

**ALASKA STATE LEGISLATURE  
HOUSE JUDICIARY STANDING COMMITTEE**

March 19, 2025

1:02 p.m.

**MEMBERS PRESENT**

Representative Chuck Kopp, Vice Chair  
Representative Ted Eischeid  
Representative Genevieve Mina  
Representative Sarah Vance  
Representative Jubilee Underwood  
Representative Mia Costello

**MEMBERS ABSENT**

Representative Andrew Gray, Chair

**COMMITTEE CALENDAR**

HOUSE BILL NO. 6

"An Act restricting fiduciary actions by a fiduciary of a state fund, the Alaska Retirement Management Board, and the Alaska Permanent Fund Corporation Board that have the purpose of furthering social, political, or ideological interests."

- HEARD & HELD

HOUSE BILL NO. 118

"An Act establishing the Council on Human and Sex Trafficking; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 6

SHORT TITLE: STATE FUND FIDUC DUTY:SOCIAL/POL INTEREST

SPONSOR(S): REPRESENTATIVE(S) MCCABE

01/22/25	(H)	PREFILE RELEASED 1/10/25
01/22/25	(H)	READ THE FIRST TIME - REFERRALS
01/22/25	(H)	JUD, FIN
03/19/25	(H)	JUD AT 1:00 PM GRUENBERG 120

BILL: HB 118

SHORT TITLE: COUNCIL ON HUMAN AND SEX TRAFFICKING

SPONSOR (s) : REPRESENTATIVE (s) VANCE

02/26/25 (H) READ THE FIRST TIME - REFERRALS  
02/26/25 (H) JUD, FIN  
03/19/25 (H) JUD AT 1:00 PM GRUENBERG 120

**WITNESS REGISTER**

REPRESENTATIVE KEVIN MCCABE  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 6.

JULIE MORRIS, Staff  
Representative Kevin McCabe

**POSITION STATEMENT:** On behalf of Representative McCabe, prime sponsor, offered the sectional analysis for HB 6.

KEVIN MITCHELL, Executive Director  
Alaska Permanent Fund Corporation  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 6.

BOB BELLANGER, Staff  
Representative Sarah Vance  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the sectional analysis for HB 118 on behalf of Representative Vance, prime sponsor.

KATIE TEPAS, Program Coordinator  
Department of Public Safety  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 118.

**ACTION NARRATIVE**

1:02:56 PM

**VICE CHAIR CHUCK KOPP** called the House Judiciary Standing Committee meeting to order at 1:02 p.m. Representatives Mina, Vance, Eischeid, Underwood, and Kopp were present at the call to order. Representative Costello arrived as the meeting was in progress.

**HB 6-STATE FUND FIDUC DUTY:SOCIAL/POL INTEREST**

[1:03:48 PM](#)

VICE CHAIR KOPP announced that the first order of business would be HOUSE BILL NO. 6, "An Act restricting fiduciary actions by a fiduciary of a state fund, the Alaska Retirement Management Board, and the Alaska Permanent Fund Corporation Board that have the purpose of furthering social, political, or ideological interests."

[1:04:04 PM](#)

REPRESENTATIVE KEVIN MCCABE, Alaska State Legislature, as prime sponsor, presented HB 6. He read from the following prepared remarks [original punctuation provided]:

Again, thank you for hearing HB6. This bill keeps our Alaska Permanent Fund and State Retirement Fund doing what they're built for—making money for Alaskans, not bowing to trendy mandates from across the pond or anywhere else. Here's why we need it."

**1. Pecuniary Duty Is Our North Star**

- o The Permanent Fund and State Retirement Fund have one job: grow the pot to fund state government and the PFD—\$1,702 per Alaskan last year. That's real money for real needs—roads, schools, heat. HB6 locks fiduciaries into pecuniary interest—maxing returns, no detours. Chairman, this is about keeping our funds' eyes on the prize, not chasing feel-good fluff like Europe's forcing on their companies.

**2. Fossil Fuels Pay—And They're a Lifeline**

- o "Take Alex Epstein's *Moral Case for Fossil Fuels*—he nails it: coal, oil, gas keep Alaska and the world running. Our funds' roots are oil royalties, and coal's still raking it in—8.7 billion tons globally in 2023. HB6 says we don't dump winners, even if they don't fit the latest social or environmental justice fad, just for Net Zero hype. It's not just profit—it's what powers our homes and jobs.

**3. Europe's DEI Mandate Is a Warning—HB6 Is Our Shield**

- o Over in Europe, they're rolling out rules—like that Corporate Sustainability push—forcing companies

to sink cash into DEI and ESG, whether it pays or not. Worse, they're pressuring those companies to ditch business with American or Alaskan firms that don't play along. It's a top-down order to chase alarmist fads over shareholder value. HB6 says Alaska's not in that game. We don't let Brussels dictate our funds—divesting coal or propping up diversity quotas—to appease bureaucrats. We stay free, focused on pure pecuniary returns.

#### **4. ESG and DEI Flops Prove the Point**

- Check the track record: ESG and DEI don't guarantee wins. In 2022, the APF beat benchmarks with energy bets, while some ESG funds bled 20% chasing green dreams. Bed Bath & Beyond went big on ESG—bust by '23. DEI's no silver bullet either—companies pour time and money into it, and where's the profit? HB6 keeps us clear of that mess.

#### **5. Virtue Signaling's a Trap for Failing Firms**

- Here's a red flag: companies in a hole—like retailers on the ropes—pivot to ESG or DEI for headlines and goodwill. It's a Hail Mary that usually flops. Think of chains slapping 'sustainability' or 'green' on everything, still shutting stores. Our funds aren't lifelines for losers—HB6 ensures we back winners, not PR stunts

#### **6. Alaska's Not Europe's Guinea Pig**

- Norway's fund toys with Net Zero on \$1.6 trillion—no dividends, no pressure, they can afford it. Our \$80 billion's different—it's for Alaskans now, funding government and PFDs, not some global experiment. Europe's mandating DEI spending—fine for them. HB6 says we don't risk your money on unproven green tech or social checklists. Coal, firearms—if they pay, they stay.

#### **7. Today's Cash Beats Tomorrow's Guesses**

- Some say coal's doomed—climate rules, market shifts. Maybe someday. Right now, it's king—energy stocks carried us in 2022. Epstein's right in *The Moral Case*: fossil fuels fix more than Net Zero prevents. We need to look unemotionally at the data, at the profits, and invest for that. HB6 keeps us grounded: don't ditch winners for 'what-ifs.' If the

tide turns, we'll adjust—without Europe's forced DEI playbook.

- o Chairman Gray, committee—HB6's our stand: funds that deliver for Alaska, not dancing to Europe's tune or betting on trendy flops. You know a dollar earned beats a dollar flashed for clout. This bill's that promise. I'd appreciate your support.

[1:10:12 PM](#)

JULIE MORRIS, Staff, on behalf of Representative McCabe, prime sponsor, offered the sectional analysis for HB 6, which read as follows [original punctuation provided]:

Section 1 amends AS §37.10.071 to require fiduciaries of state funds to prioritize the financial interests of beneficiaries when investing public funds. This prohibits consideration of social, political, or ideological factors in investment decisions.

Section 2 amends AS §37.10.220 to require the Alaska Retirement Management board to prioritize the financial interests of beneficiaries when investing public funds. This prohibits consideration of social, political, or ideological factors in investment decisions.

Section 3 amends AS §37.10.220 to require the Alaska Permanent Fund Corporation board to prioritize the financial interests of beneficiaries when investing public funds. This prohibits consideration of social, political, or ideological factors in investment decisions.

[1:11:50 PM](#)

VICE CHAIR KOPP asked for an example of Alaska's fiduciaries prioritizing an ideological goal over financial returns.

[1:12:23 PM](#)

REPRESENTATIVE MCCABE shared his belief that neither the Alaska Permanent Fund Corporation (APFC) or the Alaska Retirement Management (ARM) Board had prioritized an ideological goal over financial returns. Nonetheless, he said he wanted to tighten up the statutory language to clarify the bill's intent in law.

[1:13:18 PM](#)

REPRESENTATIVE MINA asked about the prudent investor rule for managers of the Alaska Permanent Fund ("the fund") and whether their decisions are ever governed by the legislature.

[1:14:01 PM](#)

KEVIN MITCHELL, Executive Director, Alaska Permanent Fund Corporation (APFC), defined the prudent investor rule as investing in a fashion that would maximize the risk adjusted rate of return for the beneficiaries without personal considerations taken into account. Deviations from that have typically been divestiture efforts. He shared for example, that Russia's invasion of Ukraine resulted in many divestiture efforts around the world that Alaska did not partake in, as APFC was able to benefit from the fire sale of securities. He assured the committee that the fund has not made decisions based on anything other than maximizing the risk adjusted rate of return for the fund.

REPRESENTATIVE MINA questioned the ways in which the legislature dictates the managers' investment decisions.

MR. MITCHELL indicated that the legislature's involvement is related to asset classes. He said there's been a gradual evolution of allowed investments as the markets evolved over the past 50 years.

[1:19:02 PM](#)

VICE CHAIR KOPP inquired about the unintended consequences of a fiduciary decision that's perceived to be ideological but is financially motivated. He considered an example involving climate change.

MR. MITCHELL said the fiscal note is indeterminate because APFC shares that concern. He considered, for example, that a company in the fund's portfolio might misalign with the intent of the legislation. He said the bill sponsor's testimony assured him that the bill wouldn't prohibit the Board of Trustees ("the board") from making certain investments that would maximize return as long as it's not motivated by a desire to change something from a policy perspective.

REPRESENTATIVE MCCABE emphasized that the sole focus of the bill is "fiscal." He shared an example and reiterated that the goal is to invest in companies that are making money regardless of the social implication.

[1:23:16 PM](#)

VICE CHAIR KOPP recalled that Alaska has strict procurement laws and asked for confirmation.

MR. MITCHELL shared his understanding that there is a list of countries that reflect concerns about the potential of US based investors deploying money to a hostile regime. However, he said he was not aware of an annual diligence requirement, but the general concept is circulated and has impacted the fund in the past.

VICE CHAIR KOPP shared his belief that there is a federal list that the state is precluded from contracting with.

REPRESENTATIVE MCCABE reiterated that he wants to make sure that the state is investing for financial gain.

[1:28:47 PM](#)

REPRESENTATIVE VANCE asked whether these policies have led to missed opportunities.

MR. MITCHELL stated that it hasn't been an issue for the fund and if anything, it has benefitted from its independent stance, historically.

REPRESENTATIVE VANCE asked how much the fund would have lost if it divested during fire sale that ensued from the invasion of Ukraine.

MR. MITCHELL said he did not know exact number, but many securities lost all their value for a period of time. He acknowledged interest payments were still being made on bonds, but there was no secondary market due to a lack of buyers. If anything, he suggested that it presented an opportunity to lean in if the belief was that Russia was going to pay on those securities, and if it fit the risk tolerance. He explained that Alaska was able to hit the "sweet spot" because it was able to hold on to its securities and exit in a rational fashion. He offered to follow up with the numbers.

REPRESENTATIVE VANCE asserted that the fund had "disrespected the traditional will of the legislature" to maintain its focus on finances. She asked whether that is a safe assumption.

MR. MITCHELL said there's two prongs to consider: the constitutional framework around the fund, which states that the money would be invested in income producing securities, and the statutory framework that provide the concepts of the prudent investor rule, fiduciary duties, and maximizing the risk adjusted rate of return.

[1:39:33 PM](#)

REPRESENTATIVE MINA referred to AS 37.13.120 and asked whether investors ever consider social or political factors in their investment decisions.

MR. MITCHELL answered, "certainly," and shared a hypothetical example of investing in wind turbines.

REPRESENTATIVE MINA asked whether there would ever be a scenario where investors are prioritizing social and political factors over their statutory responsibility to maximize the expected return.

MR. MITCHELL answered no.

REPRESENTATIVE MINA asked what issue would be solved by the bill.

[1:41:59 PM](#)

REPRESENTATIVE MCCABE gave the example of a fund that decided to invest for environment, social, and corporate governance (ESG) purposes, which could result in financial loss. This is the impetus of the bill, he said. Although it doesn't solve a current problem, it could solve a future one, he added, and shared several examples.

REPRESENTATIVE MINA asked if one of the fund's managers decided to focus solely on diversity, equity, and inclusion (DEI) investments, whether they would be violating the prudent investor rule outlined in AS 37.13.120 under current law.

REPRESENTATIVE MCCABE answered yes. He reiterated that the bill would have almost zero effect on the fund's current practices, and that it would emphasize the focus on pecuniary benefit only.

[1:45:46 PM](#)

VICE CHAIR KOPP announced that HB 6 was held over.

**HB 118-COUNCIL ON HUMAN AND SEX TRAFFICKING**

[1:46:10 PM](#)

CHAIR KOPP announced that the final order of business would be HOUSE BILL NO. 118, "An Act establishing the Council on Human and Sex Trafficking; and providing for an effective date."

[1:46:41 PM](#)

REPRESENTATIVE VANCE, as prime sponsor, presented HB 118 by offering a PowerPoint presentation [hard copy included in the committee packet]. She began on slide 1, which read as follows [original punctuation provided]:

House Bill 118 establishes Alaska Council on Human & Sex Trafficking

- Coordination
- Resources
- Response

REPRESENTATIVE VANCE moved to slide 2, "Trafficking in Alaska," which read as follows [original punctuation provided]:

45% of trafficked youth identified are Alaska Native.

One in four homeless women at the Anchorage Covenant House have been trafficked for sex.

Alaska Institute for Justice worked with more than 79 survivors in 2024 that includes both labor and sex trafficking.

Alaska's rate of rape and sexual assault is 3 times the national average.

100% of trafficked clients at Priceless report a history of sexual abuse as a child.

REPRESENTATIVE VANCE continued to slide 3, "Recommended Action Steps," which read as follows [original punctuation provided]:

Recommended Action Steps:

- 1) Enact state statutes that places the CHST in the Department of Public Safety and establishes: the council as the monitoring body; the term for the council; appointments; and duties.
- 2) Establish membership of the council in the current Administrative Order and future statutes that includes the Department of Labor Commissioner or designee and the Commissioner of the Department of Family and Community Services (DFCS) or designee.
- 3) Amend the key responsibilities in the Governor's Administrative order and future statutes to include demand reduction and accountability programs.

REPRESENTATIVE VANCE moved to slide 4, which read as follows [original punctuation provided]:

PURPOSE

Provide planning and coordination of programs specific to victim services, education, public awareness, data collection and dissemination, and reducing demand for human and sex trafficking.

DUTIES

- Develop standardized data and annual reports
- Award grants and provide audits
- Increase education and public awareness

REPRESENTATIVE concluded on slide 5, which read as follows [original punctuation provided]:

Alaska Council on Human & Sex Trafficking

15-member council mirrors administrative order 328

- 7 members appointed by the governor
- 6 commissioners & attorney general
- Public members

[1:57:50 PM](#)

BOB BELLANGER, Staff, Representative Sarah Vance, Alaska State Legislature, on behalf of Representative Vance, prime sponsor, Presented the sectional analysis for HB 118, which read as follows [original punctuation provided]:

Section 1: Amends AS 39.25.110 to exempt the executive director of the Council on Human and Sex Trafficking from "Classified Service."

Section 2: Amends AS 39.50.200(b) to add the Council on Human and Sex Trafficking to the list of "state commission or board."

Section 3: Inserts the following new sections:

- Sec. 44.41.150 establishes the Council on Human and Sex Trafficking as a permanent board in the Department of Public Safety and sets forth the purpose of the council.

- Sec. 44.41.155 lays out the duties of the council.

- Sec. 44.41.160 establishes the Membership of the council consisting of a total of 15 members seven of which will be appointed by the governor, and the other members will consist of the chief executive officer, commissioner, or designee from various organizations or commissions. It also sets the terms for the public members.

- Sec. 44.41.165 sets forth how and how often meetings are scheduled and what constitutes a quorum.

- Sec. 44.41.170 prohibits members from receiving a salary but provides for transportation expenses and per diem.

- Sec. 44.41.175 establishes the definitions under AS 44.41.150 - 44.41.175 for "council" and "human and sex trafficking."

Sec. 4: Amends a section to include the council's sunset on June 30, 2029.

Sec. 5: Sets an effective date of July 1, 2026.

[2:02:27 PM](#)

REPRESENTATIVE UNDERWOOD talked about Alaska ranking number one in the country [for rates of sex trafficking] and the effectiveness of awareness classes.

[2:05:15 PM](#)

REPRESENTATIVE COSTELLO sought to better understand the work done previously on this issue.

[2:06:11 PM](#)

KATIE TEPAS, Program Coordinator, Department of Public Safety (DPS), said the foundation was laid by former Governor Sean Parnell's taskforce in 2013, which "timed out" after submitting a report to the legislative body. In 2021, Governor Mike Dunleavy issued the first of two administrative orders, which designated the Council on Human and Sex Trafficking ("the council") under DPS. The first report offered significant recommendations under key priority areas. The second report finetuned those recommendations to actions items not requiring designated funds. The priority areas included: expanding services providers; demand reduction programs; addressing housing issues; developing resource guides; training for law enforcement and medical providers; public awareness campaign materials; e-learning modules and curriculum review; and establishing the council in statute.

[2:08:37 PM](#)

REPRESENTATIVE COSTELLO asked for confirmation that the bill would make no changes to the designated funds by putting the council in statute.

MS. TEPAS replied that by simply putting the council in statute, the mission would not be drastically furthered. She said grant funds or state dollars would be needed to affect change and hire additional staff, like a grant administrator, program coordinator, and an administrative assistant. She recommended that a deep dive is needed to compile all of the services that are available to victims and survivors of trafficking across the state and better understand what's needed on a regional level.

[2:12:16 PM](#)

REPRESENTATIVE COSTELLO pointed out that the majority of council members are with organizations that work on sex trafficking. She asked whether these entities would bear some of the financial responsibility for the council's goals and objectives.

REPRESENTATIVE VANCE acknowledged that many of the members are already doing the work, but the council is needed to pool resources and data, which would help illuminate big picture trends from information that is currently being siloed. She explained that putting the council in statute would grant the authority to administer grants, which the Governor's Council on

Human and Sex Trafficking currently lacks. She expressed her hope that the council's mission would mature over time and spread awareness.

[2:16:54 PM](#)

VICE CHAIR KOPP commented on prior legislation that attempted to combine the Council on Human and Sex Trafficking with the Council on Domestic Violence and Sexual Assault (CDVSA). He asked whether this idea had garnered further consideration due to the cost of standing up a new council.

REPRESENTATIVE VANCE confirmed that there had been two renditions of this idea in recent years and offered further context on the legislative history. She explained that the current version would avoid frontloading the council's responsibilities with statutory mandates and continue the work of the governor' council as resources come available.

[2:20:30 PM](#)

REPRESENTATIVE EISCHEID how many meetings the council had in 2024.

MS. TEPAS offered to follow up with the requested information. She noted that there were numerous different working groups that met monthly in addition to full council meetings. She shared her understanding that the council would meet quarterly under HB 118.

[2:22:13 PM](#)

REPRESENTATIVE MINA how the council's membership structure was decided.

MS. TEPAS said membership was determined through the governor's office.

REPRESENTATIVE MINA asked about gaps in the council's membership as it relates to immigrants and refugees, and whether the bill sponsor had considered updating current membership to be more representative of the different facets of human trafficking in Alaska.

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REPRESENTATIVE VANCE recalled that a request was made to expand the governor's council to be more inclusive of labor trafficking. In response, the governor amended the executive order (EO) to include the Department of Labor & Workforce Development (DLWD) and the Department on Family and Community Services (DFCS).

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VICE CHAIR KOPP announced that HB 118 was held over.

[2:28:07 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 2:28 p.m.