

**ALASKA STATE LEGISLATURE  
HOUSE RULES STANDING COMMITTEE**

May 8, 2025

9:06 a.m.

**MEMBERS PRESENT**

Representative Louise Stutes, Chair  
Representative Chuck Kopp, Vice Chair  
Representative Bryce Edgmon  
Representative Calvin Schrage  
Representative Mia Costello  
Representative Cathy Tilton  
Representative Sarah Vance

**MEMBERS ABSENT**

All members present

**OTHER LEGISLATORS PRESENT**

Senator James Kaufman

**COMMITTEE CALENDAR**

SENATE BILL NO. 183

"An Act relating to hindering the Legislative Budget and Audit Committee; relating to the powers of the Legislative Budget and Audit Committee and the legislative audit division; and providing for an effective date."

- MOVED SB 183 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SB 183

SHORT TITLE: POWERS: LB&A COMMITTEE; LEGISLATIVE AUDIT

SPONSOR(s): RULES

04/23/25	(S)	READ THE FIRST TIME - REFERRALS
04/23/25	(S)	RLS
04/30/25	(S)	RLS AT 12:30 AM BUTROVICH 205
04/30/25	(S)	Moved SB 183 Out of Committee
04/30/25	(S)	MINUTE(RLS)
05/02/25	(S)	RLS RPT 5DP
05/02/25	(S)	DP: WIELECHOWSKI, HOFFMAN, STEDMAN, STEVENS, SHOWER

05/05/25 (S) TRANSMITTED TO (H)  
05/05/25 (S) VERSION: SB 183  
05/07/25 (H) READ THE FIRST TIME - REFERRALS  
05/07/25 (H) RLS  
05/08/25 (H) RLS AT 9:00 AM GRUENBERG 120

**WITNESS REGISTER**

SENATOR ELVI GRAY-JACKSON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented SB 183.

KRIS CURTIS, Legislative Auditor  
Legislative Audit Division  
Legislative Affairs Agency  
Juneau, Alaska

**POSITION STATEMENT:** Responded to questions during the hearing on SB 183.

DESTIN GREELEY, Oil and Gas Production Tax Audit Supervisor  
Tax Division  
Department of Revenue  
Anchorage, Alaska

**POSITION STATEMENT:** Responded to questions during the hearing on SB 183.

EMILY NAUMAN, Director  
Legislative Legal Services  
Legislative Affairs Agency  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on SB 183.

**ACTION NARRATIVE**

[9:06:17 AM](#)

**CHAIR LOUISE STUTES** called the House Rules Standing Committee meeting to order at 9:06 a.m. Representatives Edgmon, Costello, Vance, Tilton, Schrage, Kopp, and Stutes were present at the call to order. Also present was Senator James Kaufman.

**SB 183-POWERS: LB&A COMMITTEE; LEGISLATIVE AUDIT**

[9:07:07 AM](#)

CHAIR STUTES announced that the only order of business would be SENATE BILL NO. 183, "An Act relating to hindering the Legislative Budget and Audit Committee; relating to the powers of the Legislative Budget and Audit Committee and the legislative audit division; and providing for an effective date."

CHAIR STUTES noted the committee would begin by hearing from the bill sponsor and invited testifiers.

9:08:19 AM

SENATOR ELVI GRAY-JACKSON, as prime sponsor of SB 183 and chair of the Legislative Budget and Audit Committee, described why SB 183 is needed. She stated that she met with Kris Curtis, Legislative Auditor, in January 2025, to discuss Legislative Budget and Audit Committee priorities. One of the most pressing concerns Ms. Curtis raised was the recent difficulty her office was experiencing in obtaining information from those entities being audited, including "challenges that were preventing completion of a special audit of the Department of Revenue's Tax Division that was requested and authorized by the Legislative Budget and Audit Committee in 2020." Senator Gray-Jackson that in the past, the Department of Revenue (DOR) provided the legislature with an organized summary showing the total amount of additional tax, interest, and penalties assessed for each annual tax cycle.

SENATOR GRAY-JACKSON, in example, drew attention to the spreadsheet included in the committee file. She continued as follows:

However, the department now claims that it is only required to provide access to raw data, not to compile or categorize the information in the usual format as it had done previously.

Recognizing both the seriousness of this program and the amount of money at stake, I included an update on the special audit, entitled, "Oil and Gas Production Tax Credit Process" on the agenda for the [Legislative Budget and Audit Committee] meeting that we had on February 26, [2025], so that the committee could discuss the troubling development and consider what our next steps would be.

Following our executive session that included testimony by Ms. Curtis, the committee authorized me to send a letter to the administration requesting full cooperation in assembling, furnishing, and providing to the legislative auditor the information related to the special audit. In that letter, ... which is included in SB 183 support documents, I respectfully urged the administration to fully cooperate with the legislative ... auditor, emphasizing that the integrity of ... Alaska's oil and gas tax audit process is essential to the state's financial well-being.

We sent that letter with the expectation of good faith cooperation, hoping that the department would fulfill its obligation to ensure that the audit would be able to move forward and [be] completed. Unfortunately, the issue remains unresolved, and the auditor still cannot complete this important audit, which concerns the oversight of billions of dollars in state oil and gas revenue.

Madam chair, both the state legislative auditor and the Legislative Budget and Audit Committee ... appealed to the Department of Revenue for cooperation but those requests have been repeatedly denied. Therefore, the legislature must now assert its constitutional and statutory oversight authority and fulfill our obligation to the people that we serve.

The bill clarifies what should have been clear all along, that state agencies are required to fully cooperate with the legislative auditor and the Legislative Budget and Audit Committee and that full cooperation means providing information not just in substance but also in the form and format requested. This might seem like a technical distinction, but in auditing, the ability to request information in a useable form is absolutely critical. If the executive branch agencies can pick and choose what information to provide or in what format, they can - intentionally or not - obstruct the legislature's ability to perform independent oversight on behalf of the public, effectively hiding billions of dollars from the public view.

This bill shouldn't be necessary, but here we are today. Either the Department of Revenue has already compiled the information requested for the special audit for its own use and is deliberately withholding it from the legislative auditor or it has failed to do that basic work of calculating the tax interest and penalties assessed for each audit cycle. Frankly, I'm not sure which of those scenarios would be more troubling. The legislature needs to pass this bill so that we and the public can finally get the answers.

9:13:18 AM

REPRESENTATIVE EDGMON asked when underlying statutes were drafted.

9:13:40 AM

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Legislative Affairs Agency, responded by offering her understanding that the underlying statutes existed as far back as statehood and that even the territorial legislature had an audit function.

MS. CURTIS presented that all state agencies must fully cooperate with the Legislative Budget and Audit Committee and the Legislative Audit Division in "furnishing, assembling, generating information in the form and format requested." She explained that the division has not been able to complete an audit requested by the legislature. She said the Legislative Budget and Audit Committee directed the division to audit DOR's oil and gas production tax audit group, which lives within the Tax Division and is responsible for auditing the oil and gas tax returns to ensure the State of Alaska receives all revenue due. Ms. Curtis explained that when this audit group detects an underpayment, it sends a letter to the tax payer identifying the amount of tax due; this letter is referred to as a tax assessment. The group also assesses interest.

MS. CURTIS pointed to the audit request in the committee file and explained that objectives 6 and 7 address the reporting of this tax assessment information. She said the Legislative Audit Division was directed to assess the additional tax, interest, and penalties assessed for each of the Tax Division's annual audit cycles, as well as to update any tax assessment information that had been provided to the legislature previously.

MS. CURTIS next pointed to tax assessment information compiled by the Tax Division in 2018 and presented to the Senate Finance Committee [during the Thirtieth Alaska State Legislature]. The 2020 audit request asks the Legislative Audit Division to update the information from 2018 in a similar format to that which was done in 2018, which includes not just the tax, interest, and penalties but also [the status of] the appeal process. She described the data as "material," pointing to table 1, which summarizes the total tax and interest assessed for each of the tax years listed: 2006-2011. The sum of the columns is \$1.3 billion. Also included in the committee file are the minutes from the Legislative Budget and Audit Committee meeting of 12/10/20, which provide historical context regarding legislative concern that existed at the time that the audit was approved. Ms. Curtis continued as follows:

It was testified that the Department of Revenue would publish a memo summarizing the total tax interest assessed after they completed an audit cycle, and they would make that memo available to the legislature routinely. They stopped doing this in 2019, and when the legislature asked them for this assessment information they were told it's confidential, yet it had been routinely provided in previous years.

Committee members were concerned about the lack of transparency and accountability over this executive branch audit function, and so this audit was approved to ensure adequate legislative oversight. While it was authorized by the committee in 2020, December, we didn't begin the audit until the beginning of 2024, and as the audit progressed, it became apparent that the Department of Revenue was not going to be providing this information. They stated that they are not required by law to do so.

MS. CURTIS stated that DOR's interpretation and, presumably, the interpretation of the Department of Law (DOL) was that state agencies are required to provide access only to raw data and are not allowed to compile data into any type of format like is shown on the aforementioned tables. She said that interpretation overturned longstanding precedent and limits the oversight of the legislature. She stated, "The fear is that an agency from here on out will refuse to provide or compile data in any type of format for future legislative audits." She

concluded that the proposed legislation would clarify the legislature's oversight authority.

9:19:01 AM

REPRESENTATIVE EDGMON remarked that it is conceivable that settlements could have occurred that Ms. Curtis, as a tax auditor, would not be able to ascertain. Further, he observed that Ms. Curtis, as legislative auditor, is subservient to statute, as well as professional accounting standards. He ascertained from Ms. Curtis that the Legislative Audit Division gets audited; therefore, the division's standards are high.

MS. CURTIS responded that there are many types of audits for the revenues that come in; the division does not do "a deep dive" into settlements except to determine the nature of the settlement to determine whether it is going into the capital budget reserve (CBR) or the general fund (GF). She clarified that the audit in question is a performance audit. Each type of audit has different standards to which must be complied. She added:

The degree with which we get settlement information is very high level, and we do look at that as part of the financial audit; the degree to which we could use that information to produce these tables is not detailed enough for us to be able to produce the information being asked for as part of the special audit.

REPRESENTATIVE EDGMON proffered that there could be settlements - money that actually goes into the CBR - that the division is not able to track in terms of how and when they occurred.

MS. CURTIS replied that the division can and does look at an overall settlement memo just for that fiscal year but does not have all the information regarding settlements that occur.

9:22:30 AM

REPRESENTATIVE COSTELLO asked Ms. Curtis whether the division received information from DOR and the problem is that the division is not able to extract the necessary information from that to be able "to fill out this chart" or whether Ms. Curtis feels that there is missing information.

MS. CURTIS answered that the division "has access to the tax system" and when it provided the template, it was able to get

information such as the total tax assessed. She indicated that [DOR] was asked to "take ownership of it and make sure it's right" to ensure it is reliable information to include in the audit. She said the division did the best it could; it populated the template and gave it to [DOR]. She explained that the division does not have the expertise required to be able to fill out the tables fully, which is why it asked the department to supply the information.

MS. CURTIS, in response to a follow-up question from Representative Costello, responded that the division conducted a 2014 audit "of this tax group," and in that audit, there was a table that had the tax assessment information: table 1, column C. Regarding the information from 2018, she said there seems to be confusion on the part of DOR as to the role of the Legislative Audit Division. She stated, "We did not compile that information; we had nothing to do with that information except to help craft the template that was then sent over on behalf of the chair of [the Legislative Budget and Audit Committee]. She indicated that the template was then sent to the Tax Division within DOR, and the Tax Division added columns to the template and populated the entire template; the Legislative Audit Division had nothing to do [with the template]. She stated, "Although I've clarified that with them multiple times, they still seem to be confused that we had some type of role back in 2018 with that data; we did not."

REPRESENTATIVE COSTELLO asked if there is any type of ongoing communication between the Legislative Audit Division and the Legislative Budget and Audit Committee once the committee has tasked the division with an audit request.

MS. CURTIS emphasized that once the audit is assigned, the division does not contact the committee or include legislators in the process. She explained that auditing standards require the division to maintain its independence "in fact and in appearance." It is a nonpartisan, independent process, which follows professional auditing standards for performance audits.

[9:26:34 AM](#)

CHAIR STUTES pointed out that DOR had been invited but chose not to attend the House Rules Standing Committee meeting today and, instead, sent a letter [included in the committee packet], which was received approximately one hour prior to the scheduled meeting start time.

9:27:01 AM

REPRESENTATIVE KOPP asked Ms. Curtis how she would characterize this particular audit in terms of its significance in understanding the accuracy of money paid into state accounts.

MS. CURTIS answered that it is "super significant." In response to a follow-up question regarding the importance of formatting, she emphasized, "Formatting makes data meaningful." She said DOR has expressed that compiling the data is onerous, and the Legislative Audit Division concurs and knows it takes time to produce the information. She added that the division believes that the information is worthy of the time it takes to produce it. She said, "We have always worked collaboratively." She noted that SB 183 would not change how the division does its job; hopefully, it would result in the division being able to finish an audit. She added, "This is the only department we've had a problem with." She further remarked, "It seems fairly unnecessary that we have to be here just to be able to finish an audit." She said the division would continue to work with the agency to shoulder the burden and work on its priorities to fit [the audit] into its workload but the division cannot do the audit if the agency does not produce the data.

9:30:58 AM

REPRESENTATIVE TILTON observed that in the aforementioned letter, DOR remarked that it has spent hundreds of hours providing information [to the Legislative Audit Division] and asked Ms. Curtis how much time the department has invested.

MS. CURTIS responded that she does not know. She highlighted page 2 of the letter, on which was indicated the number of hours DOR spent in 2024 going over information with its auditors. She said that does not specify whether that has to do with the financial statement audit or performance audit. She estimated that the Legislative Audit Division spends up to 600 hours on the financial audit but reiterated that she does not have the data to answer how much time DOR has spent with the Legislative Audit Division.

REPRESENTATIVE TILTON made observations regarding the 5/8/25 letter from DOR. She said it indicates that in 2014, "Legislative Audit" created and filled in the table; in 2017 and 2018, there was the same process and the Legislative Budget and Audit Committee filled in the information; in 2018 and 2019, the Tax Division tried to fill in the table but this is not an easy

task under the Tax Division's system. Further, Representative Tilton read remarks in the letter that there are likely more efficient ways to report the data "that reflect the reality of how the information is tracked and maintained" and that "the report was not only duplicate but overly burdensome to compile the data in the form and format requested" by "Legislative Audit"; and producing those tables on a regular basis would mean the department would not be able to maintain tax payer confidentiality. She asked Ms. Curtis to respond.

MS. CURTIS replied that the 2014 audit had one column of assessment information, which she said is not equivalent to the tables the committee can view in the file packet. She pointed to the 2017/18 information presented by the Tax Division, reiterating that the Legislative Audit Division had nothing to do with that except for having created the template that the chair of the Legislative Budget and Audit Committee sent to the Tax Division. She said, "If you look at that information . . . , it's information that you would want to effectively manage your division." She said it includes: tax assessment data; amounts paid under protest; amounts paid after settlement; not yet resolved; amounts that have been informally appealed; whether appeals have been upheld; whether appeals have been made to the Office of Administrative Hearing; and the outcome. She emphasized the importance of this information. She observed statements about reports given and the onerous nature of pulling reports and said she finds those statements conflicting.

REPRESENTATIVE TILTON noted that the department is expressing that it has been cooperative, and she asked Ms. Curtis to explain the difference of opinion.

MS. CURTIS specified, "They are not producing those tables."

[9:36:30 AM](#)

REPRESENTATIVE VANCE, regarding the issue of privileged information, asked whether SB 183 would address the issue of confidentiality and whether there is a memorandum from Legislative Legal and Research Services on this subject.

MS. CURTIS answered that the two pages from [the department] do not address privilege, and the 5/12/20 letter that the department attached, titled "Provision of Documents to Legislative Audit for Financial Audit," is about financial auditing, which is different from performance auditing and therefore "totally irrelevant." She continued, "This was

written in response to our inability to obtain information that is in their settlement files. It's a totally different issue." She clarified that "the information they reference is confidential, which is different than privileged," and the statutes under which the Legislative Audit Division operates provide the legislative auditor access to confidential information. She added that whether she can publish that information in public report is a separate issue, and she has communicated with [DOR] that she will work with the department to establish what is confidential and cannot be made public.

MS. CURTIS, in response to a follow-up question, spoke about the aforementioned 2020 Legislative Budget and Audit Committee meeting and the effort then to figure out whether DOR was using tax credits to offset its settlements, which she acknowledged is illegal. She explained, "Those monies have to be deposited in the CBR, and you cannot offset tax credits against it." She continued:

So, we were seeing indications that was happening, and we were trying to get in and review information, and we were being told, "You cannot look at that because it's privileged." And the two privileges they're enacting ... [are] attorney/client privilege and due process privilege." So, ... that's what we talked about in 2020, which there are other objectives on that audit request that deal with that specific topic.

REPRESENTATIVE VANCE noted that she was looking at the 12/10/20 minutes where Senator Stedman spoke about documents being "in proper form." She noted that the changes [proposed under SB 183] would make information be in the form requested by Ms. Curtis. She offered her understanding that amending that statute would amend the legislative auditor's authority "for all of these audits."

MS. CURTIS responded that's right. She read the excerpt from those minutes, which read as follows:

SENATOR STEDMAN stated his concern that "there's nobody watching the hen house" and billions of dollars are involved. He said the public and the legislature need to have assurance that the transactions are documented, justified, in proper form, and reported within "our financial statements" so that the legislature, as policy makers, can understand the benefits and possible pitfalls in any policy pursued.

MS. CURTIS interpreted that as meaning "in the proper accounts in the financial statement." She said [the proposed legislation] would not change what has been done in the past or expand the division's authority; it would simply clarify [that authority].

REPRESENTATIVE VANCE noted that also in the committee file were responses from DOL and the attorney general as to "their reasons to not give you what you're asking for." She asked if [Legislative Legal Services] had provided memorandums to the Legislative Budget and Audit Committee in response.

MS. CURTIS replied that she had rebutted this in detail and is disappointed that DOR and the attorney general would release this without her rebuttal, in which she had cited "pages and pages of audit standards to clarify what ... CPAs have to do in completing the audit." She said she had encouraged DOR and DOL to cite the exact standard when referencing audit standards instead of making general comments about "what they interpret auditing standards to say."

[9:44:16 AM](#)

CHAIR STUTES noted that there was now available online an oil and gas tax audit supervisor from the Tax Division in DOR.

[9:44:37 AM](#)

REPRESENTATIVE EDGMON upon receiving confirmation from Ms. Curtis that these performance audits occur as needed but not regularly, questioned why the legislature would not want to codify the [standards] under which the legislative auditor has already been operating. He said this is data that agencies already have "in hat" and which Ms. Curtis needs in order to do her job. Regarding the indeterminate fiscal note, he posed, "What is the cost of good government?" He opined that it is unfortunate that the head of DOR is not present as he should be to answer questions. He talked about efficiency and accountability. He read from DOR's letter that SB 183 would give Legislative Budget and Audit Committee permission to force other state agencies to create specific work products, and he asked Ms. Curtis if that were true.

[9:47:21 AM](#)

MS. CURTIS responded that the Legislative Budget and Audit Committee is asking her to make sure that a state agency is fulfilling its statutory purpose and regulations, which means the agency should already have work product there for the Legislative Audit Division to evaluate. She acknowledged again that this would require work of the agency, and she reiterated that the division would work collaboratively with the department, as it always does.

REPRESENTATIVE EDGMON cited [Article IX, Section 13] of the Constitution of the State of Alaska, which read as follows:

§ 14. Legislative Post-Audit- The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

REPRESENTATIVE EDGMON emphasized the use of the word "shall" and asked Ms. Curtis to confirm that her work is required not only by accounting standards and statute, but also by the constitution.

MS. CURTIS replied, "Absolutely, in my position as a constitutional officer."

[9:48:53 AM](#)

REPRESENTATIVE COSTELLO said she would like to hear from the department as to how the information can be provided in a way that aligns with how the department keeps the data.

[9:49:35 AM](#)

DESTIN GREELEY, Oil and Gas Production Tax Audit Supervisor, Tax Division, Department of Revenue, provided that although the tables that are requested do not mechanically align with the DOR's tax system information, [the department] does have other variations in order to provide "the same information," and she indicated that the Tax Division has done so.

REPRESENTATIVE COSTELLO asked Ms. Greeley to confirm what she said was that DOR has provided the requested information, just in another format.

MS. GREELEY responded:

I guess it depends on the information we're talking about. We have provided a list of every assessment; the dollar amount of every assessment; the total interest that's been provided. ... The tax system that we have has interest calculated but it doesn't have interest associated with a specific thing. Like, for example, when we issue an audit, we have interest associated with that audit, but it kind of calculates it as a total. So, it looks at the total tax due and the total interest for that tax, and the tax due could include what the tax payer files; what they amend; what we've assessed in an audit; what's been assessed in (indisc.). So, it's kind of a running calculation of interest.

MS. GREELEY said in the past auditors compiled the tables by using DOR's assessment letters. In response to Chair Stutes, she said she has worked with the Tax Division for 20 years.

[9:51:52 AM](#)

MS. CURTIS reiterated that in the 2014 audit, there was a table of audit assessments; that is "one column on all of these tables." She said the division can obtain that information and has already populated that information when it sent the templates. She stated that it is "the other information that we need them to produce."

CHAIR STUTES asked Ms. Curtis if she could be specific.

MS. CURTIS prefaced her response by noting that she wished she had her staff with her. Notwithstanding that, she offered her recollection that the Legislative Audit Division was able to fill in table 1, tax revenue filed by all tax payers, and tax revenue audit, and tax assessed. She indicated that what is still needed is "all of table 2."

CHAIR STUTES interpreted Ms. Curtis to have said that she has no idea what taxes have actually been assessed.

MS. CURTIS interjected, "and appealed, and where they're at in the appeal process."

CHAIR STUTES surmised that that could be critical and involve "a lot of dough."

[9:53:31 AM](#)

REPRESENTATIVE KOPP surmised that Ms. Curtis is seeking information with context, because without context it is meaningless.

MS. CURTIS confirmed that is correct and added that once the Legislative Audit Division has that information, then it [can] start asking questions about it.

[9:54:20 AM](#)

CHAIR STUTES asked Ms. Greeley what seems to be the issue in providing the auditor with the information regarding the amount of money that's been collected and from where it has been collected.

MS. GREELEY answered that she believes that has been provided, because the Tax Division provided a transaction summary of all payments, audits - "everything in an Excel spreadsheet." She said she thinks the "missing part" is that the division provides the Legislative Audit Division a list of all the appeals but "there is not a dollar that's associated with our audit." She talked about assuming that when there is an appeal, it is an appeal for 100 percent of an audit. She noted that "that correlation hasn't been done" but she thinks "all of the numbers that we have, have been provided."

CHAIR STUTES asked Ms. Curtis if she has received an accounting of all the revenue that has come in to DOR for oil and gas.

[9:55:39 AM](#)

MS. CURTIS responded that for the financial audit the division looks at all of the tax revenue; for this specific table, the division needs the expertise of DOR to put the information in the right columns, to have "the ability to populate the table."

CHAIR STUTES asked Ms. Greeley what seems to be the problem with that.

MS. GREELEY answered that it is "the work hours that go into it" and that it is a new work product - not something that the Tax Division can run. She reiterated that the Tax Division has provided the Legislative Audit Division with the raw data. She said, "The two reports that I believe were issued to the legislature, but prior to that, [the] Legislative Audit [Division] always compiles the information."

CHAIR STUTES said she does not mean to be combative, but it seems it has been only since 2018 that the auditor has had these difficulties. She noted that Ms. Greeley has been there 20 years, and she said she is having difficulty understanding why Ms. Greeley cannot provide the information that has been provided historically in order for the auditor to complete these audits.

MS. GREELEY responded that the information that is being requested is not something captured in the Tax Division's system "right now" and, thus, is not something that is maintained. She reiterated that the division has supplied the Legislative Audit Division with all its tax assessment letters and said the auditor has "complete access to everything." She added, "The auditor that we worked with has never had any issue with us providing information." She said the creation of the new work product is time consuming and "kind of like putting a square peg in a round hole."

CHAIR STUTES stated that she is not buying Ms. Greeley's story and remarked that "this is a huge red flag." She said she is having difficulty understanding why there have been no problems in years past and now it is problematic because that kind of information is not compiled. She emphasized that this issue involves hundreds of millions of dollars, and she is worried.

[9:58:39 AM](#)

MS. CURTIS gave the sectional analysis [included in the committee packet], which read as follows [original punctuation provided]:

**Section 1 - AS 11.56.845(a): Hindering the Legislative Budget and Audit Committee**

Amends the criminal statute governing obstruction of the Legislative Budget and Audit (LB&A) Committee. This is conforming language, so the statute is consistent with Section 2 of the bill.

**Section 2 - AS 24.20.201(a): Powers of the Legislative Budget and Audit Committee**

Clarifies the committee's existing authority that requires state officials and agencies to cooperate by requiring requested information to be provided not only in substance, but also in the form or format requested by the committee or its staff.

**Section 3 - AS 24.20.271: Powers and Duties of the Legislative Audit Division**

Updates the legislative audit division's powers to mirror those granted to the committee in Section 2. This section clarifies the division may require information in specific forms or formats as part of its audit functions.

**Section 4 - AS 39.25.160(1): Grounds for Disciplinary Action**

Aligns personnel law with the criminal and statutory provisions of the bill.

**Section 5 - Applicability**

Amends uncodified law and applies the amendment to AS 11.56.845(a) (under Section 1) to offenses committed on or after the effective date of the Act. This provision ensures clarity regarding the prospective application of the new criminal standard.

**Section 6 - Effective Date**

Provides that the Act takes effect immediately.

[9:59:56 AM](#)

REPRESENTATIVE VANCE, regarding Section 1 of SB 183, and noting that there were differing opinions, asked how this legislation would be enforced.

MS. CURTIS replied that this has been there for a long time; the legislature put this in place to provide "a hammer" to ensure cooperation; however, it has been completely ineffective. She pointed out that there is an "out" if a person reasonably believes "that the action or failure to act was legally justified." She said it reflects the changes made in Sections 2 and 3.

REPRESENTATIVE VANCE asked what would happen if SB 183 were passed and there is "a standoff."

MS. CURTIS deferred to Emily Nauman.

[10:02:16 AM](#)

EMILY NAUMAN, Director, Legislative Legal Services, Legislative Affairs Agency, responded that enforcement options for large clashes between the executive branch and the legislature are limited and often result in litigation.

REPRESENTATIVE VANCE asked Ms. Nauman whether she thinks the use of "form" and "format" is sufficient or the legislature needs to be more prescriptive.

MS. NAUMAN answered that this bill was drafted in response to this issue, and she said it is her belief that it will resolve the issue "if the department complies with the law." That said, she noted that it is difficult to be descriptive in statute without running the risk of discarding other desired outcomes "by being so specific in one instance." She spoke of options specific to "this information, this year" or "this information produced every year" but offered her understanding that SB 183 was designed to solve a bigger problem regarding the resistance that the legislative auditor has been getting from the department "more wholistically."

REPRESENTATIVE VANCE asked about this statute in terms of the issue of separation of powers.

MS. NAUMAN replied that it is conceivable that a court could find that this statute goes too far in terms of the legislature reaching into the executive branch and usurping the governor's power to control their employees. That said, she pointed out that the legislative auditor was created in the constitution to help the legislature oversee the power of the executive branch, which she described as an "additional twist." She said she thinks a court would be convinced to give the legislative auditor a little more authority to reach into the executive branch and "require that that information be provided in a form and format that's digestible to the legislature in its role as an oversight function." She concluded that the legislative auditor is not really asking for information that DOR does not have but is asking for the information the department has to be given in a form that is functional.

[10:07:12 AM](#)

REPRESENTATIVE EDGMON capsulated the issue as the legislative auditor wanting to do that which they have been tasked to do but they are being "stymied." He questioned DOR speaking for other agencies. He commented on the absence of the executive leadership during discussion of this important issue. He observed that SB 183 is not only about precedence but also about clarity. He talked about all the hoops that the auditor and staff must [jump] to carry out their jobs. He surmised regarding the age of the statute and commented on the benefit of making it clearer. He said the powers are clear and the

legislature should be making sure that DOR is doing its job just as much as the department is reporting back that it is. Representative Edgmon said he thinks what the legislature and the legislative auditor have done in the past would "weigh heavily on any determination that then they might make."

[10:10:39 AM](#)

CHAIR STUTES opened public testimony on SB 183. After ascertaining there was no one who wished to testify, she closed public testimony.

[10:11:12 AM](#)

CHAIR STUTE announced the committee would entertain an amendment.

[10:11:21 AM](#)

REPRESENTATIVE VANCE moved to adopt Amendment 1 to SB 183, labeled 34-LS0932\A.2, Nauman, 5/7/25, which read as follows:

Page 3, line 24:

Delete "**division**"

Insert "**Legislative Budget and Audit Committee**"

CHAIR STUTES objected for the purpose of discussion.

REPRESENTATIVE VANCE spoke to Amendment 1. She said it would affirm that the authority by which the legislative auditor is making the request is by the Legislative Budget and Audit Committee.

[10:12:36 AM](#)

REPRESENTATIVE KOPP said he thinks Amendment 1 is misplaced and confuses duties with "authority to direct." He said there is a host of duties that would apply only to an auditor with considerable experience.

[10:13:48 AM](#)

REPRESENTATIVE EDGMON echoed the comments of Representative Kopp. He said the bill would make more technical changes by adding elements to what is already being done; whereas, Amendment 1 would make a structural change, which he said he

thinks is beyond the scope of SB 183. He stated his opposition to Amendment 1.

[10:14:23 AM](#)

REPRESENTATIVE COSTELLO recollected Ms. Curtis having said that once she is given a directive by the Legislative Budget and Audit Committee, she then has no further interaction with the committee while conducting an audit. She asked Ms. Curtis to state how Amendment 1 may create a professional challenge for the auditor by creating a situation in which she would have to go back to the committee to request a particular format.

[10:15:08 AM](#)

MS. CURTIS responded that [Amendment 1] would impair her independence as auditor by requiring the Legislative Budget and Audit Committee to request the information, whereby she would have to explain what she was doing and "rope in legislators during the audit process, which is a violation of professional auditing standards."

[10:15:37 AM](#)

REPRESENTATIVE VANCE offered wrap up comments on Amendment 1. She said she thinks "that's what's happening now" and [the amendment] would create transparency. She pointed to language about assembling information in a format requested by the committee and said that is being amended and "is not just giving this authority to the division with those specific words." She said she wants to make it clear where the authority of the auditor comes from to strengthen the legislature's position should the issue go to the courts.

[10:17:51 AM](#)

CHAIR STUTES maintained her objection.

A roll call vote was taken. Representatives Vance, Costello, and Tilton voted in favor of Amendment 1 to SB 183. Representatives Edgmon, Schrage, Kopp, and Stutes voted against it. Therefore, Amendment 1 failed to be adopted by a vote of 3-4.

[10:18:30 AM](#)

REPRESENTATIVE KOPP said it's clear that SB 183 is fundamentally about the public good and is tied to the Alaska Constitution. He cited Article VIII of the Alaska Constitution, regarding management of natural resources to the "maximum benefit" of Alaskans. He stated, "There is no audit that is more material to understanding that the maximum benefit to the people, when it comes to collecting revenue for the finances of our state treasury, is more significant than the one we're talking about right now." He said he cannot imagine the courts not upholding that. He concluded, "... We want to exercise our equal, separate, but fundamental exercise of power under the constitution, and we're serious about it."

[10:20:33 AM](#)

REPRESENTATIVE EDGMON stated that he views SB 183 as a clean-up bill to codify precedented practices. He said Article 8 and Section 9 of the Alaska Constitution address the specific powers of the legislative post-audit. He talked about the inability of fiscal notes to "capture what could happen if we don't do this right." He said the state is facing deficits that will be difficult to overcome, and the stakes are high regarding the proposed legislation. He concluded that he strongly and wholeheartedly supports SB 183.

[10:21:51 AM](#)

CHAIR STUTES emphasized the crucial nature of SB 183 and its impact. She said it pertains to oil and gas money of Alaskans, as well as "what supports the state." She emphasized that she finds it "absolutely appalling" that the commissioner of DOR "could not manage to be here." She stated, "It speaks loudly and is very disconcerting."

[10:22:38 AM](#)

SENATOR GRAY-JACKSON gave wrap up comments to emphasize that the bill would not give any additional authority to the legislative auditor; it would clarify the authority the auditor already has. She thanked the committee for hearing SB 183.

[10:23:15 AM](#)

REPRESENTATIVE KOPP moved to report SB 183 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 183 was reported out of the House Rules Standing Committee.

10:23:43 AM

**ADJOURNMENT**

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 10:23 a.m.