one or more public hearings concerning
9 the application of the criteria listed in (d) of this section to the agency; the division
10 shall take public testimony at a hearing held under this paragraph; and

11 (4) prepare a report on the results of the sunset review of the agency
12 that includes

13 (A) the division's findings regarding application of the criteria
14 listed in (d) of this section to the agency;

15 (B) a summary of public comments received by the division
16 regarding the agency;

17 (C) a recommendation on whether the agency should be
18 terminated, continued, or reorganized;

19 (D) draft legislation to implement the recommendations in the
20 report; and

21 (E) any other information that the division considers
22 appropriate.

23 (d) In considering whether an agency subject to a sunset review should be
24 terminated, continued, or reorganized, the division shall consider the following
25 criteria:

26 (1) the extent to which the agency has carried out its mission statement
27 under AS 37.07.014;

28 (2) whether the performance measures set out in AS 37.07 are
29 appropriately set and are being met by supporting data;

30 (3) whether there is a method to better provide the agency's services
31 and provide the services at a lower cost;

1 (4) the extent to which the agency has engaged in activities not
2 mandated by statute, the extent to which there is a public need served by those
3 activities, and the extent to which those activities have been successfully performed;

4 (5) the extent to which processes could be improved to benefit the
5 agency and the public;

6 (6) the cost-effectiveness and efficiency with which the agency
7 operates, including

8 (A) the appropriateness of the agency's budget and the need for
9 items allocated for in the agency's budget, including costs for staff and office
10 space; and

11 (B) when considering the needs of the agency, the
12 appropriateness of

13 (i) the number of staff in the agency;

14 (ii) the positions and salaries held by staff in the
15 agency;

16 (iii) staff travel costs incurred by the agency; and

17 (iv) the agency's operating hours, organizational
18 structure, and office size, location, and functionality;

19 (7) if there is an overlap of services with other agencies, the extent to
20 which there is potential for reorganization;

21 (8) the extent to which the agency is making it difficult for persons to
22 do business with the state;

23 (9) the extent to which changes are necessary in the enabling statutes
24 of the agency so that the agency can comply with or meet the desired results
25 established by the legislature under AS 37.07.014; and

26 (10) any other criteria established by the division.

27 (e) On June 1 of the year in which an agency is subject to a sunset review, the
28 division shall deliver the report for an agency to the Legislative Budget and Audit
29 Committee. In addition, the division shall deliver a copy of the report to the governor,
30 the chief clerk, senate secretary, and every legislator within 10 days of the start of the
31 next regular session.

1 (f) The committee shall hold one or more hearings to receive testimony from
2 the public, the commissioner of the department with administrative responsibility for
3 the agency, and the members of the agency involved. At the conclusion of the
4 hearings, the committee shall vote whether to adopt the recommendations of the
5 division. If the committee adopts the recommendations of the division, the committee
6 shall introduce the draft legislation implementing the recommendations of the division
7 at the start of the regular session in the year following the sunset review. If the
8 committee does not accept the recommendations of the division, the committee may
9 introduce other legislation for the termination, continuation, or reorganization of the
10 agency.

11 (g) An agency that provides the division with access to a confidential
12 communication, record, document, or file for purposes of a sunset review does not
13 waive the confidentiality. The division may not include confidential information in a
14 sunset review report, unless confidentiality is waived by the agency.

15 * **Sec. 2.** AS 44.66 is amended by adding a new section to read:

16 **Sec. 44.66.055. Terminated agencies.** (a) Notwithstanding AS 08.03.010(c)
17 and AS 44.66.010(a), an agency subject to a sunset review terminates on June 30 of
18 the year following the year in which the agency was subject to the review, unless
19 legislation is enacted into law continuing or reorganizing the agency.

20 (b) Upon termination under (a) of this section, an agency continues in
21 existence until June 30 of the year following termination for the purpose of concluding
22 the affairs of the agency. The agency retains all powers and duties of the agency
23 during the concluding year.

24 (c) At the end of the concluding year, an agency terminated under this section
25 expires and the duties of the agency are transferred to the department in which the
26 agency is established. All money appropriated to a fund terminated under this section
27 lapses into the general fund at the end of the concluding year.

28 * **Sec. 3.** AS 44.66.060 is amended to read:

29 **Sec. 44.66.060. Existing claims.** This chapter does not cause the termination
30 or dismissal of a claim or right of a citizen against [A BOARD, COMMISSION, OR
31 PROGRAM OF] an agency terminated by legislative action or under this chapter that

1 is subject to litigation. Claims and rights shall be assumed by the department in [TO]
2 which the agency [BOARD OR COMMISSION] terminated under this chapter was
3 established [ATTACHED FOR ADMINISTRATIVE PURPOSES].

4 * **Sec. 4.** AS 44.66.070 is repealed and reenacted to read:

5 In this chapter,

6 (1) "agency" includes a division, board, commission, authority, fund,
7 corporation, or other unit of the executive branch, other than

8 (A) a principal department;

9 (B) the local boundary commission established under
10 AS 44.33.810;

11 (C) the division in the Department of Commerce, Community,
12 and Economic Development that is responsible for community and regional
13 affairs; and

14 (D) the University of Alaska;

15 (2) "committee" means the Legislative Budget and Audit Committee
16 established under AS 24.20.151;

17 (3) "division" means the legislative audit division established under
18 AS 24.20.241.

19 * **Sec. 5.** This Act takes effect July 1, 2026.