

ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE

May 15, 2025

4:18 p.m.

MEMBERS PRESENT

Representative Ashley Carrick, Chair
Representative Andi Story, Vice Chair
Representative Rebecca Himschoot
Representative Ky Holland
Representative Sarah Vance
Representative Kevin McCabe
Representative Elexie Moore (via Teams)

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 11

"An Act relating to contributions and donations from permanent fund dividends."

- MOVED CSHB 11(STA) OUT OF COMMITTEE

HOUSE BILL NO. 1

"An Act relating to specie as legal tender in the state; and relating to borough and city sales and use taxes on specie."

- HEARD & HELD

HOUSE BILL NO. 133

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

- HEARD & HELD

HOUSE BILL NO. 4

"An Act relating to write-in candidates for President and Vice-President of the United States."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 11

SHORT TITLE: PFD CONTRIBUTIONS TO GENERAL FUND AND PF
SPONSOR(s): REPRESENTATIVE(s) PRAX

01/22/25	(H)	PREFILE RELEASED 1/10/25
01/22/25	(H)	READ THE FIRST TIME - REFERRALS
01/22/25	(H)	STA, FIN
03/20/25	(H)	STA AT 3:15 PM GRUENBERG 120
03/20/25	(H)	-- MEETING CANCELED --
05/10/25	(H)	STA AT 1:00 PM GRUENBERG 120
05/10/25	(H)	-- MEETING CANCELED --
05/13/25	(H)	STA AT 3:15 PM GRUENBERG 120
05/13/25	(H)	Heard & Held
05/13/25	(H)	MINUTE(STA)
05/15/25	(H)	STA AT 3:15 PM GRUENBERG 120

BILL: HB 1

SHORT TITLE: SPECIE AS LEGAL TENDER
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)	STA, FIN
04/15/25	(H)	STA AT 3:15 PM GRUENBERG 120
04/15/25	(H)	-- MEETING CANCELED --
04/29/25	(H)	STA AT 3:15 PM GRUENBERG 120
04/29/25	(H)	Heard & Held
04/29/25	(H)	MINUTE(STA)
05/08/25	(H)	STA AT 3:15 PM GRUENBERG 120
05/08/25	(H)	Heard & Held
05/08/25	(H)	MINUTE(STA)
05/15/25	(H)	STA AT 3:15 PM GRUENBERG 120

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
04/10/25	(H)	Heard & Held
04/10/25	(H)	MINUTE(CRA)
04/29/25	(H)	CRA AT 8:00 AM BARNES 124
04/29/25	(H)	Moved CSHB 133(CRA) Out of Committee
04/29/25	(H)	MINUTE(CRA)
04/30/25	(H)	CRA RPT CS(CRA) NEW TITLE 4DP 2NR
04/30/25	(H)	DP: HOLLAND, HALL, HIMSCHOOT, MEARS
04/30/25	(H)	NR: PRAX, RUFFRIDGE
04/30/25	(H)	FIN REFERRAL ADDED AFTER STA
05/15/25	(H)	STA AT 3:15 PM GRUENBERG 120

BILL: HB 4

SHORT TITLE: PRESIDENTIAL WRITE-IN VOTES

SPONSOR(S): REPRESENTATIVE(S) SADDLER

01/22/25	(H)	PREFILE RELEASED 1/10/25
01/22/25	(H)	READ THE FIRST TIME - REFERRALS
01/22/25	(H)	STA, JUD
02/11/25	(H)	STA AT 3:15 PM GRUENBERG 120
02/11/25	(H)	Heard & Held
02/11/25	(H)	MINUTE(STA)
05/15/25	(H)	STA AT 3:15 PM GRUENBERG 120

WITNESS REGISTER

RILEY NYE, Staff
 Representative Mike Prax
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Prax, prime sponsor of HB 11, gave feedback on proposed amendments.

GENEVIEVE WOJTUSIK, Director
 Permanent Fund Dividend Division
 Department of Revenue
 Juneau, Alaska

POSITION STATEMENT: Responded to questions during the hearing on HB 11.

DANIEL DIAZ, Executive Director
Citizens for Sound Money
Sebastian, Florida

POSITION STATEMENT: Testified in support of HB 1.

NILS ANDREASSEN, Executive Director
Alaska Municipal League
Juneau, Alaska

POSITION STATEMENT: Asked a series of questions during the hearing on HB 1; gave invited testimony in support of CSHB 133(CRA).

LAWRENCE HILTON, General Counsel
United Precious Metals Association
Alpine, Utah

POSITION STATEMENT: Testified in support of HB 1.

LAURIE WOLF
The Foraker Group
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of CSHB 133(CRA).

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

POSITION STATEMENT: Gave invited testimony in support of CSHB 133(CRA).

SUSAN ANDERSON, CEO
Boys & Girls Club of Southcentral Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 133.

TREVOR STORRS, President & CEO
Alaska Children's Trust
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 133.

REPRESENTATIVE DAN SADDLER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 4.

ACTION NARRATIVE

[4:18:39 PM](#)

CHAIR ASHLEY CARRICK called the House State Affairs Standing Committee meeting to order at 4:18 p.m. Representatives McCabe, Holland, Moore (via Teams), Story, and Carrick were present at the call to order. Representatives Himschoot and Vance arrived as the meeting was in progress.

HB 11-PFD CONTRIBUTIONS TO GENERAL FUND AND PFD

[4:20:06 PM](#)

CHAIR CARRICK announced that the first order of business would be HOUSE BILL NO. 11, "An Act relating to contributions and donations from permanent fund dividends."

[4:20:29 PM](#)

CHAIR CARRICK opened public testimony on HB 11. After ascertaining there was no one who wished to testify, she closed public testimony.

[4:21:02 PM](#)

CHAIR CARRICK moved to adopt Amendment 1 to HB 11, labeled 34-LS0182\A.1, Nauman, 5/14/25, which read as follows:

Page 3, line 19:

Delete "10 percent of the amount of the dividend"
Insert "\$25 dollars"

Page 3, line 20:

Delete "10 percent"
Insert "\$25 dollars"

CHAIR CARRICK stated that she would object to Amendment 1 for the purpose of speaking to the amendment. She said that it would simply change the amount that someone can donate their permanent fund dividend (PFD) from an increment of 10 percent to increments of twenty-five dollars. She said that this would align with the current structure of the "click, pick, give" program. She said that it would also align with how individuals are currently able to donate to the education raffle. She said that by structuring donations this way, it would avoid confusion for those applying for the dividend who may not understand the

10 percent structure. She said that she offered this amendment to avoid this type of confusion.

[4:22:13 PM](#)

REPRESENTATIVE STORY asked what the bill sponsor thought about the proposed amendment.

[4:22:25 PM](#)

RILEY NYE, Staff, Representative Mike Prax, Alaska State Legislature, on behalf of Representative Prax, prime sponsor of HB 11, characterized Amendment 1 as a "friendly" amendment. He said that the amendment would not impact bill implementation or intent.

[4:22:49 PM](#)

REPRESENTATIVE HOLLAND asked Mr. Nye if somebody wanted to give away the remaining part of the PFD, and it was not captured by the \$25 breakdown, whether there had been any discussions for how to clear the remaining dividend.

CHAIR CARRICK said that she has thought about this scenario and discussed it. She discussed anecdotal evidence regarding how most people manage their PFD donations.

[4:24:47 PM](#)

CHAIR CARRICK removed her objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

[4:25:05 PM](#)

REPRESENTATIVE HOLLAND moved to adopt Amendment 2 to HB 11, labeled 34-LS0182\A.2, Nauman, 5/14/25, which read as follows:

Page 1, line 1, following "**dividends**":
Insert "**; and relating to disclosures included with an individual permanent fund dividend**"

Page 1, following line 2:
Insert a new bill section to read:

"* Section 1. AS 43.23.028(a) is amended to read:
(a) By October 1 of each year, the commissioner shall give public notice of the value of each permanent fund dividend for that year and notice of

the information required to be disclosed under (3) of this subsection. In addition, the stub attached to each individual dividend disbursement advice must

(1) disclose the amount of each dividend attributable to income earned by the permanent fund from deposits to that fund required under art. IX, sec. 15, Constitution of the State of Alaska;

(2) disclose the amount of each dividend attributable to income earned by the permanent fund from appropriations to that fund and from amounts added to that fund to offset the effects of inflation;

(3) disclose the amount by which each dividend has been reduced due to each appropriation from the dividend fund, including amounts to pay the costs of administering the dividend program and the hold harmless provisions of AS 43.23.240;

(4) include a statement that an individual is not eligible for a dividend when

(A) during the qualifying year, the individual was convicted of a felony;

(B) during all or part of the qualifying year, the individual was incarcerated as a result of the conviction of a

(i) felony; or

(ii) misdemeanor if the individual has been convicted of a prior felony or two or more prior misdemeanors;

(5) include a statement that the legislative purpose for making individuals listed under (4) of this subsection ineligible is to

(A) provide funds for services for and payments to crime victims and operating costs of the Violent Crimes Compensation Board;

(B) provide funds to pay restitution owed to crime victims;

(C) provide funds for grants to nonprofit organizations for services for crime victims and for mental health services and substance abuse treatment for offenders;

(D) provide funds for the office of victims' rights;

(E) provide funds to the Council on Domestic Violence and Sexual Assault for grants for the operation of domestic violence and sexual assault programs; and

(F) obtain reimbursement for some of the costs imposed on the Department of Corrections related to incarceration or probation of those individuals;

(6) disclose the total amount that would have been paid during the previous fiscal year to individuals who were ineligible to receive dividends under AS 43.23.005(d) if they had been eligible;

(7) disclose the total amount transferred or appropriated for the current fiscal year under AS 43.23.048 for each of the accounts, funds, and agencies listed in AS 43.23.048;

(8) include a statement that the total amount of the dividend may be subject to federal individual income tax, regardless of donations or contributions made under AS 43.23.130, 43.23.135, or 43.23.230."

Page 1, line 3:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill section accordingly.

CHAIR CARRICK objected for the purpose of discussion.

REPRESENTATIVE HOLLAND explained that Amendment 2 would be a disclosure that would be added to the dividend process. He said that it simply would provide a disclosure that the total amount of the dividend may be subject to Federal Income Tax, regardless of any donations or contributions to charitable groups. He talked about the issue of surprise Federal Income Tax for individuals who donated their PFD. He discussed confusion associated with energy rebates and new taxable income and related it to the proposed amendment.

[4:26:43 PM](#)

REPRESENTATIVE STORY asked Mr. Nye what the bill sponsor thought of the amendment.

MR. NYE responded that given discussions with the bill sponsor, Representative Prax, he was happy to defer to the will of the committee for this amendment. He said that this would likely not cause any major fiscal implications but said Ms. Wojtusik may be able to speak to the mechanics about implementing this amendment.

[4:27:28 PM](#)

CHAIR CARRICK asked Ms. Wojtusik whether Amendment 2 would bear a cost to administer.

[4:27:38 PM](#)

GENEVIEVE WOJTUSIK, Director, Permanent Fund Dividend Division, Department of Revenue (DOR), responded that she did not believe that there would be any additional cost other than what was already associated with the bill. She said that there is already an indeterminate fiscal note with the required programming. She cautioned that the PFD division does not do any administration with tax and PFD division usually defers to the tax division. She said that having a statement like this would be a new piece to the PFD application.

[4:28:32 PM](#)

REPRESENTATIVE STORY commented that it would be helpful for the public to be reminded that there are federal tax deductions on the PFD. She said she was in favor of Amendment 2.

[4:28:55 PM](#)

REPRESENTATIVE HOLLAND explained that Amendment 2 uses the word "may" and noted that it would not be "tax advice." He said the wording was done this way to avoid confusion.

[4:29:30 PM](#)

CHAIR CARRICK removed her objection. There being no further objection, Amendment 2 was adopted.

[4:29:49 PM](#)

REPRESENTATIVE HOLLAND moved to adopt Amendment 3 to HB 11, labeled 34-LS0182\A.3, Nauman, 5/14/25, which read as follows:

Page 1, line 1, following "Act":

Insert **"relating to the calculation of the permanent fund dividend; relating to eligibility forms and applications for the permanent fund dividend; relating to appropriations from the dividend fund to the general fund; and"**

Page 1, following line 2:

Insert new bill sections to read:

"* Section 1. AS 43.23.005(a) is amended to read:

(a) An individual is eligible to receive one permanent fund dividend each year in an amount to be determined under AS 43.23.025 if the individual

(1) submits the eligibility form and application for the dividend [APPLIES] to the department;

(2) is a state resident on the date the individual submits the eligibility form and [OF] application;

(3) was a state resident during the entire qualifying year;

(4) has been physically present in the state for at least 72 consecutive hours at some time during the prior two years before the current dividend year;

(5) is

(A) a citizen of the United States;

(B) an alien lawfully admitted for permanent residence in the United States;

(C) an alien with refugee status under federal law; or

(D) an alien that has been granted asylum under federal law;

(6) was, at all times during the qualifying year, physically present in the state or, if absent, was absent only as allowed in AS 43.23.008; and

(7) was in compliance during the qualifying year with the military selective service registration requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements were applicable to the individual, or has come into compliance after being notified of the lack of compliance.

*** Sec. 2.** AS 43.23.005(c) is amended to read:

(c) A parent, guardian, or other authorized representative may apply for and claim a permanent fund dividend on behalf of an unemancipated minor or on behalf of a disabled or an incompetent individual who is eligible to receive a payment under this section. Notwithstanding (a)(2) - (4) of this section, a minor is eligible for a dividend if, during the two calendar years immediately preceding the current dividend year, the minor was born to or adopted by an individual who is eligible for a dividend for the current dividend year.

* **Sec. 3.** AS 43.23.005(h) is amended to read:

(h) If an individual who **applied for and** would otherwise have been eligible for a permanent fund dividend dies [AFTER APPLYING FOR THE DIVIDEND BUT] before the dividend is paid, the department shall pay the dividend to a personal representative of the estate or to a successor claiming personal property under AS 13.16.680. If an individual who would otherwise have been eligible for a dividend and who did not apply for the dividend dies during the application period, a personal representative of the estate or a successor claiming personal property under AS 13.16.680 may apply for and receive the dividend. If an individual who received a dividend for the year immediately before the qualifying year and who would otherwise have been eligible for a dividend dies during the qualifying year after having been a state resident for at least 180 days immediately before the date of death, notwithstanding (a)(1) - (3) and (a)(6) of this section, a personal representative of the estate or a successor claiming personal property under AS 13.16.680 may apply for and receive the dividend. Notwithstanding AS 43.23.011, an application for a dividend may be filed by the personal representative or the successor under this subsection at any time before the end of the application period for the next dividend year.

* **Sec. 4.** AS 43.23.011(a) is amended to read:

(a) An **eligibility form and** application for a permanent fund dividend shall be filed during the period that begins January 1 and ends March 31 of that dividend year.

* **Sec. 5.** AS 43.23.015(b) is amended to read:

(b) The department shall prescribe and furnish an **eligibility** [APPLICATION] form for **an individual** claiming a permanent fund dividend. The **eligibility form** [APPLICATION] must include

(1) notice of the penalties provided for under AS 43.23.270;

(2) a statement of eligibility and a certification of residency;

(3) the means for an **individual** [APPLICANT] eligible to vote under AS 15.05, or a person authorized to act on behalf of the applicant, to furnish information required by AS 15.07.060(a)(1) - (4) and (7) - (9), and an attestation that **the** [SUCH] information is true.

* **Sec. 6.** AS 43.23.015(c) is amended to read:

(c) Except as provided in (d) of this section or as may be provided by regulations adopted by the department, an individual must personally sign the **eligibility form** [APPLICATION] for permanent fund dividends, including the certification of residency required under (b) of this section.

* **Sec. 7.** AS 43.23.015(d) is amended to read:

(d) The **eligibility form,** application, and certification of residency of an unemancipated individual under 18 years of age or of a disabled or an incompetent individual must be signed by the individual's parent, legal guardian, or other authorized representative. An individual may complete, sign, and file an **eligibility form and** application on behalf of a member of the armed forces of the United States who is serving on active duty outside of the United States if the individual has a power of attorney from the member of the armed forces that authorizes, in specific or general terms, the individual to file that **eligibility form and** application.

* **Sec. 8.** AS 43.23.015(j) is amended to read:

(j) The **eligibility** [APPLICATION] form for claiming a permanent fund dividend must include a place for the **individual** [APPLICANT] to voluntarily indicate that the **individual** [APPLICANT] is a veteran, the branch of service, including the Alaska Territorial Guard, and the dates of service. Notwithstanding AS 43.23.110, the department shall release information provided under this subsection to the Department of Military and Veterans' Affairs and may not otherwise release the information. The Department of Military and Veterans' Affairs may only release the information to congressionally chartered veterans service organizations in the state. The **eligibility** [APPLICATION] form must contain notice that providing the information under this subsection is voluntary, that the information will be released as provided in this subsection, and that the veterans service organizations are not required to keep it confidential.

* **Sec. 9.** AS 43.23 is amended by adding a new section to read:

Sec. 43.23.018. Eligibility form; application.

The department shall prepare an electronic Alaska permanent fund eligibility form separate from the

dividend application. The eligibility form must allow an individual to determine the individual's eligibility for a dividend before applying for the dividend payment. After the individual submits the eligibility form, and before the individual applies for the dividend, the department shall notify the individual that a dividend not claimed by an eligible individual is deposited into the general fund, subject to appropriation.

* **Sec. 10.** AS 43.23 is amended by adding a new section to read:

Sec. 43.23.023. Foregone dividends. (a) Each year, the department shall determine the amount of foregone dividends. The amount of foregone dividends is the number of individuals, estates, and successors that submitted an eligibility form and are eligible to receive, but do not apply for, the permanent fund dividend, multiplied by the amount of the dividend for that year, as calculated under AS 43.23.025(a).

(b) Each fiscal year, the legislature may appropriate from the dividend fund to the general fund an amount equal to the amount of foregone dividends determined under (a) of this section.

* **Sec. 11.** AS 43.23.025(a) is amended to read:

(a) By October 1 of each year, the commissioner shall determine the value of each permanent fund dividend for that year by

(1) determining the total amount available for dividend payments, which equals

(A) the amount of income of the Alaska permanent fund transferred to the dividend fund under AS 37.13.145(b) during the current year;

(B) plus the unexpended and unobligated balances of prior fiscal year appropriations that lapse into the dividend fund under AS 43.23.045(d);

(C) less the amount necessary to pay prior year dividends from the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and 43.23.055(3) and (7);

(D) less the amount necessary to pay dividends from the dividend fund due to eligible applicants who, as determined by the department, filed for a previous year's dividend by the filing deadline but who were not included in a previous year's dividend computation;

(E) less appropriations from the dividend fund during the current year, including amounts to pay

costs of administering the dividend program and the hold harmless provisions of AS 43.23.240;

(2) determining the number of individuals **who have applied for and are** eligible to receive a dividend payment for the current year and the number of estates and successors **that have applied for and are** eligible to receive a dividend payment for the current year under AS 43.23.005(h); and

(3) dividing the amount determined under (1) of this subsection by the amount determined under (2) of this subsection."

Page 1, line 3:

Delete "**Section 1**"

Insert "**Sec. 12**"

Renumber the following bill sections accordingly.

Page 3, following line 12:

Insert a new bill section to read:

"* **Sec. 13.** AS 43.23.110 is amended to read:

Sec. 43.23.110. Applicant information confidential. (a) Except as provided in (c) of this section, information **provided by an individual** on a [EACH] permanent fund dividend **eligibility form or** application, except the **individual's** [APPLICANT'S] name, is confidential. The department may only release information that is confidential under this section

(1) to a local, state, or federal government agency;

(2) in compliance with a court order;

(3) to the individual who or agency that files an **eligibility form or** application on behalf of another;

(4) to a banking institution to verify the direct deposit of a permanent fund dividend or correct an error in that deposit;

(5) as directed to do so by the **individual** [APPLICANT];

(6) to a contractor who has a contract with a person entitled to obtain the information under (1) - (5) of this section to receive, store, or manage the information on that person's behalf; a contractor receiving data under this paragraph may only use the data as directed by and for the purposes of the person entitled to obtain the information;

(7) to the division of elections as required by AS 43.23.101.

(b) Notwithstanding (a) of this section, the department may release the names and addresses of individuals who have filed an eligibility form or application for a permanent fund dividend [APPLICANTS] to a legislator of this state and to the legislator's office staff for official legislative purposes.

(c) Information submitted on a permanent fund dividend eligibility form [APPLICATION] that is used for the purpose of registering an individual [APPLICANT] to vote under AS 43.23.101 shall be kept confidential by the division of elections as provided in AS 15.07.195."

Renumber the following bill sections accordingly.

Page 4, following line 4:

Insert new bill sections to read:

"* **Sec. 15.** AS 43.23.200(a) is amended to read:

(a) Except as provided in (b) of this section, a person who has applied for and is eligible to receive a permanent fund dividend may not assign the right to the dividend. An attempted assignment of the right to receive a permanent fund dividend is against public policy and is void.

* **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to read:
APPLICABILITY. This Act applies to the permanent fund dividend 2024 qualifying year for the 2025 permanent fund dividend."

CHAIR CARRICK objected for the purpose of discussion.

REPRESENTATIVE HOLLAND explained that Amendment 3 was a follow-up to the discussion from prior hearings. He talked about the option for somebody to opt out of the PFD and roll it back into the state general fund (GF). He explained that there would be two potential issues to the idea. One was that currently, if someone chooses not to take the PFD, their money will go into the general PFD pool to increase other applicant dividends. He said the way the application process is structured, if someone were to somehow designate it to go to the GF, it would still be considered a "taxable" personal decision. He commented on previous discussions about how to avoid taxable debt. He said simply put, Amendment 3 would split up the process of PFD eligibility and PFD application. He said that by not filling

out the application, the Alaska Permanent Fund Corporation (APFC) would be able to "sweep up" the eligible dividends that were not received by anyone. He said that it is a plausible pathway to avoid federal tax stipulations but said that this may not be easy to implement.

CHAIR CARRICK said that the PFD Division could speak to Amendment 3.

[4:33:49 PM](#)

MS. WOJTUSIK explained that the PFD Division has only begun looking at Amendment 3 and would require some time to review it. She said the current bill has an indeterminate fiscal note for programming costs and Amendment 3 might need an additional fiscal note for staffing. She said that as Representative Holland alluded to, Amendment 3 would split the process up and this may require some additional "manpower." She said the division would need more time to evaluate and report on any impact to the bill's fiscal note.

[4:34:52 PM](#)

MR. NYE said that he has looked extensively into this issue and while he found that the proposed method may technically work, it is not the solution that Representative Prax was looking for. He said that this would provide Alaskans with an "all or nothing" approach to donating to the GF and the intent is to find a solution to the federal income tax that would allow for donations in increments. He said that from what he found, such a solution does not seem to exist. He said the bill sponsor intended to "veer away" from this path.

[4:35:39 PM](#)

REPRESENTATIVE HIMSCHOOT asked why an Alaskan would bother to establish eligibility if they did not want to receive a dividend. She said that she was unsure how many people would do this.

[4:36:16 PM](#)

REPRESENTATIVE HOLLAND responded that he knew many individuals that would like to use the dividend to pay for things. He talked about the legal ways for someone to give the dividend back. He said someone would have to be motivated to help pay for a particular state or all state services. He acknowledged

that there was uncertainty to the mechanics of this and it may not be aligned with the bill sponsor's intent.

REPRESENTATIVE HOLLAND [moved to withdraw] Amendment 3, noting appreciation for its consideration but acknowledged that it would not address "what the sponsor is wanting to do."

CHAIR CARRICK noted, [there being no objection], Amendment 3 was withdrawn. She remarked that a lot of Alaskans may be unaware that the dividend is subject to federal tax, including the donations. She said that this is a worthwhile issue to look at.

CHAIR CARRICK ascertained there was no further discussion on HB 11.

[4:38:22 PM](#)

REPRESENTATIVE STORY moved to report HB 11, as amended, out of committee with individual recommendations and the accompanying fiscal notes and to authorize Legislative Legal Services to make any necessary technical and conforming changes. There being no objection, CSHB 11 (STA) was reported out of the House State Affairs Standing Committee.

[4:38:55 PM](#)

The committee took an at-ease from 4:38 p.m. to 4:41 p.m.

HB 1-SPECIE AS LEGAL TENDER

[4:41:41 PM](#)

CHAIR CARRICK announced that the next order of business would be HOUSE BILL NO. 1, "An Act relating to specie as legal tender in the state; and relating to borough and city sales and use taxes on specie."

CHAIR CARRICK opened public testimony on HB 1.

[4:42:22 PM](#)

DANIEL DIAZ, Executive Director, Citizens for Sound Money, testified in support of HB 1. He said that Citizens for Sound Money promotes the use of sound money and protects people's rights to do so. He said that the organization has been active throughout the country, including Florida and Missouri. He remarked that these states had recently passed legislation

supporting gold and silver as legal tender. He said that a reason for this is because since 1971 the United States Dollar (USD) has lost approximately 98 percent of purchasing power. He said that given a study from the previous year, about 78 percent of Americans are living "paycheck to paycheck." He said that he has come across individuals who were struggling and gave an example of an Uber driver he met in Missouri who was struggling with retirement. He discussed a similar story in New Hampshire regarding an individual's difficulty in making ends meet. He said that given the loss of the purchasing power of the USD, people are struggling to get by. He remarked that by bringing gold and silver back as tender, it would give people the option to save some "economic energy." He said that these precious metals have consistently stored value that fights inflation. By removing the sales tax on gold and silver, it would remove penalties from people who are trying to preserve their wealth and purchasing power. He commended Representative McCabe for pushing the bill and others who have testified in support of this legislation.

[4:46:27 PM](#)

NILLS ANDREASSEN, Executive Director, Alaska Municipal League (AML), explained that he would seek answers to questions to better understand the proposed legislation and its impact. He said that to his understanding silver coins of the United States that are legal tender already would include nickels, dimes, and quarters and inquired what else would be included under the bill. He said that the Coinage Act of 1965 already states that these are legal tender for public debt and how exactly this proposed legislation would intersect with pre-existing federal legislation he did not know. He said that the legislation states that people do not need to accept gold or silver specie and asked about state and local governments since they are not people. He asked whether this would apply to government and whether there was a fiscal note for it. He opined that local governments were not equipped to accommodate specie. He said that Alaska Statute (AS) 01.10.060 definitions suggest that a person could include corporations, company partnerships, firms, associations, organizations, business trusts or society, and a natural person. He explained definitions associated with "persons." He asked whether the state would hire an assayer to authenticate the weight and purity of the new tender and whether local governments should do the same and, furthermore, whether the state should start gathering a list of approved assayers. He said that assayers in other states have received a fiscal note of between \$61,000 and \$193,000 and asked whether this

should be expected and the department to which they would belong. He asked if there would be a licensing process for this and a board to oversee this. He also asked what regulations would be necessary to determine precious metal pricing. He discussed complications with spot prices and the challenges with market fluctuations. He said that the legislation does not specify how the state would manage these fluctuations. He also asked whether the Department of Revenue would be involved as well, how local governments should account for gold specie, cash, or assets, and what accounting standards should be used. He talked about minted coins being already in circulation.

MR. ANDREASSEN said that the remaining questions pertain to foreign coins, non-circulating legal tender, and coins in the world catalog. Furthermore, he asked how the legislation would intersect with other legal codes and there was a litany of other questions that would need to be answered.

CHAIR CARRICK noted that she appreciated the questions and asked for them to be forwarded to the committee members.

[4:51:47 PM](#)

LAWRENCE HILTON, General Counsel, United Precious Metals Association, testified in support of HB 1. He remarked that United Precious Metals is dedicated to helping people. He discussed the Gold and Silver Coin Act of 1985, [a combination of the Gold Bullion Coin Act of 1985 and the Liberty Coin Act], which was adopted at the federal level during the Reagan Administration. He said that the proposed legislation has some important levels of consumer protection. Furthermore, he described the issue of capital gains tax relative to gold and silver. He said that when using gold and silver that is not classified as legal tender, under Internal Revenue Code (IRC) Section 1001(b) there would be a requirement to calculate the capital gains. He said that by making gold and silver legal tender, it becomes money and gets excluded from the laborious and difficult capital gains calculation when transacting in gold and silver. He pointed out that Alaska is the number two producer of refined gold in the United States. He said that Alaska has a large measure of gold in the economy, and the bill would promote the use of gold and promote Alaska's economy.

MR. HILTON noted that there was some suggestion that municipalities would be required to accept gold or silver as payment. However, the bill explicitly states that no person shall be required to do so, and participation is entirely

voluntary. He said it is important for the committee to understand this point clearly. Additionally, the bill references a Federal Criminal Statute, 18 U.S. Code 486, which imposes liability on individuals who "utter or pass" precious metal currency. There is, however, a critical qualifier: "unless otherwise authorized by law". This bill would create a legal safe harbor in which Alaskans can operate without fear of federal prosecution under 486. This concern was raised previously. During the Reagan Administration, there was a reintroduction – or re-mintage – of gold and silver coins in 1985. A little known provision from that time requires the Secretary of the Treasury to apply all proceeds from the sale of gold toward reducing national debt. When asked how this mechanism was intended to work, then-Treasury Secretary Donald Regan explained to one of the board members that the idea was to give Americans the ability to replace the current debt-based monetary system with a solid, sound money currency. As people adopted gold and silver coins, they would gradually retire from the old system. He talked about consumer protection and said that the proposed bill has many consumer protections. He then talked about capital gains tax, if using non legal gold and silver. He mentioned IRC code section 1001b and talked about calculating capital gains tax.

[4:56:46 PM](#)

CHAIR CARRICK, after ascertaining there was no one else who wished to testify, closed public testimony on HB 1.

[4:57:01 PM](#)

REPRESENTATIVE HOLLAND moved to adopt Amendment 1 to HB 1, labeled 34-LS0001\A.1, Nauman, 5/8/25, which read as follows:

Page 2, line 3, following "the":

Insert "value of the gold or silver contained within specie during the"

Page 2, line 13, following "the":

Insert "value of the gold or silver contained within specie during the"

CHAIR CARRICK objected for the purpose of discussion.

REPRESENTATIVE HOLLAND said that Amendment 1 would insert language regarding the value of gold and silver contained in the specie, into the language of the bill. He said that this was

brought forward with his efforts and joint discussions with the prime sponsor, Representative McCabe. He said this was to clarify whether the sales tax would be on any sort of gold or silver that might meet the page 3 definition of legal tender. He said that it could be a Roman Coin from 2,000 years ago, in which case, the sales tax might be exempted on the collectible value of it, versus the intent of the bill which is to exempt the use of specie as a form of value based on actual precious metal content. He said that Amendment 1 is an attempt to provide some clarification of what the sales tax is being exempted on. He believed Amendment 1 would conform to the intent of the bill and sales tax differences could be clarified between monetary use based on precious metal value and collection value. He said if it was a Roman Coin made from gold that had a value beyond its precious metal price, then the remaining value would be subject to sales tax. He allowed that the proposed amendment may not be perfect, but it was an attempt to clarify and protect the intent of the bill and he welcomed any questions.

[4:58:56 PM](#)

REPRESENTATIVE MCCABE responded that this was discussed with The Sound Money Group and Mr. Diaz. He said that Amendment 1 was not necessary because if a \$10,000 gold Roman coin were used, it would be a barter as opposed to being used as a currency. He said the amendment would not impair the original intent of the bill and he was neither in opposition nor support of the amendment.

[5:00:41 PM](#)

REPRESENTATIVE HIMSCHOOT said that she has continually been troubled by when the Federal Government issues USDs and it is counterfeit if anybody else issues it. She wondered that with HB 1, whether there could be multiple sources of specie. She said she may support the amendment because it pertains to the value or the amount of gold or silver in the tender.

[5:01:41 PM](#)

REPRESENTATIVE MCCABE responded yes, when the government issues a bill that is not gold and it is counterfeit, it would be a crime. He told the committee to remember that when dealing with gold, it has nothing to do with bill currency. He said that it pertains to using metals under the U.S. Constitution as legal tender. He talked about consumer protections associated with

counterfeiting gold and compared them to using a brown pen when authenticating 100-dollar bills. He talked about using serial numbers and other means of authentication for previous metals. He said that conflating this issue with dollar bills would mean that the legislation is not being thought of in the correct terms.

[5:02:58 PM](#)

REPRESENTATIVE HIMSCHOOT commented on the specie example that was previously brought to the committee. She said that if someone had a different instrument and claimed there was a certain amount of gold in it, someone may not know how much was in it unless they had the appropriate equipment or tools. She was unsure whether the sentiment had to do with just counterfeiting but assuring consumer protection when trading in the new legal tender.

REPRESENTATIVE MCCABE responded that Mr. Hilton could better address this. He said that someone could absolutely use a Loony or Krugerrand, and it would require stamping and weight. He opined that Goldback specie is less counterfeitable due to protections that Goldbacks have.

[5:04:48 PM](#)

MR. HILTON explained gold and silver are valued based on form, weight, and purity, which means the monetary worth of a unit depends on its physical characteristics and associated premiums. For example, a 400-ounce gold bar used by central banks carries a different metal value than a Goldback, which contains just one-thousandth of an ounce. He commented that states often address this by exempting the value of gold or silver instruments from taxation up to a certain percentage above the spot price, typically based on the 400-ounce bar standard. He noted that collectibles or jewelry may be worth many times more than the raw metal value, so a cap—such as 100 percent over the spot price—is suggested to maintain fairness. He commented that the London Bullion Market Association (LBMA) publishes a daily fix based on the 400-ounce delivery bar, while the United Precious Metals Association (UPMA) provides a rate based on U.S. minted gold coins, each reflecting different premiums. Therefore, a reasonable approach is to define value as a percentage over the most recent LBMA daily fix.

[5:07:25 PM](#)

CHAIR CARRICK removed her objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

5:07:38 PM

CHAIR CARRICK moved to adopt Amendment 2 to HB 1, labeled 34-LS0001\A.2, Nauman, 5/14/25, which read as follows:

Page 3, line 11, following "state.":
Insert "The committee shall also study consumer protections and consumer behavior related to the sale and use of specie."

CHAIR CARRICK stated that she would object to Amendment 2 for the purpose of discussion. She said that Amendment 2 would simply add to the last section of the proposed legislation. She said that it would include a Joint Legislative Budget and Audit Committee study regarding consumer protection, consumer behavior related to sale and use of specie. It was to her understanding that this type of tender is already being used in Alaska, and a study could help illustrate circulation. Her intent is to have the scope of the study look at this type of information and help develop a better specie market in Alaska.

CHAIR CARRICK responded to a previous concern from Representative Story regarding consumer protection. She said that when embarking on this legislative route, she wanted the scope of the study to also include what types of consumer protection issues may have arisen and what would be done to mitigate any outstanding issues. She deferred to Representative McCabe, bill sponsor, for any comments.

5:09:11 PM

REPRESENTATIVE MCCABE said that he was fine with Amendment 2 and remarked that he thinks this type of study is what the Joint Legislative Budget and Audit Committee would typically conduct; the amendment would clarify what was being requested.

5:09:36 PM

REPRESENTATIVE VANCE said that perhaps when conducting this study, cryptocurrencies such as Bitcoin could be evaluated as well.

CHAIR CARRICK removed her objection to the motion to adopt Amendment 2. There being no further objection, Amendment 2 was adopted.

[5:10:11 PM](#)

The committee took an at-ease from 5:10 p.m. to 5:13 p.m.

[5:13:08 PM](#)

CHAIR CARRICK noted that HB 1, as amended, was before the committee.

[5:13:28 PM](#)

REPRESENTATIVE STORY sought clarification regarding the timeline of the study. She explained that language on page 3, [subsection (c), beginning on line 9], led her to think the study would happen first; however, further review of the bill indicated that "something would be enacted and then they're studying it." Next, she inquired how much lost revenue due to tax changes would impact municipalities. Finally, she asked for feedback regarding the statements of previous testifiers: elaboration on the premium that would be added depending on daily pricing and any adverse impacts to municipalities there may be with a value percentage and exemptions in place.

[5:15:15 PM](#)

REPRESENTATIVE MCCABE proffered that when running a previous version of the bill, AML suggested that there would be several million dollars in lost revenue to the state but did not provide any data to support that. He said as sponsor, when collecting data and speaking to several cities that had a sales tax, he found that many cities like Wasilla could not "parse it out." He said it is hard to distinguish the difference between a store that sells teddy bears and one that sells gold coins. The tax estimates were not that granular in detail and made impact assessments difficult. He said that estimations were based on other states that did have data and were of an equal population. He said the result of this study was that \$27,000 in lost tax revenue across the state was estimated. He felt that this lost tax revenue would be mitigated by gaining resilience to any strong negative downturns of the USD. He said people would have stable stored value and this would be a more important benefit than the loss of \$27,000 in tax revenue in a state of over

700,000 people. He said that he was happy to share these calculations with the committee.

REPRESENTATIVE MCCABE, in response to previous comments from Mr. Andreassen, said that nickels, dimes, and quarters are not made from silver unless they were made prior to 1964. He urged caution in making this kind of misclassification. He offered his understanding that the State of Alaska would not be required to accept this type of new payment and, thus, there would be no assayer and need for additional staff. He said that the bill would not create a repository, and this was not part of the legislation. He said all that HB 1 would do is allow specie to be used as legal tender, which he said was allowed under the U.S. Constitution. He referred to legal codes previously mentioned in testimony. He said that any Internal Revenue Service (IRS) tax liability would be between the person and the IRS.

CHAIR CARRICK said that she would like to see questions answered regarding this legislation at an upcoming committee meeting.

CHAIR CARRICK announced that HB 1, as amended, was held over.

HB 133-PAYMENT OF CONTRACTS

[5:19:00 PM](#)

CHAIR CARRICK announced that the next 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." [Before the committee was CSHB 133(CRA).]

[5:19:36 PM](#)

REPRESENTATIVE HIMSCHOOT, as prime sponsor, introduced CSHB 133(CRA). She said that the issue that the proposed legislation seeks to address is Alaska's longstanding challenges to fulfill financial commitments to the nonprofit, municipal, and tribal partners. She said that this is not a new issue, nor was it attributed to any single administration, but it has taken place over many years. She remarked that the state struggles to meet payment obligations in a timely manner.

REPRESENTATIVE HIMSCHOOT commented that as the committee understood, the state relies heavily on these various partners to deliver essential services to state residents, including services not provided by the State of Alaska. She said that when the state fails to make payments, especially grant funding, there can be consequences for the benefactor. She said that the standard payment window is 30 days and, when missed, it can impair organizations, especially ones with small budgets. She said that a small municipality, nonprofit or tribal organization could have services disrupted or be forced to withdraw emergency funds to cover expenses while awaiting state commitments. She said that the strain can impact payroll, infrastructure projects, and service continuity.

REPRESENTATIVE HIMSCHOOT noted that in many rural areas, the cost associated with demobilizing projects due to delays is significant. Failure for scheduled payment increases the overall cost of projects and even reduces investment returns. She said that the bill strives for parity in treatment of private contractors and nonprofit, municipal, and tribal groups. She said the proposed legislation would establish a prompt payment required for the State of Alaska. She said that affected partners would receive interest much like private sector contracts. In conclusion, she explained that the proposed legislation is about accountability.

CHAIR CARRICK noted that the sectional analysis to CSHB 133(CRA) could be saved for after testimony.

[5:23:28 PM](#)

CHAIR CARRICK announced that the committee would hear invited testimony.

[5:23:55 PM](#)

NILS ANDREASSEN, Executive Director, Alaska Municipal League (AML), began his invited testimony in support of CSHB 133(CRA). He remarked that CSHB 133(CRA) would make significant strides to leveling the playing field and ensuring that local government, tribes, and nonprofits are paid on a timely manner. He remarked that community assistance program funding is one such sector where government payments have been consistently delayed and was an issue for local governments. He said that historically these payments were available as early as July, but that timeline has not consistently been met. He said that AML understood that

[the Department of Commerce, Community & Economic Development's (DCCED's)] Division of Community and Regional Affairs (DCRA) requirements often affect the timing of payments for some municipalities. However, given changes, prompt payments could occur early enough in the year to be effective. He discussed the timeline for community assistance applications and that DCRA recently switched to a new system. He was looking forward to ensuring local government access.

MR. ANDREASSEN expressed optimism in working through issues seen as barriers to fund distribution and encouraged the committee and administration to explore solutions, whether it was adding support staff or even technological solutions. He asked what could be done to strengthen the information flow between agencies so that documentation and payment schedules can be prompt. He argued that it had to do with increasing capacity and removing both barriers and complexity. He raised questions regarding how much of the process is established by law and what has been added through regulation where complexities may have been added. However, he acknowledged that removing safeguards was not ideal and there would have to be other areas of streamlining worthy of attention.

MR. ANDREASSEN noted that the effect of past due payments can be challenging for local government. He discussed complications with payroll, workers compensation, and property insurance. He said that delays can cause cancellations for non-payment, and it is stressful when delays affect payroll for community members. He asked for consideration how this would affect the provision of services to residents and highlighted plowing, potholes, sewage, and other services.

MR. ANDREASSEN noted that cash management can become crucial for organizations and other priorities often get deferred, all of which would limit the benefit and services provided to customers and taxpayers. He said that the system lacks the capacity to meet current obligations, let alone do more.

MR. ANDREASSEN acknowledged fiscal notes and the limited state budget due to revenue shortfalls. He argued at the very least the state should try to provide service across all types of contractors or grantees with a level of parity. He remarked that strengthening the state would require additional resources and it was something not to run from but to plan for. He said that CSHB 133(CRA) is good government, and it asks to put prompt payment into law so the State of Alaska can be a dependable partner.

[5:29:21 PM](#)

LAURIE WOLF, The Foraker Group, began her invited testimony in support of CSHB 133(CRA). She noted that the bill establishes prompt payment parity for Alaska nonprofits, municipalities, and tribal organizations for grants, contracts, and reimbursements from the State of Alaska as well as federal pass-through funding. She stated that this is one of the most important pieces of legislation for Alaska's nonprofit sector since the "Pick, Click, Give" initiative 15 years ago.

MS. WOLF said that organizations are experiencing payment delays ranging from several months to over a year with amounts varying from a few hundred dollars to over one million dollars. She said that delays affect every department in the state and impact a wide range of services, including senior care, childcare, domestic violence support, housing, food security, transportation, public safety, and other services. She said that the State of Alaska relies on nonprofit sectors to deliver these essential services and payment benefactors were state partners. She said when it comes to cash flow, these partnerships were broken. She said many nonprofits are asked to report on funding delays to receive the next payment, which is often also delayed. She said that delayed payments have become normalized or even accepted, despite funds in question already being approved by an appropriate body. She argued that if monetary funds were budgeted, approved, and allocated, then spending should occur promptly. She noted that prompt payment is already required by AS 36.90.200 for transactions with for-profit businesses, but it did not include rules for non-profit entities.

MS. WOLF commented that efforts to address this issue have occurred for multiple years and administrations. She noted that a former commissioner suggested that nonprofits secure lines of credit to manage delayed payments, implying that it was their responsibility to subsidize the state. She said many nonprofits lack the collateral required for such credit lines and it was not their job to do this.

MS. WOLF commented that the Foraker Group surveyed Alaska nonprofit sectors and studied cash flow disruptions and how they affect administrative operations, financial planning, staff, business, and other nonprofit activities. She reiterated that nonprofits do not have the financial reserves to cover major state grants or contracts while waiting for allocated funds.

She said that these delays can impair local economies and result in vendors not getting paid. She noted that the study would be shared with the committee.

MS. WOLF stated that unlike businesses or contractors working on public projects, nonprofit payment schedules are not protected by statutes that guarantee timely payment. She said that stopping services without pay has profound consequences. She acknowledged that the state may have some workforce shortages and technological hangups, but the nonprofit sector could not remain silent when a broken system is burdensome to its organizations. She urged support for CSHB 133(CRA).

[5:36:20 PM](#)

SAM CHANAR, Mayor, City of Toksook Bay, began his invited testimony in support of CSHB 133(CRA). He said that Toksook Bay plays a waiting game: The city receives a letter from the State of Alaska; the city waits for another letter regarding Community Assistance Program payments; the city then enacts an ordinance providing for the budget of the upcoming fiscal year; the city then passes a resolution certifying a financial statement; applications are submitted to comply with payment requirements; and the city then waits for payments. He discussed complications with insurance contributions and renewal processes. He said that come July, the waiting game starts regarding whether coverage would be in place. He said that if the July 31 deadline cannot be met then the city would be sent a 30-day notice of nonpayment that requires payment in full or a payment plan for the end of August. This requires additional fees and interest. He said that the city regularly risks losing its insurance coverage. He discussed challenges in Toksook Bay such as the absence of commercial fisheries, tourism unlike other areas in Alaska, and the challenges given funding holds. He said that last year Toksook Bay received Community Assistance Program funding in October, over three months after the insurance renewal deadline. He said that the City of Toksook Bay is in full support of the passage of CSHB 133(CRA).

[5:41:11 PM](#)

CHAIR CARRICK opened public testimony on HB 133.

[5:41:38 PM](#)

The committee took a brief at-ease at 5:41 p.m.

[5:42:19 PM](#)

CHAIR CARRICK said that there was a slight technical delay.

[5:42:32 PM](#)

SUSAN ANDERSON, CEO, Boys & Girls Club of Southcentral Alaska, testified in support of HB 133. She said that the Boys & Girls Club of Southcentral Alaska serves over 4,000 youth in twenty-one locations across Alaska. She said that it serves youth in nearly every legislative district. She said that the proposed legislation would create a 30-day deadline for state contracts, grants, and reimbursement agreements and a 21-day payment deadline for federal pass-through funding. She said that HB 133 would provide reliability, transparency, and accountability for payment of state obligations. She shared that in January 2024, the state owed more than \$1,000,000 to the Boys & Girls Club and it took 150 days to receive the payment. She said that January 2025 was better, but funding still took about 65 days to reach the organization. She echoed Ms. Wolf's previous testimony that delayed funding disrupts services to children, families, and caregivers. Organizations either take on debt or face fines when dealing with delayed payments. Further, delays impair planning and strain relationships with vendors and providers of services. She said that there had been positive developments as a recent payment from the state took only 10 days.

MS. ANDERSON noted that The Boys & Girls Club was a grant funded organization with an annual budget of about \$12 million and it did not have the flexibility to float payments on behalf of the state. She said that services cannot be paused because of the youth and families being supported by services. She remarked that if pay dates are missed, negative adjustments need to be made. She stated that HB 133 would support organizations such as The Boys & Girls Club and the youth affected by their services.

[5:45:53 PM](#)

TREVOR STORRS, President & CEO, Alaska Children's Trust, testified in support of HB 133. He said that the proposed legislation would ensure timely payment schedules from the State of Alaska to all the parties that provide essential services under state agreements. He said that the Alaska Children's Trust is a leading statewide organization focused on the prevention of both child abuse and neglect and supports policies that strengthen Alaska's communities and families. Ensuring

that partners are paid on time is one such policy. He said that the proposed legislation would ensure that both state and federal pass-through funding would be available. He said that the nonprofit sector continues to experience systemic challenges with lengthy delays in payments which have adversely impacted the state's communities and economy. He said that prompt payments are crucial for nonprofits and partners to execute state policy efficiently, including policies designed to protect children.

MR. STORRS remarked that according to Kids Count, in 2023, 37,000 families accessed public assistance which accounted for 21 percent of Alaska families with children. He said that families who access public assistance are also likely to access services provided by nonprofit, tribal, and community-based organizations that partner with the State of Alaska. He remarked that delays have affected services ranging from childcare, domestic violence support, housing, food security, public safety, and more. Accessing these services plays an essential role in preventing child abuse and neglect. He encouraged support for HB 133.

[5:48:07 PM](#)

CHAIR CARRICK, after ascertaining there was no one else who wished to testify, closed public testimony on HB 133.

[5:48:34 PM](#)

REPRESENTATIVE STORY said that there was compelling testimony regarding the need for timely payment. She noted that she had read the report from the Foraker Group and she knew there was an updated fiscal note regarding the bill. She inquired about how many entities such as nonprofits were not getting paid on time. Additionally, she asked how many staff could be added to ensure timeliness and what processes could be changed. She inquired as to the current process for paying benefactors. She was aware that some private contractors were not paid on time either, despite current statute. . She raised concerns given any interest fees that are having to be paid to contractors for untimely payment.

CHAIR CARRICK noted that some testifiers were available online to field some of these types of questions.

[5:50:44 PM](#)

REPRESENTATIVE HIMSCHOOT remarked that relevant departments would be available online for questions in the upcoming committee hearing on the proposed legislation. She remarked that she has worked with many departments to determine causes of these delays. She said it often stems from staff turnover and challenges related to computers and technology. She said that most departments have acknowledged the 30-day requirement and expressed a powerful desire to meet these deadlines. Some departments use centralized email addresses to avoid staffing change complications and facilitated contact with benefactors. She said that another issue was the lack of uniform grant management software. She said some states use a single software whereas Alaska departments use different systems, potentially resulting in lost efficiency. She said efforts are underway to better understand these types of challenges and that CSHB 133(CRA) was not intended to accuse departments of negligence. She acknowledged that the 30-day deadline can often be difficult to meet; however, the burden often shifts to benefacting organizations not equipped to manage delays.

REPRESENTATIVE STORY said that this explanation did help clarify the process and potential impediments to payment deadlines. She asked whether it may be appropriate to move the timeline to 45 days and how adversely it may affect contractors. She affirmed that parity across the board was ideal and asked how an effective timeline could be established. She said that she was interested to hear more about interest payments made by the state due to delays, what the approximate costs were, and approaches to mitigate the problem. She said that she was hesitant to include a timeline with the bill if it was an unrealistic timeline and asked what would be considered reasonable.

[5:54:41 PM](#)

REPRESENTATIVE MCCABE said that he appreciates the proposed bill. He said it encourages the state to do the job that it is supposed to do. He said there is a 30-day standard for contractors and delayed payments are inappropriate. He raised alarm given a one-year delay of \$1,000,000 to a village or small Native corporation and noted that current delays impact villages poorly.

REPRESENTATIVE MCCABE said that one reason he supports the bill is from his personal work experience. He said that he worked for a company that flew a significant amount of hours for the State of Alaska, and he did not know whether they had ever been

paid, and they may have given up seeking payment. He said that he knew some contractors that would not do business with the State of Alaska because of the reputation regarding payments. He agreed with Mr. Andreassen that there needs to be a way to prevent the departments from "weaponizing" fiscal notes.

REPRESENTATIVE HIMSCHOOT urged caution in placing blame on anyone as she believed the issues were systemic in nature. She said that this topic would require evaluation of the processes.

[5:56:59 PM](#)

CHAIR CARRICK noted that the testimonies were compelling and asked Representative Himschoot what processes occur in other states when doing state to state comparisons. She raised concern about any potential interest payments from delayed payment schedules. She asked what type of remediation could be done for the issue.

REPRESENTATIVE HIMSCHOOT responded to Chair Carrick that there is an Alaska Statute that requires 30-day prompt payment for the private sector, and it comes with a 10.5 percent interest penalty for past due payment. She said that she had reached out to the Department of Transportation & Public Facilities (DOT&PF) regarding late fees and was awaiting a response. She said that she would need more information for better understanding of state-to-state comparisons regarding payment schedules.

CHAIR CARRICK asked for elaboration on the 10.5 percent interest fees.

REPRESENTATIVE HIMSCHOOT responded that she was unsure where the 10.5 percent figure came from, but it was in statute. She imagined it was to "make an entity whole" for any additional costs incurred.

[5:59:27 PM](#)

REPRESENTATIVE HOLLAND remarked that he thought the fiscal note should include a statement by the departments regarding how much money they are making "on the float" - money made while holding the corpus - which he explained concerned him because it is an unfair practice. He spoke about the challenge of determining when an organization is paid, noting that in this regard, consistency would lead to better management of cash flow, whether on a 30- or 60-day payment schedule. He asked whether

there was a way to improve the expectation for payment consistency and communication.

REPRESENTATIVE HIMSCHOOT responded that understanding the "float" was a reasonable request. She said there were accountability measures built into a lot of these grants for performance. She acknowledged that consistency matters but understood that making a new "floor" for payments could be tricky, for instance if a 60-day payment became 70 days, rather than a 30-day payment becoming 40 days. She suggested one solution to this could be improved communication with partners. She reminded the committee of the Foraker Group study, [available in the committee file].

[6:04:41 PM](#)

CHAIR CARRICK announced that CSHB 133(CRA) was held over.

HB 4-PRESIDENTIAL WRITE-IN VOTES

[6:05:04 PM](#)

CHAIR CARRICK announced that the final order of business would be HOUSE BILL NO. 4, "An Act relating to write-in candidates for President and Vice-President of the United States."

[6:05:29 PM](#)

REPRESENTATIVE DAN SADDLER, Alaska State Legislature, as prime sponsor, reintroduced HB 4. He said the proposed legislation simply allows Alaskans to cast write-in candidates for President or Vice President, just as they can for any other office. He pointed out that state ballots provide write-in candidate listings for state and federal legislative seats, as well as for governor and lieutenant governor. He explained that the prohibition for Presidential write-ins are under regulations of the Division of Elections, not under statute. He opined that Alaskans deserve the full freedom to vote for candidates who reflect their values, even if not printed on the ballots.

[6:06:34 PM](#)

CHAIR CARRICK opened public testimony on HB 4. After ascertaining there was no one who wished to testify, she closed public testimony.

[6:06:49 PM](#)

CHAIR CARRICK announced that HB 4 was held over.

6:08:07 PM

ADJOURNMENT

There being no further business before the committee, the House State Affairs Committee meeting was adjourned at 6:08 p.m.