

HOUSE FINANCE COMMITTEE
March 12, 2025
2:39 p.m.

2:39:54 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 2:39 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Jamie Allard
Representative Jeremy Bynum
Representative Alyse Galvin
Representative Sara Hannan
Representative Nellie Unangiq Jimmie
Representative DeLena Johnson
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Alexander Schroeder, Staff, Representative Andy Josephson; Alexei Painter, Director, Legislative Finance Division; Stuart Relay, Staff, Representative Ashley Carrick; Cadence Conner, Intern, Representative Ashley Carrick; Representative Ashley Carrick, Sponsor; Representative Louise Stutes, Sponsor; Matt Gruening, Staff, Representative Louise Stutes; Glenn Haight, Commissioner, Commercial Fisheries Entry Commission, Department of Fish and Game; Representative Andrew Gray, Sponsor; Kyle Johansen, Staff, Representative Andrew Gray; Nancy Meade, General Counsel, Alaska Court System.

PRESENT VIA TELECONFERENCE

Chad Hutchison, Director, State Relations, University of Alaska; Kathleen Wallace, Acting Director, Division of

Motor Vehicles, Department of Administration; Sally Cox, Local Government Specialist, Division of Community and Regional Affairs, Department of Commerce, Community and Economic Development; Arron Timian, Natural Resource Specialist, Department of Natural Resources; Kim Swisher, Deputy Director, Office of Children's Services, Department of Family and Community Services.

SUMMARY

HB 10 ADD FACULTY MEMBER UNIV BOARD OF REGENTS

HB 10 was HEARD and HELD in committee for further consideration.

HB 31 VESSELS: REGISTRATION/DERELICT FUND

HB 31 was REPORTED out of committee with eight "do pass" recommendations and three "no recommendation" recommendations and with one new zero impact fiscal note from the Department of Commerce, Community and Economic Development; two previously published zero fiscal notes: FN1 (DFG) and FN3 (DNR); and one previously published fiscal impact note: FN2 (ADM).

HB 36 FOSTER CHILDREN PSYCHIATRIC TREATMENT

HB 36 was HEARD and HELD in committee for further consideration.

HB 53 APPROP: OPERATING BUDGET; CAP; SUPP

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 APPROP: MENTAL HEALTH BUDGET

HB 55 was HEARD and HELD in committee for further consideration.

Co-Chair Josephson reviewed the meeting agenda. He wished Mr. Painter happy birthday.

#hb53

#hb55

HOUSE BILL NO. 53

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; making reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 55

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[2:42:07 PM](#)

Co-Chair Foster MOVED to ADOPT the proposed committee substitute for HB 53, Work Draft 34-GH1462\I (Marx, 3/11/25).

Co-Chair Josephson OBJECTED for discussion.

Co-Chair Josephson asked his staff to review the changes in the CS.

[2:43:58 PM](#)

ALEXANDER SCHROEDER, STAFF, REPRESENTATIVE ANDY JOSEPHSON, reviewed the changes. He reviewed the additional spreadsheets in members' packets from the Legislative Finance Division (LFD) (copy on file). He reviewed the changes in the numbers section of the bill.

[2:48:43 PM](#)

Co-Chair Foster requested a slower review.

Co-Chair Josephson returned to page 2, line 5 through 8. He asked Mr. Schroeder to summarize.

Mr. Schroeder summarized the change, which was an effectively weakening the legislative intent.

Co-Chair Josephson stated there had been concern that \$5 million, and felt that next change was related to the Department of Agriculture, and it was a placeholder.

Representative Galvin stated they were leaving the Department of Agriculture as a placeholder.

Co-Chair Josephson believed she was correct.

Mr. Schroeder answered that the idea was if it was not included in the CS the positions would be gone, so they were included to accurately reflect the totals.

Representative Hannan asked if the dollar amount had been a decrement in the budget.

Co-Chair Josephson was confident it was true.

[2:52:59 PM](#)

Representative Hannan requested the page numbers when reviewed.

Mr. Schroeder relayed that the language section in the new CS began on page 55.

Mr. Schroeder continued to outline the changes.

Co-Chair Josephson remarked that there were some marked items that were "in flux."

Mr. Schroeder moved to page 55, lines 10 through 15 for supplemental Department of Fish and Game which amended the prior year's fishery disaster fund.

Representative Bynum noted there were two documents. One was a clean document and one was a redline draft.

Co-Chair Josephson was using the clean version.

Representative Johnson stated the section should be the same.

Co-Chair Josephson noted Mr. Schroeder was talking about section 5.

Mr. Schroeder moved to portion related to employees of the executive branch.

Co-Chair Josephson believed they were like collective bargaining agreements that would be adopted and the legislature wanted to know what was going on.

Representative Hannan asked if the legislature was notified in order to adjust the budget.

[2:59:20 PM](#)

Co-Chair Josephson also received the notice. He asked Mr. Painter to address the committee.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, answered there was nothing in the current language that would require it.

Representative Hannan asked if it would be helpful or would muddy the waters.

Co-Chair Josephson thought Mr. Painter would say it was a policy call.

Mr. Painter agreed.

[3:00:42 PM](#)

Mr. Schroeder looked at page 60, Section 13, which included intent language related to full actuarial rate without relying on lapsing funding.

Co-Chair Josephson noted there were perhaps 12 more of the items.

[3:02:24 PM](#)

Mr. Schroeder remarked on the section related to the fix to the Power Cost Equalization (PCE)

Representative Bynum asked why there was a proposed change.

Mr. Schroeder deferred to Mr. Painter.

Mr. Painter stated that the governor's language stated that it not exceed another amount, so it was not a valid

appropriation because it gave too many guidelines. He stated that the draft included a formula.

Representative Bynum surmised it was creating the 40 percent value.

Mr. Painter agreed.

[3:04:43 PM](#)

Mr. Schroeder remarked that the next section amended from \$40,000 to \$80,000 in the arts license plates. He turned to page 65, which modified to specify the calculation should be 60 percent and not to exceed \$3 million. The next item was in the red line version.

Co-Chair Josephson stated it pertained to abandoned cars.

Mr. Schroeder agreed.

[3:08:35 PM](#)

Mr. Schroeder turned to Section 27, subsection (q) which was intended to accurately reflect the portion of the restorative justice fund.

Co-Chair Josephson WITHDREW the OBJECTION.

There being NO further OBJECTION, Work Draft 34-GH1462\I was ADOPTED.

Co-Chair Foster MOVED to ADOPT the proposed committee substitute for HB 55, Work Draft 34-GH1459\I (Marx, 3/11/25).

Co-Chair Josephson OBJECTED for discussion.

Co-Chair Josephson asked his staff to review the changes in the CS.

Mr. Schroeder reviewed the changes to HB 55. There were no changes to the language section. He reviewed the changes to the numbers section.

Co-Chair Josephson WITHDREW the OBJECTION.

There being NO OBJECTION, Work Draft 34-GH1459\I was ADOPTED.

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 was HEARD and HELD in committee for further consideration.

Co-Chair Josephson handed the gavel to Co-Chair Foster.

[3:14:39 PM](#)

Co-Chair Foster reviewed the remainder of the meeting agenda.

#hb10

HOUSE BILL NO. 10

"An Act relating to the Board of Regents of the University of Alaska."

[3:15:49 PM](#)

STUART RELAY, STAFF, REPRESENTATIVE ASHLEY CARRICK, noted that Representative Carrick had been called to another meeting.

CADENCE CONNER, INTERN, REPRESENTATIVE ASHLEY CARRICK, provided an overview of the bill. She read from prepared remarks.

Mr. Stuart offered to review the sectional analysis.

Representative Hannan noted that the seat was a two-year seat. She asked if full appointments were six-year terms.

Mr. Stuart answered that the Board of Regents had an eight-year term.

Representative Hannan asked if there was a reason the sponsor had chosen a two-year term.

Mr. Stuart answered that previous versions of the bill had included a faculty member as a four-year seat.

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Representative Johnson asked if there would be other hearings on the bill.

Co-Chair Foster stated it was an introductory hearing and the bill would be held.

Representative Johnson stated there were currently 11 members and the bill would increase the board to 12. She asked about the even or odd numbers in relation to voting . She asked if the member would be voting member.

REPRESENTATIVE ASHLEY CARRICK, SPONSOR, answered that the bill would require 7 members for a quorum and would require a majority of the membership to pass a motion.

Mr. Relay replied that the bill would require 7 members for a quorum and would require a majority of the membership to pass a motion.

Co-Chair Foster asked for verification that none of the seats were currently designated.

Representative Carrick answered in the affirmative, besides the student seat, which was also designated in the provision.

[3:24:00 PM](#)

Representative Galvin wondered whether there were 11 full time faculty members. She also asked whether there was support of other faculty and students for the addition.

Ms. Conner replied that there was a letter of support from student leaders.

Representative Galvin asked if the student was a voting member.

Representative Carrick answered that there were six university systems with a faculty regent in other states, and she stated that the student regent was a fully voting member.

Representative Johnson stated she had some concern about executive sessions.

Representative Carrick believed it was a valid concern that had arisen in prior hearings on the legislation.

[3:27:44 PM](#)

Representative Hannan served as a student regent in the UA system.

Representative Tomaszewski could see why the student regent would be a two-year term. He asked about the requirements for the other 10 existing regent positions.

Mr. Relay responded that they would follow up with the information.

Representative Carrick replied that she did not believe there were any other requirements. The regents were appointed by the governor. She would follow up.

Representative Allard asked if there was currently an honorarium member.

Representative Carrick replied in the negative.

Representative Allard asked about support from the faculty.

Ms. Conner answered that they were currently waiting on the letter of support.

Representative Allard thought there was a problem having an even number of board members. She asked why adding a faculty member would be beneficial.

[3:30:52 PM](#)

Representative Carrick replied there were several impetuses for having a faculty regent. She clarified that it was not meant to indicate a student regent was not doing a good job.

Representative Allard thought the student perspective was the best. She asked if having a faculty member would be in conflict of interest with union contracts. She thought it was problematic and the regents needed neutral members.

Representative Carrick answered that the legislature approved the funding for union contracts.

Representative Allard stated there would still be conflict of interest.

Representative Carrick stated it went back to the ability to recuse themselves from voting on motions related to salaries and contracts.

[3:33:46 PM](#)

Representative Carrick noted that the invited testifier was no longer online.

Representative Allard stated that faculty alliance already existed. She asked if there was already a board advocating for the faculty.

Representative Carrick answered that it was the advocacy group.

Representative Allard stated there was a faculty alliance that already existed. She did not think it was necessary to add another regent.

Representative Tomaszewski asked who made up the list of nominees forwarded to the governor.

Representative Carrick answered that the student regent had to fill out an application and had to have support from their student government.

[3:36:57 PM](#)

Representative Stapp asked about the equal number of members.

Representative Carrick noted they could talk offline.

Co-Chair Foster asked for a review of the fiscal note.

CHAD HUTCHISON, DIRECTOR, STATE RELATIONS, UNIVERSITY OF ALASKA (via teleconference), reviewed the OMB component 730 fiscal note that travel costs averaged about \$1,000 per member.

Representative Tomaszewski assumed the Board of Regents currently had a \$44,000 appropriation for travel.

Mr. Hutchison replied that the current amount was approximately \$36,000, and that typically only nine members traveled.

Co-Chair Foster asked Representative Carrick for any closing comments.

Representative Carrick thanked the committee.

HB 10 was HEARD and HELD in committee for further consideration.

#hb31

HOUSE BILL NO. 31

"An Act relating to the registration of commercial vessels; and relating to the derelict vessel prevention program fund."

[3:40:24 PM](#)

REPRESENTATIVE LOUISE STUTES, SPONSOR, reviewed the bill with prepared remarks:

Before you is House Bill 31 "An Act relating to the registration of commercial vessels; and relating to the derelict vessel prevention program fund."

Most of you are likely familiar with this bill, as it passed both bodies last session but was subsequently vetoed due to constitutional concerns of it passing after midnight on the final night of session. We are back and hoping for some better timing this year. This legislation contains the same language that the House concurred with last session.

House Bill 31 would remove duplicative registration requirements created by the passage of SB 92, "the derelict vessel bill," in 2018. Specifically, HB 31 would remove the requirement for U.S. Coast Guard documented vessels with a current Commercial Fisheries Entry Commission license to register every three years with the Division of Motor Vehicles. Prior to the passage of SB 92 in 2018, documented vessels were exempt from DMV registration; however, that exemption was repealed in the bill and as a result, larger vessels fell under the DMV's purview.

The rationale behind SB 92 was to provide the State and local municipalities with a state database on who owns and operates vessels in Alaskan waters, as well as how to contact those individuals; overlooked, however, was the Commercial Fisheries Entry Commission's database, or CFEC as I will refer to it from here on out. Vessel licensure with the CFEC already requires annual renewal and provides the necessary ownership information in a publicly accessible, state-maintained database. It is our intent that active commercial vessels should not be required to register every three years with the DMV only to provide information that the State already has through the vessel's annual license renewal process.

Additionally, in its current form, HB 31 repeals the Derelict Vessel Prevention Program Fund, created in SB92, and transfers the balance of the fund to the general fund. It also repeals duties and powers of the department related to expenditures out of the fund and establishing the program.

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Representative Tomaszewski asked if it was essentially the same bill as was passed the previous year.

Representative Stutes agreed it was exactly the same.

MATT GRUENING, STAFF, REPRESENTATIVE LOUISE STUTES, noted there were individuals online to address the fiscal note.

GLENN HAIGHT, COMMISSIONER, COMMERCIAL FISHERIES ENTRY COMMISSION, DEPARTMENT OF FISH AND GAME, stated there was a zero fiscal note, OMB component 471.

KATHLEEN WALLACE, ACTING DIRECTOR, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION (via teleconference), reviewed fiscal note 2348.

SALLY COX, LOCAL GOVERNMENT SPECIALIST, DIVISION OF COMMUNITY AND REGIONAL AFFAIRS, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), noted there were zero fiscal notes.

[3:48:00 PM](#)

ARRON TIMIAN, NATURAL RESOURCE SPECIALIST, DEPARTMENT OF NATURAL RESOURCES (via teleconference), reviewed the DNR fiscal note OMB component 3002.

Representative Johnson thought they should move the bill.

[3:50:22 PM](#)

AT EASE

[3:52:13 PM](#)

RECONVENED

Representative Bynum MOVED to REPORT HB 31 out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, HB 31 was REPORTED out of committee with eight "do pass" recommendations and three "no recommendation" recommendations and with one new zero impact fiscal note from the Department of Commerce, Community and Economic Development; two previously published zero fiscal notes: FN1 (DFG) and FN3 (DNR); and one previously published fiscal impact note: FN2 (ADM).

Representative Stutes thanked the committee.

#hb36

HOUSE BILL NO. 36

"An Act relating to the placement of foster children in psychiatric hospitals; relating to the care of children in state custody placed in residential facilities outside the state; and amending Rule 12.1(b), Alaska Child in Need of Aid Rules of Procedure."

[3:53:41 PM](#)

REPRESENTATIVE ANDREW GRAY, SPONSOR, provided an explanation of the bill. He read from prepared remarks:

Due process is a basic constitutional right of every person in Alaska. Due process is a legal process that protects people from arbitrary government actions and guarantees fair treatment. It's a fundamental principle of both the United States and Alaska

Constitutions. Due process requires the government follow certain procedures before taking away a person's rights. HB 36 guarantees due process for the most vulnerable people in Alaska, our foster children.

What the bill does is require that children who are in the custody of the office of children's services, otherwise known as foster children, receive a hearing in front of a judge in a timely manner to determine that they meet criteria to be held in an acute psychiatric hospital.

The Alaska Supreme Court case of *The Native Village of Kwinhagak v. State of Alaska Office of Children's Services*, published on February 9, 2024, states the following:

"There is no doubt that children in OCS custody are at substantial risk of being hospitalized for longer than they need, or when they do not need to be hospitalized at all." "Clarifying the legal protections for a vulnerable population of children in state custody is of utmost importance."

The 14-year-old child at the center of that case was hospitalized for 46 days before the court held a hearing to determine if her hospitalization was justified. The Alaska Supreme Court determined that the 46-day wait was far too long to satisfy her right to due process. According to a previous superior court injunction, she should have had a hearing within 30 days, but the Supreme Court further ruled that 30 days was too long.

This finding is consistent with what happens in other states:

One former employee of an acute psychiatric hospital in Anchorage stated, "I come from the lower 48. Most hospitals, a stay would be a 72-hour hold. Maybe they'd be there for a week or 10 days. Thirty days just blew my mind."

Another Nurse from that same facility stated: "you're not go to see any other acute crisis stabilization unit that does a 30 day stay."

When a young person is hospitalized in a psychiatric institution, that child has limitations placed on their rights and freedoms. In the case of foster children, the chance that their rights can be unnecessarily restricted are much higher than with the general population. It is incumbent upon the legislature to take up the cause spelled out in Kwinhagak to determine the minimum amount of time between an admission and a court hearing.

Many foster youths have suffered trauma and neglect and experience mental health challenges as a result. All foster youth have experienced the trauma of being removed from their biological family and this is in and of itself often the very greatest trauma of all.

[3:57:03 PM](#)

Representative Gray continued to provide prepared remarks on the bill:

We do not have enough foster placements in Alaska - lack of foster placements can create pressure to keep a child in a facility longer than absolutely necessary - that is not the fault of the facility.

But it's also not the fault of the child. We know that kids have suffered from admissions that were too long and sometimes unnecessary - that's what HB 36 is seeking to fix.

In November I toured the OCS offices in Anchorage and it was an offhand remark of a nurse that provided the timeline in this bill. She said that it can take up to seven days to properly assess a foster child admitted to a psychiatric facility. This bill requires a hearing within 7 days. I believe this satisfies what the Supreme Court is asking in the Kwinhagak decision & provides foster kids with the due process that all Alaskans are entitled to.

Representative Gray asked his staff to review the sectional analysis.

[3:58:10 PM](#)

KYLE JOHANSEN, STAFF, REPRESENTATIVE ANDREW GRAY, reviewed the sectional analysis (copy on file)

[4:02:27 PM](#)

Co-Chair Foster noted that there had been two people for invited testimony who were no longer available.

Representative Tomaszewski looked at section 2 related to acute psychiatric hospitals. He asked how many there were in Alaska.

Representative Gray replied that the bill was about any hospital.

Representative Tomaszewski asked if there was a number of children placed inside the state.

Mr. Johansen replied that he believed the information was reported. In the past several years it was about 100 children, and that it was around 90 children currently.

Representative Gray added that any child in a facility in Alaska had OCS as their guardian.

[4:04:59 PM](#)

Representative Hannan asked about the court rule amendment and the appointment of a Child in Need of Aid (CINA) guardian.

NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, replied that under the court rule, children in CINA was actually done almost always in the circumstances already merited it.

[4:06:33 PM](#)

Representative Hannan recollected details from the prior year Department of Administration subcommittee.

Co-Chair Josephson assumed that if Alaska children were in Utah that Utah law would apply.

Mr. Johansen did not believe so.

Ms. Meade answered that if they were in state custody the Alaska law would apply.

[4:08:58 PM](#)

Co-Chair Josephson meant if Alaska sent children to Utah. He stated his understanding that Utah law overrode Alaska law.

Ms. Meade answered it was correct if it was a CINA.

[4:09:32 PM](#)

Representative Galvin was surprised to see there was any cost in the fiscal note after hearing that too many children had been in long term intensive care hospitalization for too many days.

Representative Gray deferred the concern to Ms. Meade.

Co-Chair Foster noted there were also two individuals who would speak to the fiscal notes.

Ms. Meade could not comment on the other agency's fiscal impact.

Representative Galvin would wait on her other question. She wondered whether too many children were in the intensive hospitals for too long how it would have a fiscal impact.

Representative Gray replied that Medicaid was paying \$908 per night per child.

[4:13:22 PM](#)

KIM SWISHER, DEPUTY DIRECTOR, OFFICE OF CHILDREN'S SERVICES, DEPARTMENT OF FAMILY AND COMMUNITY SERVICES (via teleconference), agreed.

Representative Allard asked if it could be achieved within the timeframe.

Ms. Meade replied that the timeframe was seven to ten days.

[4:19:18 PM](#)

Representative Johnson would take her question offline.

Representative Gray appreciated the question. He would talk with some interested parties about the issue.

Ms. Meade added that the attorneys were appointed at OPA.

[4:20:39 PM](#)

Representative Bynum stated his understanding there was not currently statutory guidance.

Representative Gray relayed that he had been working on the bill a long time, and wanted to determine the correct timeframe.

Representative Bynum noted that the bill was using a definition from one of the cases related to an acute psychiatric hospital. He asked if the definition constrained the bill, and wondered whether there could be a facility not defined as a hospital.

Representative Gray replied that there were currently statutes related to residential psychiatric facilities.

Representative Bynum asked about the scope of the issue.

[4:25:34 PM](#)

Representative Gray deferred the question to Ms. Swisher.

Ms. Swisher answered it was how the department currently processed the paperwork.

Representative Tomaszewski asked about the parties included in the notice.

Ms. Meade answered that it could vary.

Co-Chair Foster noted that there was another hearing. He asked for a review of the fiscal notes.

Ms. Meade reviewed the fiscal note.

[4:29:23 PM](#)

Ms. Swisher reviewed the fiscal note.

Representative Gray thanked the committee.

HB 36 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the schedule for the following meeting.

#

ADJOURNMENT

4:31:38 PM

The meeting was adjourned at 4:31 p.m.