

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

April 10, 2025

8:04 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 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

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 CONCURRENT RESOLUTION NO. 3

Establishing the Joint Legislative Task Force on Artificial Intelligence.

- MOVED CSHCR 3(CRA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

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
03/27/25	(H)	Heard & Held
03/27/25	(H)	MINUTE(CRA)
04/03/25	(H)	CRA AT 8:00 AM BARNES 124
04/03/25	(H)	Heard & Held
04/03/25	(H)	MINUTE(CRA)
04/08/25	(H)	CRA AT 8:00 AM BARNES 124
04/08/25	(H)	Heard & Held
04/08/25	(H)	MINUTE(CRA)
04/10/25	(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
03/27/25	(H)	Heard & Held
03/27/25	(H)	MINUTE(CRA)
04/10/25	(H)	CRA AT 8:00 AM BARNES 124

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

03/27/25	(H)	Heard & Held
03/27/25	(H)	MINUTE (CRA)
04/01/25	(H)	CRA AT 8:00 AM BARNES 124
04/01/25	(H)	Heard & Held
04/01/25	(H)	MINUTE (CRA)
04/03/25	(H)	CRA AT 8:00 AM BARNES 124
04/03/25	(H)	Scheduled but Not Heard
04/08/25	(H)	CRA AT 8:00 AM BARNES 124
04/08/25	(H)	Heard & Held
04/08/25	(H)	MINUTE (CRA)
04/10/25	(H)	CRA AT 8:00 AM BARNES 124

WITNESS REGISTER

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

POSITION STATEMENT: Gave an explanation of changes to HB 133, on behalf of Representative Himschoot, prime sponsor.

REPRESENTATIVE ANDREW GRAY
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: As prime sponsor, gave introductory remarks on SSHB 13.

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

POSITION STATEMENT: Gave an explanation of changes to SSHB 13, on behalf of Representative Gray, prime sponsor.

FELIX RIVERA, Member
 Anchorage Assembly
 Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony during the hearing on SSHB 13.

SANDRA MOLLER, Director
 Division of Community & Regional Affairs
 Department of Commerce, Community & Economic Development
 Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SSHB 13.

JAMES DEVENS, Member
Valdez City Council
Valdez, Alaska

POSITION STATEMENT: Gave invited testimony during the hearing on SSHB 13.

GEORGE RAUSCHER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, gave final comment on CSHCR 3, Version G.

ACTION NARRATIVE

[8:04:09 AM](#)

CO-CHAIR DONNA MEARS Standing Committee meeting to order at 8:04 a.m. Representatives Hall, Holland, Prax, Himschoot, and Mears were present at the call to order. Representative Ruffridge arrived as the meeting was in progress.

^#hb133

HB 133-PAYMENT OF CONTRACTS

[8:05:11 AM](#)

CO-CHAIR MEARS announced that the first 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."

[8:05:22 AM](#)

REPRESENTATIVE HALL moved to adopt the proposed committee substitute (CS) for HB 33, Version 34-LS0114\H, Dunmire, 4/7/25, as the working document.

CO-CHAIR MEARS objected for the purpose of discussion.

[8:05:46 AM](#)

ELLA LUBIN, Staff, Representative Rebecca Himschoot, Alaska State Legislature, on behalf of Representative Himschoot, prime

sponsor, gave an explanation of changes in Version H from the written explanation of changes [included in the committee packet], which read as follows [original punctuation provided]:

In the CS relating to prompt payments for HB 133, several selections of the measure have been modified to clarify the justifications behind allowable electronic device use. Use of electronic devices is not restricted for access relating to rehabilitation or compliance with reentry and case plans. Otherwise, HB 133 remains unchanged.

HB 133 version H includes five revisions:

- Removes all instances of a twenty-one-day payment deadline and replaces them with a thirty-day deadline. The standard of prompt payment is now expected to be fulfilled within thirty days, regardless of fund source.
- Amends AS 36.90.200 (b) to streamline payment deadline with interest accrual for private contractors. The current language of the statute allows for a liminal period between payment deadline and the start of interest accrual. This change removes that discrepancy and aligns private contractors with the provisions for nonprofits, municipalities, and tribes in the original version of the bill.
- Replaces "transfer anything of value" with "provide funds" as the principal purpose in the definition of "grant" on page 4, line 23. This change creates a more accurate definition. Version H also removes "to carry out a public purpose as authorized by law" from the definition for a more inclusive meaning of "grant".
- Removes the requirement that an agency pay at least twenty percent of a grant to a recipient within ten days after the grant's effective date. There is an existing provision in statute that requires a payment of at least twenty percent of the grant to municipalities within ten days.
- Delays the effective date to July 1, 2026.

CO-CHAIR MEARS removed her objection. There being no further objection, Version H was before the committee.

[8:08:18 AM](#)

REPRESENTATIVE HOLLAND questioned the intent of removing the initial grant payment of at least 20 percent.

MS. LUBIN said that section was removed because in several departments, its standard practice to advance a grant by 25 percent. Consequently, the statutory requirement of 20 percent payment within 10 days diminishes standard procedures and sets forth an unrealistic timeline.

REPRESENTATIVE HOLLAND asked whether any department could still adopt an early or initial payment in the future if Version H were to pass.

MS. LUBIN answered yes; however, each department has different procedures.

[8:10:36 AM](#)

REPRESENTATIVE PRAX asked whether there would be an adjustment to the fiscal notes.

MS. LUBIN said departments are aware of the change.

CO-CHAIR MEARS announced that CSHB 133, Version G, was held over.

^#hb13

HB 13-MUNICIPAL PROPERTY TAX EXEMPTIONS

[8:11:21 AM](#)

CO-CHAIR MEARS 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."

[8:11:38 AM](#)

REPRESENTATIVE HALL moved to adopt the proposed committee substitute (CS) for SSHB 13, Version 34-LS0194\T, Dunmire, 4/8/25, as the working document.

CO-CHAIR MEARS objected for the purpose of discussion.

[8:12:06 AM](#)

REPRESENTATIVE ANDREW GRAY, Alaska State Legislature, expressed his appreciation for the robust discussion during the introductory bill hearing, as some of those changes have been implemented. In response to a concern about the term "municipalities" not applying to boroughs, he explained that "municipalities" refers to boroughs, cities, and unified cities and boroughs in Alaska. He emphasized that the goal of the bill is to find optional ways to incentivize Alaska housing.

[8:13:27 AM](#)

KYLE JOHANSEN, Staff, Representative Andrew Gray, Alaska State Legislature, gave an explanation of changes in Version T from the written summary of changes [included in the committee packet], which read as follows [original punctuation provided]:

The following is a change comparison between SS HB 13 (34-LS1094\N) and CS SS HB 13 (CRA) (34-LS1094\T).

- Subsection (aa): Changes the definition of long-term rental from a unit rented for not less than 90 days to a unit rented for not less than 31 days
- Subsection (cc): Specifically defines rent to income ratio threshold at 30% to qualify for an exemption for renting to defined low-income families
- Subsection (ee): Adds the requirement that a first-time homebuyer must also own and occupy said home.

REPRESENTATIVE GRAY noted that the goal is not to unintentionally reward property owners that charge high rent. Many economists recommend spending no more than 30 percent of one's income on rent, which is why this criterion was chosen for Subsection (cc).

CO-CHAIR MEARS removed her objection. There being no further objection, Version T was adopted.

[8:18:08 AM](#)

CO-CHAIR HIMSCHOOT asked how Subsection (cc) would be enforced.

REPRESENTATIVE GRAY pointed out that typically, low-income tenants are required to submit proof of income, so this would not create an added burden.

MR. JOHANSEN added that the municipality could "craft structures" to address such things. He said if someone wanted to qualify for that exemption, they could provide the necessary paperwork.

[8:20:18 AM](#)

REPRESENTATIVE GRAY explained that some housing organizations in Anchorage have conveyed the difficulty of holding rents at certain levels. This particular exemption would allow these organizations to continue offering housing at levels that do not violate the 30 percent rule.

CO-CHAIR HIMSCHOOT asked how much of this would fall on the municipality versus the landlord.

REPRESENTATIVE GRAY said the burden would largely be placed on the landlord to provide the documentation to qualify for this exemption, which would enable them to make more money in the long run.

CO-CHAIR MEARS reiterated that this would be optional for both the municipality and the landlord.

REPRESENTATIVE GRAY stressed that the bill would be rewarding landlords who are doing good work for low-income people because its difficult to meet the 30 percent threshold in 2025.

[8:26:42 AM](#)

MR. JOHANSEN noted that the Alaska Municipal League (AML) had reviewed Version T and found it reasonable.

CO-CHAIR MEARS opened invited testimony.

[8:27:38 AM](#)

FELIX RIVERA, Member, Anchorage Assembly, stated that the Anchorage Assembly fully supports passage of HB 13 and the optional tools it would provide to address the housing crisis. He cited data on the housing crisis in Alaska and the actions taken by the Municipality of Anchorage (MOA), such as eliminating parking minimums, reducing red tape in zoning regulations, and making direct public investments in low income and workforce housing. Furthermore, in the most recent assembly meeting, seven agenda items were directly related to the housing crisis. They also passed AR No. 2025-61, as amended, in support

of HB 13, which would provide nonmandatory options for local jurisdictions to provide tax exemptions. If HB 13 were passed, he said the assembly could decide if and how these exemptions are enacted and could tailor them to have the most benefit to the community. He further detailed a tax abatement ordinance that the assembly is working on in partnership with Mayor LaFrance. He requested that the legislature give the MOA the most local control possible to address local needs.

[8:31:22 AM](#)

CO-CHAIR HIMSCHOOT sought to confirm that spot zoning is not allowed, but tax abatement by zone is. She asked how that would work.

MR. RIVERA acknowledged that generally, spot zoning is not allowed. He said tax abatements would offer the ability to tailor solutions with bonuses to help spur development in a way that would most benefit the community. In response to a follow up question, he envisioned that the tax abatement would for 8-plus unit housing and implemented as broadly as possible.

[8:34:11 AM](#)

REPRESENTATIVE PRAX asked why the assembly is asking the state to do something that could be accomplished by the municipality with a vote of the people.

MR. RIVERA said it would make sense to use tools that allow for swift, immediate action, rather than wait for voter approval.

MR. JOHANSEN clarified that per AS 29.45.050, a city can't exempt property without expressed authority from the legislature, which is why this bill is necessary. The legislature must grant the authority either by vote or ordinance.

REPRESENTATIVE PRAX sought to confirm that currently, the Anchorage Assembly cannot enact this with citizen approval alone.

MR. JOHANSEN said correct and explained that the Anchorage Assembly must obtain legislative approval before putting it before voters or implementing the exemptions by ordinance.

[8:39:07 AM](#)

REPRESENTATIVE RUFFRIDGE clarified that the authority for property tax exemptions could be granted to a municipality by either the voters or the legislature. He asked Mr. Rivera why a question on property tax exemptions was not put forward to the voters on the most recent ballot if citizens are demanding action on this issue.

MR. RIVERA shared his understanding that the state only allows certain questions to be placed on the ballot, and some of the questions in SSHB 13 are not included in that category.

CO-CHAIR MEARS asked whether Ms. Moller could provide additional clarification on the allowability of property tax exemptions through municipal vote.

[8:43:43 AM](#)

SANDRA MOLLER, Director, Division of Community & Regional Affairs, Department of Commerce, Community & Economic Development, clarified that municipalities have the option to put a property tax exemption on the ballot.

REPRESENTATIVE RUFFRIDGE questioned why [the MOA] is waiting for legislative action when action could have already been taken by the Anchorage Assembly on the property tax exemptions.

[8:47:59 AM](#)

CO-CHAIR HIMSCHOOT sought to clarify whether, currently, a city assembly can enact the property tax exemptions in the bill by placing it on the ballot.

MS. MOLLER stated that a municipality can adopt exemptions via ordinance or a vote of the people.

[8:49:50 AM](#)

JAMES DEVENS, Member, Valdez City Councilor, shared his belief that the optional exemptions would offer Alaska municipalities enormous flexibility in how they encourage different types of housing to meet community needs in response to changing economic conditions. He detailed the value and defensibility of each section of the bill. He posited that the biggest predictive factor of young people staying in a community is access to homeownership. Providing attainable housing is necessary to keep a young workforce, he added, and is the biggest factor limiting Alaska's growth and stopping young people from raising

families in the state. He urged passage of the original version of HB 13, unamended.

[8:58:39 AM](#)

REPRESENTATIVE RUFFRIDGE asked what has prevented the City of Valdez from enacting these property tax exemptions.

MR. DEVENS stated that Valdez has already addressed some exemptions under AS 29.45.050. He relayed an opinion from the city's legal representation, as well as the clerk's office, that "because the purpose of the allowance of those exemptions is specifically ... targeted towards economic development, some of these categories might not directly reflect the spirit of the law." He opined that adding the optional exemptions in the bill would provide an easy methodology for municipalities to encourage different housing types.

REPRESENTATIVE RUFFRIDGE asked whether Valdez had placed any of these items - such as prioritizing a certain type of housing or renovation for mobile home types - on the ballot in the recent past.

MR. DEVENS answered no and opined that doing it through the legislative process would be cleaner and more equitable. In response to a series of follow up questions from Representative Ruffridge about the Valdez Permanent Fund, he shared that the city's mil rate is 20 mills.

REPRESENTATIVE GRAY reiterated that the goal of the bill is to help low-income Alaskans.

[9:06:49 AM](#)

CO-CHAIR MEARS announced that CSSSHB 13, Version T, would be held over.

^#hcr3

HCR 3-AI LEGISLATIVE TASK FORCE

[9:06:57 AM](#)

CO-CHAIR MEARS announced that the final order of business would be HOUSE CONCURRENT RESOLUTION NO. 3, Establishing the Joint Legislative Task Force on Artificial Intelligence. [Before the committee, adopted as the working document on 4/8/25, was the

proposed committee substitute (CS) for HCR 3, Version 34-LS0603\G, Walsh, 4/5/25 ("Version G").]

[9:07:29 AM](#)

GEORGE RAUSCHER, Alaska State Legislature, as prime sponsor, thanked the committee for its work on the legislation.

CO-CHAIR MEARS noted that a new zero fiscal note accompanies Version G.

[9:08:29 AM](#)

REPRESENTATIVE HALL moved to report CSHCR 3, Version 34-LS0603\G, Walsh, 4/5/25, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHCR 3(CRA) was reported out of the House Community and Regional Affairs Standing Committee.

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[9:09:25 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:09 a.m.