

**ALASKA STATE LEGISLATURE**  
**HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE**

March 27, 2025

8:03 a.m.

**MEMBERS PRESENT**

Representative Rebecca Himschoot, Co-Chair  
Representative Donna Mears, Co-Chair  
Representative Carolyn Hall  
Representative Ky Holland  
Representative Mike Prax  
Representative Justin Ruffridge

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE CONCURRENT RESOLUTION NO. 3

Establishing the Joint Legislative Task Force on Artificial Intelligence.

- HEARD & HELD

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 13

"An Act relating to optional municipal property tax exemptions for certain long-term rental units, certain mobile home parks, real property rented to low-income families, real property owned and occupied as a permanent place of abode, and real property owned by first-time homebuyers."

- HEARD & HELD

HOUSE BILL NO. 133

"An Act establishing a 30-day deadline for the payment of contracts under the State Procurement Code; establishing deadlines for the payment of grants, contracts, and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native organizations; relating to payment of grants to named recipients that are not municipalities; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HCR 3

SHORT TITLE: AI LEGISLATIVE TASK FORCE

SPONSOR(S): REPRESENTATIVE(S) RAUSCHER

02/26/25 (H) READ THE FIRST TIME - REFERRALS  
02/26/25 (H) CRA, STA  
03/27/25 (H) CRA AT 8:00 AM BARNES 124

BILL: HB 13

SHORT TITLE: MUNICIPAL PROPERTY TAX EXEMPTIONS

SPONSOR(S): REPRESENTATIVE(S) GRAY

01/22/25 (H) PREFILE RELEASED 1/10/25  
01/22/25 (H) READ THE FIRST TIME - REFERRALS  
01/22/25 (H) CRA, FIN  
03/10/25 (H) SPONSOR SUBSTITUTE INTRODUCED  
03/10/25 (H) READ THE FIRST TIME - REFERRALS  
03/10/25 (H) CRA, FIN  
03/25/25 (H) CRA AT 8:00 AM BARNES 124  
03/25/25 (H) Heard & Held  
03/25/25 (H) MINUTE(CRA)  
03/27/25 (H) CRA AT 8:00 AM BARNES 124

BILL: HB 133

SHORT TITLE: PAYMENT OF CONTRACTS

SPONSOR(S): REPRESENTATIVE(S) HIMSCHOOT

03/12/25 (H) READ THE FIRST TIME - REFERRALS  
03/12/25 (H) CRA, STA  
03/25/25 (H) CRA AT 8:00 AM BARNES 124  
03/25/25 (H) Heard & Held  
03/25/25 (H) MINUTE(CRA)  
03/27/25 (H) CRA AT 8:00 AM BARNES 124

**WITNESS REGISTER**

GEORGE RAUSCHER  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HCR 3.

CRAIG VALDEZ, Staff  
Representative George Rauscher  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Gave an overview of HCR 3 on behalf of Representative Rauscher, prime sponsor.

ROSE FELICIANO, Executive Director  
TechNet  
Seattle, Washington

**POSITION STATEMENT:** Gave invited testimony during the hearing on HCR 3.

KYLE JOHANSEN, Staff  
Representative Andrew Gray  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Gave introductory remarks on HB 13 on behalf of Representative Gray, prime sponsor.

ELLA LUBIN, Staff  
Representative Rebecca Himschoot  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Gave a recap of HB 133 on behalf of Representative Himschoot, prime sponsor.

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

**POSITION STATEMENT:** Testified in support of HB 133.

MICHELE GIRAULT, Executive Director  
Hope Community Resources  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

SUSAN ANDERSON, Relational philanthropic leader  
Boys & Girls Clubs of Southcentral Alaska  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

EILEEN ARNOLD, Executive Director  
Tundra Women's Coalition  
Bethel, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

DAVID WILSON, Director of Public Policy  
Matsu Health Foundation  
Wasilla, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

SAM CHANAR, Mayor  
City of Tooksook Bay  
Tooksook Bay, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

KAYLEE MORTON, Billing Director  
Presbyterian Hospitality House  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

LANCE JOHNSON, Chief Operating Officer  
Alaska Behavioral Health Association  
Talkeetna, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

SARAH HOLLISTER, Interim Executive Director  
United Way of the Tanana Valley  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

TOM HIRATSUKA, Chief Financial Officer  
Hope Community Resources  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

ROBIN LUTZ, Executive Director  
Alaskan AIDS Assistance Association  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

BRENDA STANFILL, Executive Director  
Alaska Network on Domestic Violence & Sexual Assault  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

#### **ACTION NARRATIVE**

[8:03:05 AM](#)

**CO-CHAIR REBECCA HIMSCHOOT** called the House Community and Regional Affairs Standing Committee meeting to order at 8:03 a.m. Representatives Prax, Ruffridge, Hall, Holland, Himschoot, and Mears were present at the call to order.

#### **HCR 3-AI LEGISLATIVE TASK FORCE**

8:04:02 AM

CO-CHAIR HIMSCHOOT announced that the first order of business would be HOUSE CONCURRENT RESOLUTION NO. 3, Establishing the Joint Legislative Task Force on Artificial Intelligence.

8:04:23 AM

GEORGE RAUSCHER, Alaska State Legislature, as prime sponsor, presented HCR 3. He paraphrased the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

House Concurrent Resolution 3 establishes the Joint Legislative Task Force on Artificial Intelligence to examine the opportunities and challenges presented by artificial intelligence in Alaska. As AI technology continues to evolve, it is increasingly integrated into government operations, public services, and the private sector. Understanding its implications is essential to ensuring that its benefits are maximized while potential risks, such as data security, privacy concerns, and workforce impacts, are addressed through responsible policy.

AI has the potential to enhance efficiency, improve decision-making, and drive economic growth in Alaska, particularly through the development of data centers and technology hubs. However, it also raises ethical and regulatory concerns, including algorithmic transparency, cybersecurity, and the protection of civil liberties. The establishment of this task force will allow the Legislature to proactively study these issues and develop a strategic framework for AI's use in state government and beyond.

This resolution creates a bipartisan, seven-member task force tasked with evaluating AI's applications in government, assessing economic opportunities, identifying workforce needs, and recommending policies to ensure responsible implementation. The task force will provide a comprehensive report by January 31, 2026, to guide future legislative decisions.

By passing HCR 3, the Legislature would take an important step toward positioning Alaska as a leader

in AI innovation while ensuring strong safeguards for residents. This resolution reflects a forward-thinking approach to emerging technology, balancing economic potential with ethical responsibility.

8:07:37 AM

CRAIG VALDEZ, Staff, Representative George Rauscher, Alaska State Legislature, gave an overview of the Joint Legislative Task Force on Artificial Intelligence's ("the task force's") mission and duties, as outlined in the bill, which read as follows [original punctuation provided]:

- (1) evaluate current and potential applications of artificial intelligence in state government operations, including data management, public service delivery, and decision<sup>8</sup> making processes;
- (2) assess the economic opportunities associated with artificial intelligence development, including the establishment and operation of data centers and technology hubs in the state;
- (3) investigate ethical, legal, and privacy concerns related to artificial intelligence use in public and private sectors;
- (4) explore workforce implications, including the need for training programs and education initiatives to prepare residents of the state for artificial intelligence-related employment opportunities;
- (5) recommend policies and legislation to ensure the responsible and secure use of artificial intelligence inside and outside state government; and
- (6) develop a long-term strategic plan for fostering artificial intelligence innovation while safeguarding public interests in the state; and be it

MR. VALDEZ added that the task force would meet via in-person and virtual meetings, which would be supported by legislative staff and the Legislative Affairs Agency (LAA). The final report is due January 31, 2026.

8:10:20 AM

ROSE FELICIANO, Executive Director, TechNet, opined that HCR 3 is an appropriate approach to artificial intelligence (AI) and offered TechNet as a resource for the committee.

[8:14:06 AM](#)

REPRESENTATIVE HALL sought further information on TechNet and its background.

MS. FELICIANO said TechNet is a national, bipartisan technology organization formed by technology executives. She said TechNet works at both the federal and state level and is active in promoting the innovation economy. She added that its members are a diverse range of technology companies.

CO-CHAIR HIMSCHOOT asked how other states are approaching AI.

MS. FELICIANO said between 2022 and 2024, the number of AI bills introduced in state legislatures has increased significantly. A number of states have task forces and many others have introduced similar legislation.

CO-CHAIR HIMSCHOOT noted that an indeterminate fiscal note had been distributed to the committee.

[8:18:43 AM](#)

REPRESENTATIVE HOLLAND asked about vacancy, government efficiency, and cost reduction, and how the task force would interface with the innovation ecosystem and opportunities for Alaska.

REPRESENTATIVE RAUSCHER commented on the need to completely understand AI in terms of how much is out there, where its headed, and how it could affect Alaska to write sensible legislation and craft something that works for the entire state.

[8:24:24 AM](#)

REPRESENTATIVE PRAX expressed concern that the topic of AI is so vast and suggested dividing it up into smaller subjects.

REPRESENTATIVE RAUSCHER shared his belief that limiting the task force would be a "misnomer." He shared an example from the [Joint Legislative Task Force Evaluating Alaska's Seafood Industry] and said the task force should consider AI as a broad spectrum.

REPRESENTATIVE PRAX asked whether there would be an advantage to enabling several targeted subcommittees at the same time.

REPRESENTATIVE RAUSCHER said he would be open to considering different options.

8:30:45 AM

REPRESENTATIVE HALL asked whether the sponsor is comfortable with the timeline in HCR 3 and whether he envisioned the task force meeting several times per week.

MR. VALDEZ said the timeline could be extended but right now, the focus is on getting something out by next year.

REPRESENTATIVE RAUSCHER commented on his experience serving on several task forces and the intensity and time commitment it requires. He opined that one year is a good timeline because Alaska is so far behind the curve on AI.

8:34:38 AM

CO-CHAIR MEARS commented on her work on the Food Strategy Task Force, which had a two-year timeframe after a previous one-year timeframe. She recalled that most of the work was completed in the first year and accelerated the policy work. She asserted that the conclusion of a task force provides suitable momentum to bring something forward and asked whether the bill sponsor concurred.

REPRESENTATIVE RAUSCHER posited that the AI task force should be one that never ends to keep pace with the growth of technology.

8:36:41 AM

REPRESENTATIVE HOLLAND stated that task forces are a catalyst for thought. He asked whether membership should be further defined to include members from AI-related agencies, the University of Alaska's (UA's) AI lab, and private industry, for example.

REPRESENTATIVE RAUSCHER agreed.

REPRESENTATIVE PRAX inquired about the indeterminate fiscal note and whether the cost could be further defined.

MR. VALDEZ said the indeterminate fiscal note reflects potential changes that may be implemented as people come up with new ideas. Currently, it is low impact to LAA and leadership

offices, but as new positions are added, per diem and travel expenses would be incurred.

CO-CHAIR HIMSCHOOT pointed out that currently, the bill makes reference to Anchorage based legislators specifically, which she assumed would change in the future.

MR. VALDEZ agreed.

[8:39:46 AM](#)

REPRESENTATIVE RAUSCHER pointed out that the Alaska Food Security and Independence Task Force ("Food Security Task Force") produced a lengthy report on a zero budget. He indicated that when people are committed to finding answers that there are countless ways to produce results without "costing a fortune."

[8:40:28 AM](#)

REPRESENTATIVE PRAX countered that the Food Security Task Force may have had a zero budget, but a lot of money was spent. He suggested that specific goals should be identified before HCR 3 leaves the legislature.

CO-CHAIR HIMSCHOOT questioned the purpose of having 3 senators and 4 house members.

MR. VALDEZ responded to keep it small and focused.

[8:42:39 AM](#)

REPRESENTATIVE RUFFRIDGE said during the committee discussion he fed HCR 3 through a generative AI model, which produced a 40-page PDF with policy recommendations.

CO-CHAIR HIMSCHOOT announced that HCR 3 was held over.

**HB 13-MUNICIPAL PROPERTY TAX EXEMPTIONS**

[8:43:34 AM](#)

CO-CHAIR HIMSCHOOT announced that the next order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 13, "An Act relating to optional municipal property tax exemptions for certain long-term rental units, certain mobile home parks, real property rented to low-income families, real property owned and

occupied as a permanent place of abode, and real property owned by first-time homebuyers."

[8:43:54 AM](#)

KYLE JOHANSEN, Staff, Representative Andrew Gray, Alaska State Legislature, on behalf of Representative Gray, prime sponsor, gave a brief summary of the bill and said a committee substitute (CS) was being drafted by Legislative Legal Services to reflect the committee's recommendations. Based on the committee's feedback, the bill sponsor was fine tuning the low-income language and working to incorporate borough eligibility and considerations for first time homebuyers. He said the CS would be given to municipalities for feedback.

CO-CHAIR HIMSCHOOT opened public testimony on SSHB 13. After ascertaining that no one wished to testify, she stated that public testimony would be left open, and the bill held over.

#### **HB 133-PAYMENT OF CONTRACTS**

[8:46:51 AM](#)

CO-CHAIR HIMSCHOOT announced that the final order of business would be HOUSE BILL NO. 133, "An Act establishing a 30-day deadline for the payment of contracts under the State Procurement Code; establishing deadlines for the payment of grants, contracts, and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native organizations; relating to payment of grants to named recipients that are not municipalities; and providing for an effective date."

[8:47:15 AM](#)

ELLA LUBIN, Staff, Representative Rebecca Himschoot, Alaska State Legislature, on behalf of Representative Himschoot, prime sponsor, gave a recap of HB 133, which would bring prompt payment parity to nonprofits, municipalities, and Alaska Native organizations, and streamline the process of prompt payment to contractors. She spoke to the systemic issue surrounding delayed payments, the impacts of which include service disruptions, financial strain, higher costs, and lack of fiscal sustainability.

[8:48:20 AM](#)

CO-CHAIR HIMSCHOOT opened public testimony on HB 133.

[8:49:03 AM](#)

JEN GRIFFIS, Vice President, Policy & Advocacy, Alaska Children's Trust, testified in support of HB 133. Alaska nonprofits continue to experience system challenges with long delays in payments that have impacted Alaska communities and the state's economy, as well as essential services like childcare, domestic violence, food security, and public safety, which play an essential role in preventing child abuse and neglect. Timely payments are essential to execute state policy efficiently and enable resources to be provided to Alaskan families.

[8:51:12 AM](#)

MICHELE GIRAULT, Executive Director, Hope Community Resources, testified in support of HB 133. She said the bill is necessary for nonprofits who applied for grants in good faith. She spoke to the challenges created by delayed payments and highlighted its catastrophic impact on smaller nonprofits specifically, as it creates the need to open lines of credit to pay for services that should be promptly paid by those grants.

[8:52:26 AM](#)

SUSAN ANDERSON, Relational philanthropic leader, Boys & Girls Clubs of Southcentral Alaska, testified in support of HB 133, which would provide reliability, transparency, and accountability for payment of state obligations. She spoke to the challenges created by late payments and the impact on the Boys and Girls Club, an organization that does not have the flexibility to float payments on behalf of the state. She said the bill would strengthen Alaska's nonprofit sector by ensuring timely disbursement of funds, thereby allowing them to focus on delivering critical programs to the communities that need them most.

[8:55:14 AM](#)

EILEEN ARNOLD, Executive Director, Tundra Women's Coalition, testified in support of HB 133. She spoke to the difficulties facing Alaska nonprofits and the challenges created by delayed payments for a cash poor organization. She explained that The Tundra Women's Coalition has not received its quarterly advance on time in years, which has been remedied by loaning money to itself via unrestricted funds that had been invested. She explained that the state's frequent late payments in

reimbursements and advancements have gotten in the way of the coalition's ability to build wealth.

8:58:30 AM

DAVID WILSON, Director of Public Policy, Matsu Health Foundation, read a portion of written testimony [included in the committee packet], which read as follows [original punctuation provided]:

The MSHF is deeply invested and dedicated to supporting the health and well-being of our community, and we recognize the critical importance of timely payments for services rendered. HB 133 addresses a significant issue that affects many nonprofit organizations, municipalities, and Alaska Native organizations, including those we fund and collaborate with. The establishment of a payment deadline will ensure that these entities receive the funds they need to continue their vital work without unnecessary delays.

Timely payments are essential for the financial stability of nonprofit organizations. Delays in payment can disrupt operations, hinder project progress, and create financial strain. HB 133 will help provide a reliable payment schedule, allowing these entities to plan and execute their programs effectively.

Our organization has witnessed firsthand the challenges faced by nonprofit organizations, municipalities, and Alaska Native organizations due to delayed payments. Through our partnerships and initiatives, we have worked tirelessly to support these entities in their efforts to provide critical services to our communities. The passage of HB 133 will provide much-needed support and resources to amplify these efforts and create lasting, positive change.

We believe that HB 133 is a necessary and beneficial measure that will greatly improve the efficiency and effectiveness of nonprofit organizations, municipalities, and Alaska Native organizations. We urge the legislature to pass this bill and support the timely payment of contracts and grants.

9:00:40 AM

SAM CHANAR, Mayor, City of Tooksook Bay, testified in support of HB 133. He discussed the challenges created by late payments and the impact on the City of Tooksook Bay, including the inability to pay for insurance renewals by the deadline. He explained that as a second-class municipality, the city places itself at risk of being sued for not securing these coverages for services and would have no chance but to reallocate budgeted line items to pay for the insurance. This reallocation unnecessarily disrupts the city's operations and services.

9:03:28 AM

KAYLEE MORTON, Billing Director, Presbyterian Hospitality House (PHH), testified in support of HB 133. She spoke to the impact of late payments on PHH and the trickledown effect on smaller providers. Without services, she explained that children are left in dire and unsafe situations and providers are being asked to hold the financial burden of services already rendered. She referenced Optum and reported that PHH had up to \$1.2 million in outstanding payments at one point.

9:07:03 AM

LANCE JOHNSON, Chief Operating Officer, Alaska Behavioral Health Association (ABHA), testified in support of HB 133. He spoke to the challenges created by delayed payments and the impact it's had on his wife who is a state contractor. He reiterated that the State of Alaska, as a vendor, is statutorily obligated to distribute contract payments within 30 days of receiving the invoice. He opined that there must be a monetary consequence for failing to meet this obligation. Low reimbursement rates for Medicaid services that do not cover the cost of delivering care are financially straining providers, which the state can't afford to lose. He spoke to statutory language related to delinquent grant payments, the definition of reimbursement, and reiterated his belief that the state should be held to the same standards as delinquent agencies and pay interest of 10.5 percent for each day a claimed payment is unpaid to help cover the cost of the loans, the extra administrative work, and discontinued programs. He opined that HB 133 is fair and appropriate and urged its passage.

CO-CHAIR HIMSCHOOT sought clarity on Optum.

MR. JOHNSON said it's the contracted administrative services organization (ASO) that handles claim payments for behavioral health. Unfortunately, he said there were "a lot of bumps in the system" that resulted in delayed payments, as well as erroneous recoupments and denied codes. He disclosed that he worked for Optum for 11 months and "[knows] how the sausage is made."

[9:14 :01 AM](#)

SARAH HOLLISTER, Interim Executive Director, United Way of the Tanana Valley, testified in support of HB 133. She spoke to the challenges created by late payments and the impact on United Way. She said delays are now expected, which has resulted in reliance on credit and distraction from United Way's mission. She emphasized the deep impact that late payments have on smaller organizations.

[9:16:28 AM](#)

TOM HIRATSUKA, Chief Financial Officer, Hope Community Resources, testified in support of H 133. He spoke to the challenges created by late payments and how Hope Community Resources has been impacted. He said \$150,000 was received three months late, resulting in the shuffling of funds to cover obligations like payroll, vendor payments, and supplies.

[9:18:01 AM](#)

ROBIN LUTZ, Executive Director, Alaskan AIDS Assistance Association (AAAA), testified in support of HB 133. She spoke to the challenges created by late payments and how AAAA has been impacted. She said its imperative for organizations that offer housing subsidies to be able to make timely payments and keep positive relationships with landlords. She described the day-to-day implications of late payments on staff and clients. Because AAAA cannot depend on timely grant payments from the state, two of its housing units are being put on the market to shore up cash reserves.

[9:22:02 AM](#)

BRENDA STANFILL, Executive Director, Alaska Network on Domestic Violence & Sexual Assault (ANDVSA), testified in support of HB 133. She spoke to the challenges created by late payments and the impact on ANDVSA. She said Alaska nonprofits rely heavily on state and federal funds to provide services, which is often

supplemented by community fundraising to ensure that there are enough funds to meet the need and build reserves. She detailed the difficulties of delayed payments and reiterated her support for the legislation. She concluded that "it hasn't always been this way" and encouraged the state to go back to the way it was.

CO-CHAIR HIMSCHOOT closed public testimony on HB 133.

[9:26:15 AM](#)

REPRESENTATIVE PRAX characterized timely payments as a performance measure and opined that penalizing the state with interest payments wouldn't help. He urged the committee to dig deeper to find the root cause and expressed concern about setting an amendment deadline before hearing from state agencies.

CO-CHAIR HIMSCHOOT agreed that there's an oversight issue.

REPRESENTATIVE RUFFRIDGE inquired about the interest provision in Alaska statutes, whether anyone has paid it, where the funding comes from, and whether its legally binding. He agreed that before setting an amendment deadline, there's more for the committee to do to produce its intended result.

CO-CHAIR HIMSCHOOT said the amendment deadline would remain open. She encouraged members to share information with the committee as they uncover it.

[9:31:31 AM](#)

REPRESENTATIVE HOLLAND agreed that the issue is compelling, but the desired change needs to be further identified. He suggested that deciphering whether the issue is broad and systemic or targeted could help clarify the goal.

CO-CHAIR HIMSCHOOT pointed out that these are vital services that Alaskans rely on so fixing it should be done expeditiously. She announced that HB 133 was held over.

[9:33:36 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:33 a.m.