

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 5, 2025

1:31 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Kelly Merrick, Vice Chair
Senator Elvi Gray-Jackson
Senator Forrest Dunbar
Senator Robert Yundt

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

OVERVIEW: DEPARTMENT OF COMMERCE~ COMMUNITY AND ECONOMIC DEVELOPMENT.

- HEARD

SENATE BILL NO. 14

"An Act relating to the Alaska Industrial Development and Export Authority; and relating to workforce housing development projects."

- MOVED SB 14 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 14

SHORT TITLE: AIDEA FINANCE WORKFORCE HOUSING DEVELOP.

SPONSOR(s): SENATOR(s) DUNBAR

01/10/25	(S)	PREFILE RELEASED 1/10/25
01/22/25	(S)	READ THE FIRST TIME - REFERRALS
01/22/25	(S)	L&C, FIN
02/03/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/03/25	(S)	Heard & Held
02/03/25	(S)	MINUTE(L&C)
02/05/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

JULIE SANDE, Commissioner
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Presented the DCCED overview.

ANNA LATHAM, Deputy Commissioner
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Co-presented the DCCED overview.

HAHLEN BEHNKEN, Staff
Senator Forrest Dunbar
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented a brief recap of SB 14.

ACTION NARRATIVE

[1:31:50 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Merrick, Gray-Jackson, Yundt and Chair Bjorkman. Senator Dunbar arrived thereafter.

OVERVIEW: DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT.

[1:32:41 PM](#)

CHAIR BJORKMAN announced the overview from the Department of Commerce, Community and Economic Development.

[1:33:10 PM](#)

JULIE SANDE, Commissioner, Department of Commerce, Community & Economic Development (DCCED), Juneau, Alaska, presented the department overview. She moved to slide 2 and read the mission and organization of the Department of Commerce, Community and Economic Development (DCCED) as follows:

[Original punctuation provided.]

"Promote a healthy economy, strong communities, and protect consumers in Alaska."

MS. SANDE stated that the department has seven core divisions and eight corporate agencies.

[1:34:11 PM](#)

ANNA LATHAM, Deputy Commissioner, Department of Commerce, Community & Economic Development (DCCED), Juneau, Alaska, co-presented the department overview. She said although DCCED is a small department it is broad in scope, covering licensing, marketing, investments and insurance.

[1:34:38 PM](#)

MS. SANDE moved to slide 3, DCCED structure. She said the chart represents all the agencies and corporations under the Commissioner's office. She stated that the core agencies are in gray, and the corporations are in blue. She stated the Alaska Railroad Corporation is under DCEED but is exempt from the Executive Budget Act.

[1:35:12 PM](#)

MS. SANDE moved to slide 4, FY2026 Operating General Fund (UGF) by department (Governors Budget). She stated that the DCCED has the smallest amount of UGF for the state of Alaska.

[1:35:48 PM](#)

MS. SANDE moved to slide 5, Fund Sources and Division by Department. She stated the DCCED has the most complexity within the state of Alaska.

[1:36:21 PM](#)

MS. SANDE moved to slide 7, Commissioner's Office. She stated that the responsibilities of the commissioner's office and listed the different offices they have under their umbrella. The offices are legislative relations, boards and commissions, office of international trade, economic development, special projects and marketing Alaska. She stated she meets with consul generals and recently traveled to San Francisco to meet with consul generals from several countries that have interest in Alaska.

[1:38:06 PM](#)

MS. SANDE moved to slide 8 and she noted that while Alaska Seafood Institute and Alaska Travel Industry Association markets specific sectors, no one is marketing the rest of Alaska's industries. She said she sought funding from the governor and legislature for statewide marketing, launching the 2024 "Its Your Business" campaign focused on tourism, mining, and oil and gas. The request for proposal (RFP) was finalized with the commissioner's office, SIX7 Strategies, and subcontractors Pool House and Black Rock Group. She said their PR efforts have been effective in supporting the agency. She said the department

needed to create a vision for the future of business in Alaska. She explained that the next step is defining the future of private sector growth, identifying key industry influencers in and outside the state, and creating opportunities. She said she is most excited about a website set to soft launch in March to showcase Alaska's available services and resources to investors.

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MS. SANDE moved to slide 9, Administrative Services. She explained the financial chart covering the budget and how much Administrative Services has given back to the general fund. She stated Director Hannah Lager is over the financial services, budget management, human resources and procurement.

[1:42:00 PM](#)

MS. SANDE moved to slide 10, Alaska Broadband Office. She said DCCED has a new division called the Alaska Broadband office. She commented on the development activities in FY2025, grant program awards in FY2026 and projects deployed for FY2026 to FY2030.

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MS. LATHAM stated that the \$1 billion-dollar Broadband Equity, Access, and Deployment (BEAD) grant program likely won't be affected by recent federal orders, but the \$5.6 million Digital Equity grants could be impacted.

MS. SANDE stated that the DCCED expect some impact to the Digital Equity program, its important to recognize the scale difference of \$1 billion for the BEAD program versus about \$5.5 million for the Digital Equity program.

[1:44:20 PM](#)

MS. SANDE moved to slide 11 and provided details on banking, securities, and non-depository licenses. She stated that the Division of Banking and Securities contributed over \$18 million to the General Fund in FY2024. She said the Division Director Robert Schmidt has focused a lot of efforts on detecting financial fraud, and most of this growth was from increased use of technology.

[1:46:25 PM](#)

MS. SANDE moved to slide 12, Community and Regional Affairs Division. She listed the services that are established in Article X of Alaska's Constitution, which the Division of Community and Regional Affairs (DCRA) offer. She talked about the digital community resources (data) available for communities

and people of Alaska. She said the division manages about 700 grants totaling between \$1.2 billion to \$2 billion.

[1:48:40 PM](#)

MS. SANDE moved to slide 13, Corporations, Business and Professional Licensing (CBPL). She reported the statistics of the Business Licensing, the Professional Licensing and the Corporations sections of the Division. She credited Director Sylvan Robb and her team for major improvements, to workload, streamlined processes, and staffing.

[1:52:07 PM](#)

MS. LATHAM stated that all renewal licensure applications are fully online, and the division is working to move all licensure applications online.

MS. SANDE stated Division of Corporations, Business and Professional Licensing (DCBPL) created online applications for over 400 professions.

[1:52:46 PM](#)

MS. SANDE moved to slide 14, Division of Insurance. She praised Lori Wing-Heier, the director of the Division of Insurance for her accomplishments within the division. Ms. Wing-Heier has processed over 62,000 license applications—a 11 percent increase in FY24—and deposited \$72 million into the general fund. Her team handled over 1,500 consumer inquiries, complaints, and healthcare reviews. She stated that in response to the governor's call for healthcare reform, Commerce is partnering with the Department of Health to improve primary care access and identify healthcare cost drivers. She said Ms. Wing-Heier led the state in implementing [Section 1332, State Innovation Waivers, of the Affordable Care Act]. Saving Alaska over \$700 million.

[1:55:02 PM](#)

CHAIR BJORKMAN asked if Ms. Sande would summarize what the 1332 waiver is, what it does and why it's important.

[1:55:14 PM](#)

MS. SANDE explained we're using federal funds to remove the highest-cost component out of the system, helping to reduce, stabilize, or even out the overall cost.

[1:55:29 PM](#)

MS. LATHAM explained the 1332 state innovation waiver is a federal waiver that passes premium tax savings to help cover

high-cost medical conditions for people in the individual healthcare market.

[1:55:49 PM](#)

CHAIR BJORKMAN asked if the waiver allows high-cost individuals in the marketplace to be separated into a different risk pool.

[1:55:58 PM](#)

MS. LATHAM answered it's like creating a smaller group within the larger insurance pool. She stated the high-cost individuals are still part of the system, but the federal government's premium tax savings help the state cover the individuals' care. She explained that it helps lower overall costs for everyone in the individual market.

[1:56:19 PM](#)

MS. SANDE moved to slide 15, Division of Investments directed by Jim Anderson. She stated that the division has run Alaska's revolving loan fund program for over 50 years. The loan funds administered by investments have been very successful; supporting job creation without using general fund dollars. She reported there are over 2,000 active loans across 11 funds, totaling \$180 million in financing for more than 130 communities and since inception, over 11,000 loans worth \$1 billion have supported residents and businesses. She continued stating that since 1996, the program has helped create over 22,000 jobs through small business startups, expansions, and diversification. One major success is the commercial fishing loan fund, which played a key role during tough industry conversations last year. Mr. Anderson and his team defederalized the Small Business Economic Development (SBED) loan program and have been able to provide loans to commercial fishermen and harvesters.

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CHAIR BJORKMAN stated that a past legislature gave the commercial fishing revolving loan fund more flexibility, creating some overlap—and possible competition—with the Commercial Fishing and Agriculture Bank (CFAB). This issue came up in the seafood task force. He asked whether anyone discussed with the DCCED how to align the Division of Investments and CFAB to work more collaboratively.

[1:59:42 PM](#)

MS. SANDE stated that CFAB exists for a reason, and she values CFAB's contributions. She said Mr. Anderson's team has shown strong success with the revolving loan funds, providing real

economic stability without relying on the general fund. She stated that she wouldn't want to risk disrupting that and she's open to continue discussions on how both programs can work together.

[2:01:19 PM](#)

MS. SANDE moved to slide 17, and talked about the following corporate agencies that are under DCCED:

[Original punctuation provided.]

Alaska Oil and Gas Conservation Commission: *Protect the public interest in exploration and development of Alaska's valuable oil, gas, and geothermal resources through the application of conservation practices designed to ensure greater ultimate recovery and the protection of health, safety, fresh ground waters and the rights of all owners to recover their share of the resource. Commissioner Greg Wilson*

Alcohol and Marijuana Control Office: *Promote commerce in the licensed alcohol and marijuana industries and provide clear, consistent standards to protect public health and safety. Director Kevin Richard*

Regulatory Commission of Alaska: *Ensure that safe, efficient, and reliable utility and pipeline services are provided to the public at just and reasonable rates, thereby protecting consumer interests and promoting economic development. Commissioner John Espindola*

Ms. Sande stated that the Alaska Oil and Gas Conservation Commission, the Alcohol and Marijuana Control Office and the Regulatory Commission of Alaska are the three of eight corporations that are quasi-judicial.

[2:03:24 PM](#)

MS. SANDE moved to slide 18, and continued discussion of corporate agencies under DCCED:

[Original punctuation provided.]

Alaska Gas line Development Corporation: *Advance the development, financing, construction and operation of a North Slope natural gas pipeline project, instate natural gas pipelines and other transportation*

mechanisms capable of delivering natural gas and other nonoil hydrocarbons for the maximum benefit of Alaskans. President Frank Richards

Alaska Industrial Development and Export Authority: *Promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.* Executive Director Jeremy Woodrow

MS. SANDE stated her belief that the 2025 board approved dividend to the state was \$20 million.

[2:04:18 PM](#)

MS. SANDE moved to slide 19 and continued discussion of corporate agencies under DCCED:

[Original punctuation provided.]

Alaska Energy Authority: *Reduce the cost of energy in Alaska.* Executive Director Curtis Thayer.

Alaska Seafood Marketing Institute: *Increase the economic value of Alaska seafood resources.* Executive Director Jeremy Woodrow

Alaska Railroad: *To be profitable by focusing on safe, high-quality service to our freight, passenger and real estate customers. To foster the development of Alaska's economy by integrating railroad and Railbelt community development plans.* President Bill O'Leary

MS. SANDE stated that an area of focus with the Alaska Railroad Board is promoting a strategic vision for statewide transportation.

[2:06:26 PM](#)

CHAIR BJORKMAN commented on Alaska's transportation strategy and how Alaska can plan for back up options if something happens to the Port of Alaska to Anchorage. He mentioned the dock project in Seward that would accommodate roll-on and roll-off cargo from ships that would allow cargo to be moved by rail or road if the Port of Alaska goes down. He said he heard it would take \$10 million more to finish the project. He opined that it would be a smart move to spend \$10 million now to finish the project than face a \$100 million emergency later. He asked if there are any

options to help fund the project and what role does Commerce place in supporting the investment.

[2:08:30 PM](#)

MS. SANDE stated that the railroad teams have been doing a great job seeking after federal grants. She said the board challenges the railroad to do more. She said the governor wants the railroad to have a seat at the table and help lead the conversations. She stated that between AIDEA and the railroad there are opportunities to provide more direction. She said as a board member she has been sharing feedback, and she can bring the questions up at the next railroad board meeting and make sure the board knows it's a priority.

[2:10:09 PM](#)

CHAIR BJORKMAN stated that often Alaska Consumer of Professional Services run into unlicensed individuals offering professional services but have not registered with the Department of Commerce. He mentioned marijuana laws not being enforced, like unlicensed contractors having operated with no consequences. He asked what DCCED can do to improve enforcement of rules and address the concern of the Alaska people.

[2:11:31 PM](#)

MS. SANDE stated that DCEED identified a few areas that have loopholes and where processes need improvement. She said that she will share the feedback with the Senate Labor and Commerce committee offline.

[2:12:49 PM](#)

At ease.

SB 14-AIDEA FINANCE WORKFORCE HOUSING DEVELOP.

[2:16:15 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SB 14 SENATE BILL NO. 14 "An Act relating to the Alaska Industrial Development and Export Authority; and relating to workforce housing development projects."

[2:16:43 PM](#)

HAHLEN BEHNKEN, Staff, Senator Forrest Dunbar, Alaska State Legislature, Juneau, Alaska, presented a brief recap of SB 14. He stated that this bill aims at allowing the Alaska Infrastructure Development and Export Authority (AIDEA) to finance workforce housing developments in Alaska. He said SB 14 is seen as an additional tool to help tackle the housing crisis.

[2:17:36 PM](#)

CHAIR BJORKMAN opened public testimony on SB 14; finding none, he closed public testimony.

[2:18:28 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[2:18:37 PM](#)

At ease.

[2:19:40 PM](#)

CHAIR BJORKMAN reconvened the meeting.

[2:19:48 PM](#)

SENATOR MERRICK moved to report SB 14, work order 34-LS0142\A, from committee with individual recommendations and attached fiscal note(s).

[2:20:08 PM](#)

CHAIR BJORKMAN found no objection and SB 14 was reported from Senate Labor and Commerce Standing Committee.

[2:20:38 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:20 p.m.