

*Dianne Blumer*

*Lobbying and Governmental Affairs*

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**MEMORANDUM**

To: Vince Tutiakoff, Mayor  
Erin Reinders, City Manager

RE: Legislative Report

Date: March 22, 2020

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**Overview:**

We are seriously in crazy and unprecedented times!

With the COVID -19, the dip in oil prices, the global economic slowdown and the stock market on a major roller coaster ride, last week was a blur.

It all adds up to another big hole in the State of Alaska's budget. The Legislative Finance Director reported on Wednesday that the ongoing drop in oil prices will likely add \$300 million to the current year budget deficit and upwards of \$600 million revenue reduction in the 2021 fiscal year that starts July 1. The \$60 per barrel price is in the rearview mirror, it would even be a bit optimistic right now to even think of a \$40 per barrel average. Friday the price per barrel was \$23.91.

The Senate unanimously approved **HB 234**, the supplemental bill, including funding to communities dealing with the economic impacts of COVID-19. Although not unanimous, the House, on concurrence, passed HB 234 with considerably more opposition, mostly related to additions of about \$61 million dollars added by the Senate- primarily due to the recent events.

While HB 234 did pass the House, they were not able to achieve a three-quarter vote to utilize the Constitutional Budget Reserve (CBR) so the bill is underfunded by about \$114 million.

HB 234 budgets \$612 million, including \$360 million in unrestricted general funds and \$225 million in federal funds, with the remaining coming from designated and other state funds.

To assist communities dealing with new costs of COVID-19 the bill boost Community Assistance funding by \$10 million, and provides \$23.5 million in additional relief, including:

- \$8.5 million in grants to municipalities for COVID-19-related commercial passenger vessel operations;

- \$5.5 million for medical and protective equipment, including testing supplies;
- \$3.5 million for transportation to housing for medical assistance;
- \$2.5 million for housing individuals under quarantine;
- \$1.5 million for the state epidemiology lab for IT systems related to testing;
- \$1.5 million for personnel including lab, support, emergency operations, and 24-hour facility staff; and
- \$500,000 for public distribution of vital health recommendations and information.

The bill also provides funding for last year's unpaid wildfire and healthcare costs:

- \$142 million in state funds and \$160 million in federal funds for Medicaid services, including \$8.3 million to restore the Adult Preventive Dental Program;
- \$110.5 million for wildland firefighting costs incurred last summer and fall;
- \$8.6 million to restore Adult Public Assistance to ensure payments for low-income Alaskans;
- \$7.1 million for the Alaska Marine Highway System to ensure a stable schedule for the spring and summer of this year;
- \$6.7 million for the Department of Public Safety to address a shortfall within the Alaska State Troopers and Alaska Wildlife Troopers due to a lower than expected vacancy rate;
- \$6 million to help the Alaska Psychiatric Institute increase its capacity; and
- \$3 million to address the severe damage caused in Anchorage, Kenai, and Mat-Su by the December 2018 earthquake.

This funding comes on top of a [\\$14.1 million appropriation made by the Legislature](#) on March 11 to mitigate the spread of COVID-19.

The operating and capital budgets bills (**HB 205 & SB 154**) received public testimony in Senate Finance on Wednesday and Thursday. On Friday, Senate Finance rolled out **HB 205** which incorporated both the operating and capital budget in to one document (HB 205).

The operating budget is set at \$4.5 B and capital budget at \$84.6 M of unrestricted general fund sources. Total spending when you add federal funds and other restricted funds is \$11.1B (this was with a zero dividend). The capital budget is essentially a match for federal transportation programs.

The bill originally introduced without a permanent fund dividend, was amended on Saturday to include a \$1000.00 PFD payable in October.

It will likely pass in short order with additional amendments along the way. Due to the likelihood of constant changes over the next few days I have not included a detailed summary, however you can view the bill here:

<http://www.akleg.gov/basis/Bill/Detail/31?Root=hb%20205>

**HB 308** addresses unemployment benefits during the COVID-19 pandemic it was recently introduced and is on a fast track for passage. This bill would eliminate the initial waiting period for unemployment benefits and increase the weekly benefits for dependents from \$25 per week to \$75 per week. This bill is designed to provide relief for up to one year.

Due to the potential early departure of the legislature, few bills not related to budget or the COVID -19 are moving.

**SB 74-** addresses broadband expansion for schools. This will make more federal funds available to help rural schools upgrade broadband capability. This bill is in the final stages of passage, as long as the Senate concurs with the House's changes.

**HB 235-** addresses the TVEP program, which funds workforce training at regional training centers and the university with grants funded by a percentage of Unemployment Insurance Compensation taxes paid by wage and salary workers (there are no state General Funds for this), has passed the House and was referred to Senate Finance. This is a sunset bill and if not passed, the program will end.

**HB 253-** This bill relating to the powers of the Department of Transportation and Public Facilities; and relating to the sale, transfer, or disposal of state ferries appeared to be on a fast track, but on Friday was incorporated into the operating/capital budget.

### Weekly Schedule:

With most actions being subject the 24-hour rule the hearing times and agendas will be continually changing, if you are watching particular bills please use the link below for the most accurate information.

Here is the link to more information about the committee hearings, at this time of year it is good to check daily if you are watching a hearing as they change frequently.

<http://w3.legis.state.ak.us/index.php?tab2=type%3DAll%26com%3D%26startDate%3D04%2F22%2F2019%26endDate%3D04%2F27%2F2019%26chamber%3D#tab2>

### Bills of Interest:

BILL	SHORT TITLE	PRIME SPONSOR(S)	CURRENT STATUS	
			STATUS	DATE
HB 6	DISPLAY OF STATE AND NATIONAL MOTTOS	RAUSCHER	(H) STA	02/20/19
HB 7	SEX EDUCATION	RAUSCHER	(H) EDC	02/20/19
HB 11	PEACE OFFICER RETIREMENT BENEFITS	RAUSCHER	(H) L&C	02/20/19
HB 17	REPEAL CERTIFICATE OF NEED PROGRAM	RAUSCHER	(H) HSS	02/20/19
HB 23	SNOWMOBILE REGISTRATION FEES	NEUMAN	(H) FIN	04/17/19

HB 24	LIMITED TEACHER CERTIFICATES; LANGUAGES	KREISS-TOMKINS	(H) RLS	03/16/20
HB 25	PRIVATE POLICE ORGANIZATIONS	SULLIVAN- LEONARD	(H) CRA	02/20/19
HB 27	REGULATION OF FLAME RETARDANT CHEMICALS	TARR	(H) RLS	03/17/20
HB 28	EQUAL PAY & MINIMUM WAGE ACT	TARR	(H) STA	02/20/19
HB 39	APPROP: OPERATING BUDGET/LOANS/FUNDS	RLS BY REQUEST OF THE GOVERNOR	CHAPTER 1 FSSLA 19	06/28/19
HB 40	APPROP: MENTAL HEALTH BUDGET	RLS BY REQUEST OF THE GOVERNOR	CHAPTER 2 FSSLA 19	06/28/19
HB 41	SHELLFISH PROJECTS; HATCHERIES; FEES	ORTIZ	(S) FIN	05/06/19
HB 42	OUTDOOR ADVERTISING SIGNS	RAUSCHER	(H) TRA	02/20/19
HB 46	APPROP: ERA FOR PAYMENT OF PFD	RLS BY REQUEST OF THE GOVERNOR	(H) STA	02/20/19
HB 47	PFD SUPPLEMENTAL PAYMENT	RLS BY REQUEST OF THE GOVERNOR	(H) STA	02/20/19
HB 61	REPEAL DEBT REIMBURSEMENT: CAP. PROJECTS	RLS BY REQUEST OF THE GOVERNOR	(H) EDC	02/20/19
HB 64	ALCOHOL TAX: APPROP TO COMMUNITY ASSIST.	RLS BY REQUEST OF THE GOVERNOR	(H) HSS	02/20/19
HB 65	FISH TAX: REPEAL MUNI REFUNDS/REV. SHARE	RLS BY REQUEST OF THE GOVERNOR	(H) FSH	02/20/19
HB 66	REPEAL STATE DEBT REIMBURSE. FOR SCHOOLS	RLS BY REQUEST OF THE GOVERNOR	(H) CRA	02/20/19
HB 69	REPEAL AK PUBLIC BROADCASTING COMM.	RLS BY REQUEST OF THE GOVERNOR	(H) CRA	02/20/19
HB 79	PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS	KOPP	(H) RLS	03/18/20
HB 84	WORKERS' COMP: POLICE, FIRE, EMT, PARAMED	JOSEPHSON	(H) L&C	04/26/19
HB 138	NATIONAL RESOURCE WATER DESIGNATION	KOPP	(H) RES	04/17/19

HB 185	REGISTRATION OF BOATS: EXEMPTION	STUTES	(H) RLS	03/16/20
HB 194	SCHOOL DISTRICT CONSOLIDATION	VANCE	(H) CRA	01/21/20
HB 232	MUNICIPAL TAX CREDITS	HOPKINS	3RD RDG, 3/23 CAL(H)	03/21/20
HB 234	APPROP:SUPP; REAPPROP; CAP; AMEND; CBR	RLS BY REQUEST OF THE GOVERNOR	AWAIT TRANSMIT GOV	03/18/20
HB 236	INCREASE BASE STUDENT ALLOCATION	STORY	(H) FIN	03/09/20
HB 249	MARINE HIGHWAY CORPORATION	STUTES	(H) TRA	02/17/20
HB 253	SALE, TRANSFER, OR DISPOSAL OF FERRIES	KREISS-TOMKINS	(H) STA	03/11/20
HB 300	PERM FUND: APPROPS FR EARNINGS RESERVE	WOOL	(H) FIN	02/24/20
HB 306	PFD/GF APPROPS; EARNINGS RESERVE	RLS	(H) FIN	03/04/20
HB 308	UNEMPLOYMENT BENEFITS FOR COVID-19	LABOR & COMMERCE	(S) AWAIT NEXT COM	03/21/20
SB 1	REPEAL CERTIFICATE OF NEED PROGRAM	WILSON	(S) FIN	04/10/19
SB 5	PERM. FUND CORP TO MANAGE MUNI ASSETS	STEVENS	(S) CRA	01/16/19
SB 6	PRE-K/ELEM ED PROGRAMS/FUNDING; READING	BEGICH	(S) FIN	02/17/20
SB 19	APPROP: CAPITAL BUDGET; SUPPLEMENTAL	RLS BY REQUEST OF THE GOVERNOR	CHAPTER 3 FSSLA 19	07/08/19
SB 20	APPROP: OPERATING BUDGET/LOANS/FUNDS	RLS BY REQUEST OF THE GOVERNOR	(S) FIN	02/13/19
SB 26	EQUAL PAY & MINIMUM WAGE ACT	BEGICH	(S) L&C	01/18/19
SB 50	EMPLOYMENT TAX FOR EDUCATION FACILITIES	BISHOP	(S) FIN	01/31/20
SB 57	REPEAL MUNI LEVY OF O&G TAX/CREDIT	RLS BY REQUEST OF THE GOVERNOR	(S) CRA	02/13/19

SB 59	REPEAL DEBT REIMBURSEMENT: CAP. PROJECTS	RLS BY REQUEST OF THE GOVERNOR	(S) FIN	02/13/19
SB 62	ALCOHOL TAX: APPROP TO COMMUNITY ASSIST.	RLS BY REQUEST OF THE GOVERNOR	(S) CRA	02/18/19
SB 63	FISH TAX: REPEAL MUNI REFUNDS/REV. SHARE	RLS BY REQUEST OF THE GOVERNOR	(S) CRA	02/18/19
SB 64	REPEAL STATE DEBT REIMBURSE. FOR SCHOOLS	RLS BY REQUEST OF THE GOVERNOR	(S) FIN	04/19/19
SB 74	INTERNET FOR SCHOOLS	HOFFMAN	(S) CONCURRED(H) AM	03/21/20
SB 103	PFD APPROPRIATIONS; EARNING RESERVE	FINANCE	RETURNED TO (S) RLS	05/02/19
SB 104	APPROPRIATION LIMIT	FINANCE	(S) FIN	04/05/19
SB 130	SEAFOOD PRODUCT DEVELOPMENT TAX CREDIT	STEVENS	(S) FIN	03/21/20
SB 136	STATE-TRIBAL EDUCATION COMPACT SCHOOLS	STEVENS	(S) EDC	01/21/20
SB 145	REGISTRATION OF BOATS: EXEMPTION	MICCICHE	(S) FIN	02/26/20
SB 204	STATE LAND SALES; PLATS; RIVERS	RLS BY REQUEST OF THE GOVERNOR	(S) RES	02/19/20
SB 205	SUPPLEMENTAL PFD FOR 2019 RECIPIENTS	RLS BY REQUEST OF THE GOVERNOR	(S) FIN	02/19/20

### **Resources:**

In order to testify, it is best to go to a Legislative Information Office (LIO) if you have one close to you or call one of the numbers below.

Link to LIO offices <http://akleg.gov/lios.php> - for addresses and phone numbers.

Off net:

Juneau - 586-9085 - for all phone numbers originating in Juneau

Anchorage - 563-9085 - for all phone number originating in Anchorage

Other, 1-844-586-9085 - for all phone numbers not originating in Juneau or Anchorage

Please note that if you are in an "Other" community and your phone number originates in Juneau or Anchorage, the 1-844-586-9085 will not work. You must use the Juneau or Anchorage number.

Here are a couple of links to websites that report on Juneau activities which you may find interesting:

- Governor's office press releases.  
<https://gov.alaska.gov/newsroom/>
- Majority Press Releases
  - *House* – **[akhouse.org](http://akhouse.org)**
  - *Senate* - <http://www.alaskasenate.org/>
- Minority Press Releases
  - *House* - <http://alaskahouserepublicans.org/>
  - *Senate* - <http://alaskasenedems.com/>