

**ALASKA STATE LEGISLATURE
SENATE RULES STANDING COMMITTEE**

April 30, 2025

1:01 p.m.

MEMBERS PRESENT

Senator Bill Wielechowski, Chair
Senator Gary Stevens, Vice Chair
Senator Lyman Hoffman
Senator Bert Stedman
Senator Mike Shower

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Senator Scott Kawasaki

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 PM BUTROVICH 205

WITNESS REGISTER

SENATOR ELVI GRAY-JACKSON, Chair
Legislative Budget and Audit Committee
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 183 on behalf of the Senate Rules Standing Committee.

KRIS CURTIS, State Legislative Auditor
Division of Legislative Audit
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Offered the sectional analysis for SB 183.

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

POSITION STATEMENT: Answered questions on SB 183.

ACTION NARRATIVE

[1:01:26 PM](#)

CHAIR WIELECHOWSKI called the Senate Rules Standing Committee meeting to order at 1:01 p.m. Present at the call to order were Senator Stevens, Shower, Stedman and Chair Wielechowski. Senator Hoffman arrived thereafter.

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

[1:01:59 PM](#)

CHAIR WIELECHOWSKI announced the consideration of 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."

[1:02:21 PM](#)

CHAIR WIELECHOWSKI introduced Senator Gray-Jackson and Ms. Curtis to provide an overview and sectional analysis of SB 183 and announced invited testimony.

[1:02:47 PM](#)

SENATOR ELVI GRAY-JACKSON, Chair, Legislative Budget and Audit Committee, Alaska State Legislature, Juneau, Alaska, thanked the committee and introduced SB 183:

[Original punctuation provided.]

During my initial one-on-one office meeting with Legislative Auditor Kris Curtis, held in Anchorage on January 7, 2025, we discussed the challenges she was

having in obtaining information from auditees, and how those challenges might be addressed. It was at this time that I first became aware of the Auditor's difficulty completing an audit authorized by the Committee in 2020.

In response, I included an update on the special audit titled "Oil and Gas Production Tax Audit Process" on the agenda for the LB&A Committee's February 26, 2025, meeting. Following an executive session that included testimony by Ms. Curtis, the committee authorized me, under the authority set out in AS 24.20.201(a)(3), to send a letter to the Administration requesting full cooperation in assembling, furnishing, and providing to the Legislative Auditor information related to the special audit.

In that letter, which is included in your bill packet, 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.

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We sent that letter with the expectation of good-faith cooperation, hoping the Department would fulfill its obligation to ensure the audit would move forward and be completed.

Unfortunately, the issue remains unresolved, and the Auditor still cannot complete this important audit, which concerns oversight of billions of dollars in state oil and gas revenue.

In fulfillment of our duty to the people we serve – it is now necessary to introduce Senate Bill 183.

This 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 usable form is absolutely critical.

If 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.

Passage of Senate Bill 183 will honor the vision set forth in our State Constitution, which requires that – and I quote from Article 9, Section 14 – “The legislature shall appoint an auditor to serve at its pleasure.” Without this change in statute, there is a growing risk that executive agencies may set their own terms for transparency and accountability, limiting the legislature’s ability to conduct effective oversight on behalf of the public and ensure the proper use of public funds.

Frankly, Mr. Chairman, this is action that we probably should have taken sooner. But today, **we have the opportunity to make it right** – reinforcing the legislature’s constitutional and statutory oversight role – and protecting the public’s interest in an accountable government.

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CHAIR WIELECHOWSKI noted Senator Hoffman arrived.

[1:07:10 PM](#)

SENATOR STEDMAN expressed his understanding that the [auditing] duties mentioned in SB 183 refer to the [State Legislative Auditor], for all agencies, not a legislative auditor.

SENATOR GRAY-JACKSON stated Senator Stedman’s comment was correct.

[1:07:35 PM](#)

SENATOR STEVENS expressed appreciation for Ms. Curtis’s mention of the auditor’s constitutional responsibility and Senator Stedman’s comment. He asked for confirmation that the role discussed refers to the [State Legislative Auditor], not a legislative auditor.

[1:07:53 PM](#)

KRIS CURTIS, State Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, Juneau, Alaska, testified on SB 183 and offered the sectional analysis. She stated that statutes identify her as the State Legislative Auditor and confirmed that this is the official title she has been given.

SENATOR STEVENS asked Ms. Curtis to comment on what the constitution says about the [State Legislative] Auditor’s responsibilities.

MS. CURTIS explained that the constitution requires the state to appoint an auditor to perform post-audit functions and report to the legislature. She stated that the legislature defines the scope of her duties.

CHAIR WIELECHOWSKI asked Ms. Curtis to give her testimony.

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MS. CURTIS stated that SB 183 clarifies the requirement for all state agencies to fully cooperate with the Legislative Budget and Audit Committee and the Legislative Auditor, including assembling, generating, and furnishing information in the requested form and format. She explained that SB 183 is necessary because her division was unable to complete a legislatively directed audit of the Department of Revenue's oil and gas production tax audit group. She noted that the Department of Revenue's Tax Division includes a group of executive branch employees that are responsible for auditing oil and gas tax returns to ensure full payment to the state. When underpayments are found, the group issues tax assessment letters to the taxpayers indicating the additional tax owed. This is referred to as tax assessments.

MS. CURTIS stated that taxpayers may also be required to pay interest. She noted that the meeting packet includes an audit request approved by the Legislative Budget and Audit Committee in December 2020. She pointed to page two of the audit request, where objectives six and seven address the reporting of tax assessments. The [Division of Legislative Audit] was directed to identify additional tax, interest, and penalties assessed for each of the tax division's annual tax audit cycles and provide an update on tax assessments previously communicated to the legislature. She stated that the meeting packet also includes a copy of tax assessment information compiled by the Department of Revenue's Tax Division and presented to the Senate Finance Committee in 2018. She explained that the 2020 audit request directed the [Division of Legislative Audit] to update the 2018 tax assessment data using the most current information. The update was to follow a format similar to the one used in the 2018 presentation.

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MS. CURTIS stated that the 2018 tax assessment data provides insight into the materiality of these assessments. She explained that Table One [Tax Return Revenues and Audit Assessments for Tax Years 2006 through 2017], reports total tax and interest

assessed for tax years 2006 through 2011. She pointed to column F, which lists those totals, and noted that when summed, the assessments amount to approximately \$1.3 billion. She emphasized that these tax assessments are highly material to the State of Alaska.

MS. CURTIS stated that the meeting packet includes minutes from the December 2020 Legislative Budget and Audit Committee meeting -the meeting where the audit request was approved. The minutes provide historical context on legislative concerns at that time. She noted that during that meeting, testimony indicated the Department of Revenue previously published memos summarizing total tax and interest assessed after each audit cycle, but discontinued the practice around 2019. When the legislature requested the same information, the department claimed it was confidential, raising concerns about oversight, transparency, and accountability of that revenue stream to the State of Alaska. The audit was approved to ensure adequate oversight of that executive branch audit function. Although authorized in 2020, her division did not begin the audit until early 2024; as it progressed, the Department of Revenue refused to provide the tax audit assessment information.

MS. CURTIS explained that the department's most recent justification was that state law does not require it to compile or categorize data, only to provide raw data. She emphasized that this interpretation breaks with longstanding precedent and could allow agencies to block legislative oversight by refusing to format data, which SB 183 seeks to correct by reaffirming the legislature's oversight authority.

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SENATOR STEDMAN asked who ensures there is no unintentional or intentional misconduct occurring within the Department of Revenue's Tax Division and other state agency divisions if the State Legislative Auditor does not audit them.

MS. CURTIS responded that she is not aware of any other oversight of this function.

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SENATOR SHOWER asked how legislators can identify oversight needs when they may not even know what questions to ask. He noted that audit guidance flows from the Legislative Budget and Audit Committee to the State Legislative Auditor and emphasized the importance of having sufficient information to ensure proper oversight. He mentioned that gaps in tax collection statutes may

exist and asked how the legislature can ensure all tax laws are being enforced. He requested insight on how to approach unknown risks or gaps in enforcement.

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MS. CURTIS responded that the audit function provides unbiased, independent information to support legislative policy decisions. She explained that the legislature can request special audits on specific topics not addressed by general financial or federal compliance audits. She stated that [the Division of] Legislative Audit conducts audits based on requests from the Legislative Budget and Audit Committee, with audit objectives reviewed and approved by the full committee. She emphasized that the audit process itself is subject to significant oversight regarding both scope and methodology.

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SENATOR STEDMAN emphasized that the issue involves hundreds of millions to billions of dollars and is not minor in the context of the state budget. He noted a sharp decline in recent years in the amount of settlements deposited into the Constitutional Budget Reserve (CBR), which he believes warrants a review. He acknowledged that the decline could be due to factors such as oil prices, expenditures, or internal operations but stressed that without a review, the cause remains unclear. He stated that the trend stands out when compared to the historical pattern of payments and settlements.

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CHAIR WIELECHOWSKI asked whether information is publicly available showing the amount of settlements in recent years compared to past settlements.

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MS. CURTIS replied that the Revenue Sources Book provides public information on deposits into the Constitutional Budget Reserve (CBR), and some assumptions can be made based on that data, as oil-related settlements from administrative proceedings must be deposited into the CBR. She stated that the Division of Legislative Audit reviews revenues and settlements during the financial audit to confirm proper deposit, but only for information made available by the Department of Revenue. She reiterated Senator Shower's point that "we don't know what we don't know," noting that if a settlement is not recorded as such, it may not be reviewed. She explained that the current audit aims to examine the tax audits more deeply— starting with whether audits result in assessments, then tracking whether

those assessments are appealed, settled, upheld, and ultimately paid. All this information would be compiled and presented in audit tables.

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SENATOR HOFFMAN referred to Table One [Tax Return Revenues and Audit Assessments for Tax Years 2006 through 2017], line I, and pointed to a column labeled "Not Yet Resolved." He noted that for 2008, there is \$170 million listed as unresolved and asked why these amounts remain unresolved and when resolution can be expected. He observed that the total unresolved tax assessments from 2007 to 2010 appear to be close to \$400 million.

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MS. CURTIS stated that examining unresolved tax assessments is one of the audit's objectives. She explained that the audit aims to update the 2018 information, and the new tables will show how much of the previously reported "not yet resolved" amounts have since been resolved. Specifically, the audit will determine how much of the unresolved total reported in 2018 remains unresolved today.

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CHAIR WIELECHOWSKI asked for a brief sectional analysis of SB 183.

[1:19:37 PM](#)

MS. CURTIS paraphrased the sectional analysis for SB 183. She stated Sections 2 and 3 are the core provisions, addressing Title 24, which governs the powers and duties of the Legislative Budget and Audit Committee. She explained that Sections 1 and 4 revise statutes intended to ensure cooperation and serve as conforming changes. She added that Section 5 modifies existing law and Section 6 sets the effective date:

[Original punctuation provided.]

Senate Bill 183
Powers: LB&A Committee; Legislative Audit
Sectional Analysis

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

[1:20:47 PM](#)

CHAIR WIELECHOWSKI asked Ms. Curtis if it is her opinion that SB 183 is necessary for her to fulfill her constitutional and statutory responsibilities [as the State Legislative Auditor].

[1:20:53 PM](#)

MS. CURTIS replied yes.

CHAIR WIELECHOWSKI asked what the consequences are for the state if the legislature fails to pass SB 183 and the State Legislative Auditor remains unable to complete audits as directed by the legislature.

MS. CURTIS replied that if she cannot complete the audit, she would have to issue a report with a scope restriction, meaning certain information was unavailable. She emphasized that, more broadly, the inability to access information results in a lack of accountability in a critical state function. She stated that the Department of Revenue's reluctance to provide audit information raises significant red flags from an audit perspective. She expressed a desire to help determine the reasons behind that reluctance, both for the legislature and the public.

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SENATOR SHOWER expressed appreciation for the prior discussion he had with Ms. Curtis, noting the information was helpful both for him and for public understanding. He stated this subject was new to him and that he had initially been concerned about ensuring checks and balances so that no single individual holds excessive authority. He asked whether the word "generate," as included in SB 183, gives the [State] Legislative Auditor authority to direct the collection of data not already being collected, even if not required by statute. He also asked whether that authority remains with the Legislative Budget and Audit Committee, rather than being delegated solely to the auditor.

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MS. CURTIS responded that the answer to the first question is no—SB 183 does not allow the [State] Legislative Auditor to compel an agency to generate data it is not statutorily required to collect. She asked for clarity on whether the second question relates to the checks and balances in place over the audit function.

[1:23:41 PM](#)

SENATOR SHOWER restated the question asking whether the [State Legislative] Auditor can direct that data be collected if it is not otherwise required by statute, or if such direction must come with the guidance of the Legislative Budget and Audit Committee.

MS. CURTIS confirmed that the answer remains the same: if a department or agency is not statutorily required to perform a function or collect certain data, the [State] Legislative Auditor cannot compel the agency to do so.

[1:24:03 PM](#)

SENATOR SHOWER asked whether the final authority to generate reports and direct data-related actions rests with the Legislative Auditor or remains with the Legislative Budget and Audit Committee. He stated this question was the final piece of their earlier discussion and that he believed he knew the answer but wanted it clarified on the record.

MS. CURTIS responded that she was not entirely sure she understood the question.

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SENATOR SHOWER asked whether the legislative process provides oversight in determining what data must be generated, or if the inclusion of the word "generate" in the bill allows the [State] Legislative Auditor to decide what work and data collection needs to be performed.

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MS. CURTIS clarified that any data requested by the [State Legislative] Auditor is vetted by the Legislative Budget and Audit Committee. She stated that the committee determines what it wants reported, and therefore, the authority first resides with the committee. The committee grants the [State] Legislative Auditor the authority to seek information, conduct the audit, and report the findings.

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SENATOR STEDMAN noted that Table One, [Tax Return Revenues and Audit Assessments for Tax Years 2006 through 2017], covers tax years from 2006 to 2017 and reflects billions of dollars in assessments. He asked Ms. Curtis to address the statute of limitations, emphasizing its importance in understanding how audits may be affected when cases are not resolved in time.

MS. CURTIS stated that she does not personally conduct the audits but acknowledged there is a statutory time limit for the state to complete them. She recalled the limit used to be six years but was unsure if that had changed. She explained that this creates pressure on the State Department to address audit backlogs promptly to avoid missing potential tax assessments. She added that once an audit is completed and an assessment letter is issued, there is likely no statutory limit on how long the resolution process can take.

[1:26:34 PM](#)

SENATOR STEDMAN stated that the existence of a time limit means the audit clock is always ticking. He emphasized that

identifying and resolving any issues early is critical, as delays could result in the loss of collectible funds.

CHAIR WIELECHOWSKI found there were no amendments.

[1:27:27 PM](#)

SENATOR STEVENS stated that, after hearing from the [State Legislative] Auditor and the chairwoman, he believed it was important to receive a response on whether legislative oversight is being exercised appropriately and whether the legislature is pursuing the correct course of action.

[1:27:42 PM](#)

EMILY NAUMAN, Director, Legal Services, Legislative Affairs Agency, Juneau, Alaska, answered questions on SB 183. She responded that determining whether the legislature is pursuing the right course is a policy decision for legislators. She stated that the legislature must decide how much authority it wants to delegate to the Division of Legislative Audit and the Legislative Budget and Audit Committee. She explained that while the legislature's authority over the executive branch in the audit function has constitutional limits, those boundaries are broad due to the constitutional role of the [State] Legislative Auditor. She added that the oversight provided by the Legislative Budget and Audit Committee would likely prevent any overreach under SB 183.

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SENATOR SHOWER asked whether, in Ms. Nauman's legal opinion, the inclusion of the word "generate" in SB 183 allows the [State] Legislative Auditor to independently determine what information is generated. He also asked whether the statute, and the Legislative Budget and Audit Committee, still retains authority over what information can be generated.

MS. NAUMAN stated that, based on her understanding of the process, the Legislative Budget and Audit Committee directs the Legislative Auditor to investigate specific matters in addition to her regular audit duties. She explained that, under SB 183, the [State] Legislative Auditor cannot independently request the executive branch to generate information at her own discretion. All such actions must be directed by the Legislative Budget and Audit Committee.

[1:30:01 PM](#)

CHAIR WIELECHOWSKI opened public testimony on SB 183; finding none, he closed public testimony.

[1:30:21 PM](#)

CHAIR WIELECHOWSKI found no further discussion and solicited the will of the committee.

[1:30:25 PM](#)

SENATOR STEVENS moved to report SB 183, work order 34-LS0932\A, from committee with individual recommendations and attached fiscal note(s).

[1:30:37 PM](#)

CHAIR WIELECHOWSKI found no objection and SB 183 was reported from the Senate Rules Standing Committee.

[1:30:53 PM](#) There being no further business to come before the committee, Chair Wielechowski adjourned the Senate Rules Standing Committee meeting at 1:30 p.m.