

Bradners'

Alaska Legislative Digest

- Commentary on Alaska issues and policy

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Stability in Juneau (mostly)

A contrast with coming chaos in Washington

The state House and Senate organizations are now set with coalitions of Democrats, Republican moderates and independents in both bodies. This translates to relative stability in the new two-year state Legislature, convening in Juneau on Jan. 21. (The 121st day, the 2025 session end-date mandated by the state Constitution, is May 21.) However, the incoming House Majority is fragile with just 21 of the 40 House members, though more may join. This is a flip of the current House, which is narrowly split but with a bare Republican majority. The new Senate Majority is reduced to a coalition of 14 Democrats and moderate Republicans, down from 17 in the current Majority. Six conservative Republican senators have formed a new Minority, which gives these senators proportional committee representation and staff. This returns the Senate to a more traditional Majority and Minority. **Note: Watch for the governor's budget release and revenue projections on Dec. 15 or earlier.** (See page 4 for leaders, committee assignments)

Trump: Where is Alaska vulnerable?

Alaskans are waiting, many in trepidation and many in anticipation, to see what Donald Trump will do after he takes office. All is unknown at this point but there are predictions from people watching closely:

- In natural resources, look for the new President to push his “energy dominance” initiative in Alaska early because this is a federal land state with near-term oil prospects (ANWR, NPR-A, offshore) and a supportive state government. Pulling off showboat energy projects will be easier here than in other states. Critical minerals work will get new emphasis
- In land policy, look for scrutiny and likely rollback of Secretary Deb Haaland’s restrictions on 28 million acres of “d-1” federal lands in a tilt toward mining entry and away from land protection and tribal involvement. Look for a reopening of the Record of Decision of these land decisions as well as the Ambler road proposal, although mining companies exploring Ambler believe another Supplemental Environmental Impact Statement should be done to minimize litigation delay. Also, the state of Alaska’s long quest to wrest control of the “pipeline corridor” through northern and Interior Alaska from the BLM will get a friendlier reception in Washington, D.C.

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Anything connected with climate change is at risk. Tribes could be vulnerable

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- Anything having to do with climate change could be fair game as well as grants to tribes for resilience against climate impacts. University of Alaska climate research and Arctic programs could have protection because many have defense implications

- Expect close scrutiny of President Biden’s infrastructure and energy grants to tribes. There was a lot of money allocated here with relatively loose tracking. Where grants have been made, tribes should ensure the money is secure to guard against attempts to claw it back. One example: a \$74 million federal grant to the Alaska Native Tribal Health Consortium for community climate change coordination. We’re told this is locked in but we wouldn’t be surprised at an attempt to unlock it

- A lot of energy and climate change money came through the U.S. Environmental Protection Agency, an agency that will be an early target for the Trump administration. We’re told EPA is rushing now to get grants out the door before President Biden leaves office in January. Expect attempts to nullify these grants and get money back. There are limits to what can be done to EPA without Congress, but the new administration has a lot of control over personnel, regulations and funding. Hostility at the top will also chill agency initiatives, discouraging professional staff from acting. Trump may also try to move EPA out of Washington, D.C. to the hinterlands as he did with BLM in his first term. That will lead to a lot of resignations of skilled professionals within EPA.

- We hear most infrastructure funding through Biden’s Infrastructure Investment and Jobs Act, or IIJA, will be safe if it is for traditional highways, bridges, ports and electrical transmission. Many projects underway or even pending under Biden’s Inflation Reduction Act, including renewable energy, may also be okay because a lot of this money has gone to Republican-led states, including Alaska. However, these programs will come under close scrutiny. The approvals, and money, will soon be on the slow track because agency officials, particularly in the U.S. Department of Energy, will tread carefully.

- In health and social services, Alaska health care providers are wary of Robert Kennedy because of his unorthodox views on vaccinations and other matters. However, many welcome some of Kennedy’s views on other aspects of health care. Alaska providers say they will dig in to try and persuade Kennedy to back away from crackpot ideas. Also, Medicaid and Medicare are huge agencies that will be challenges for Kennedy to change, although a lot of things can be done through cuts to funding and regulation changes.

Remember that Medicaid is a joint state-federal program, so governors will weigh in if Trump’s crew gets too radical. One comment we heard: No governor wants to cut money for people in wheelchairs.

Broadly, it is expected many on Trump’s incoming team, who are mostly inexperienced, will get frustrated quickly and leave. Elon Musk, for example, has no experience or, it seems, aptitude for navigating government organization and particularly the new political influence swamp around Trump. He may wind up being an early casualty.

Governor Dunleavy's legacy

In final two years of term in office, governor will focus on his legacy

Gov. Mike Dunleavy has two more years in office. Many Alaskans had hoped he might be chosen to serve in the new Trump administration but so far the phone from Mar-a-Lago had been silent. For now, the governor will focus on firming up his legacy in energy, carbon sequestration, and food security, although there hasn't been much progress in food, only talk. Dunleavy's support for renewable energy (and all energy) has been consistent, and his legislation in state carbon sequestration programs are well along in implementation. Interestingly, the carbon programs are a recognition, at least indirectly, of the world's efforts to limit carbon going into the atmosphere and to slow climate change. So far Dunleavy has been careful to position himself as very pro-Trump, although this may have been just polishing conservative credentials in hopes of a federal appointment. Going forward, how Dunleavy's renewable energy and carbon policies square with Trump's will be interesting to watch.

More on Trump

Alaskans had better watch Trump's tariff moves on our neighbor Canada very carefully. A tit-for-tat trade fight will affect us quickly. For example, a 20% tariff on energy imports, would add that much onto the expected 30% higher cost of Canadian (or Mexican) natural gas imported to Alaska as LNG. That could double natural gas costs in Southcentral Alaska, which would have dire effects. Also, Alaska imports a lot of mining equipment from Canada, and many oilfield process modules are built there and trucked to Alaska. Cruise ship operations from Vancouver, B.C. could also be affected. We expect Trump to make a deal on these, but things are highly fluid right now.

Alaska's Senate delegation is in a position to help with Trump

Sen. Lisa Murkowski is in line to be the third ranking Majority member on the Senate Appropriations Committee, and while Trump doesn't like Murkowski he'll be wary of Senate Appropriations because Sens. Susan Collins of Maine will chair the committee and Mitch McConnell of Kentucky will be number two in Majority ranking. Both of them, like Murkowski, are not Trump fans. Alaska Sen. Dan Sullivan does have good connections with the Trump crowd, however. Murkowski and Sullivan working together could soften adverse impacts of Trump's changes. Nick Begich, newly-elected as Alaska's one member in Congress, could play his cards carefully to protect Alaska in the razor-thin Republican majority in the U.S. House, if Begich is able to work with Democrats or even threaten to do so.

Two high-profile Trump initiatives that will get blowback

If the new president really tries to implement drastic immigrant deportations and high tariffs on imports there will be blowback. Workforce shortages will be aggravated with Trump's deportations, and high tariffs will rekindle high inflation rates, experts are saying. These will affect Alaska, being at the end of the goods and workforce supply line.

... Status of Bills ...

Last day House and Senate actions, May 15

Senate leaders and committee chairs

The Senate leadership is essentially the same as in the last Legislature but with some new committee chairs

Sen. Gary Stevens, R-Kodiak Senate President;
Sen. Cathy Giessel, R-Anch., Senate Majority Leader;
Sen. Bill Wielechowski, D-Anch., Rules chair;
Sen. Kelly Merrick R-Eagle River, Majority Whip;
Sen. Elvi Gray-Jackson, Budget and Audit chair.

Committees:

Senate Finance cochairs: Sens. Bert Stedman, R-Sitka, Donny Olson, D-Golovin, Lyman Hoffman, D-Bethel;
Resources: Sen. Cathy Giessel, R-Anch; Community and Regional Affairs: Sen. Kelly Merrick, R-Eagle River.; Education: Sen. Loki Tobin, D-Anch.; Health and Social Services: Sen. Forrest Dunbar, D-Anch.; Judiciary: Sen. Matt Claman, D-Anch., Labor and Commerce: Sen. Jesse Bjorkman, R-Nikiski; Legislative Council vice chair: Sen. Gary Stevens, R-Kodiak; Joint Armed Services cochair: Sen. Scott Kawasaki, R-Fairbanks; World Trade (special committee) cochairs: Sens. Gary Stevens, R-Kodiak, Sen. Cathy Giessel, R-Anch.; Arctic Affairs (special committee) Sens. Gary Stevens, Cathy Giessel, cochairs:

Issues to watch

Delays in state teacher certification: Rural schools are having good luck with foreign temporary teachers but are facing delays in getting certifications through the Department of Education and Early Development.

Stealth raid on school budgets, again: We reported recently on pending state regulation changes allowing funds contributed to local schools could result in lower state funds. *We now find the reduced state money could amount to \$89 million. We'll have more on this.*

House leaders and committee chairs

The House leadership reflects the flip from a thin Republican control in the last Legislature to a thin Democrat-led coalition control in the upcoming Legislature.

Rep. Bryce Edgmon, I-Dillingham, Speaker;
Rep. Louise Stutes, R-Kodiak Rules chair;
Rep. Chuck Kopp, R-Anch., Majority Leader.

Committees:

Resources cochairs: Reps. Maxine Dilbert, D-Fairbanks, Robyn Burke, D-Utqiagvik; Energy cochairs: Rep. Donna Mears, D-Anch., Rep. Ky Holland, I-Anch.; Health and Social Services: Rep. Genevieve Mina, D-Anch.; Labor and Commerce: Cochairs, Rep. Zack Fields, D-Anch., Rep. Carolyn Hall, D-Anch.; Community and Regional Affairs cochairs: Rep. Donna Mears, D-Anch., Rep. Rebecca Himschoot; Judiciary: Rep. Andrew Gray, D-Anch.; Transportation cochairs: Rep. Ted Eischeid, D-Anch., Rep. Ashley Carrick, D-Fairbanks; Military and Veteran Affairs, Rep. Ted Eischeid, D-Anch.; Fisheries, Rep. Louise Stutes, R-Kodiak; Tribal Affairs cochairs: Rep. Bryce Edgmon, I-Dillingham, Rep. Maxine Dilbert, D-Fairbanks.

Issues to watch

LNG imports a hot potato: Southcentral Alaska utilities will make decisions soon on contracts to import liquefied natural gas, or LNG. Cook Inlet gas production will start winding down in 2027 and imports of LNG are needed to fill supply gaps. Expect blowback from politicians when this happens, but there doesn't appear to be alternatives that can be done in time. There will be a renewed push for new Cook Inlet incentives for gas, including state royalty relief for explorers.