

LEGISLATIVE REPORT #22-09

32nd State Legislature Approves Budget, Adjourns Second Session

- The 32nd Alaska State Legislature adjourned the second regular session sine die at midnight on the 121st day. Highlights of the frantic end include approval of a \$3,200 PFD, a balanced FY 2023 budget, and a slew of personal bills passing in the final days.
- The following list describes budget highlights of interest.
 - **A Permanent Fund Dividend (PFD) and energy relief check totaling about \$3,200.** A proposal to fund another \$650 per person in energy relief failed to obtain 30 votes in the House to take these funds from the Constitutional Budget Reserve.
 - **\$1.2 billion in K-12 funding for the 2022-23 school year and \$700 million in partial funding for the 2023-24 school year.** An additional, one-time payment of \$57 million for K-12 education in FY 2023 based on the Base Student Allocation (BSA) formula was included, plus the approved “Alaska Reads Act” provides a \$30 BSA increase.
 - **In addition to 100% funding of school bond debt reimbursement for FY 2023 and an additional amount to provide 100% reimbursement for FY 2022, the legislature added another \$172.2 million to reimburse communities for school bond reimbursement not paid in FY 2017 through FY 2021.**
 - **Adds \$7.1 million for more community assistance payments in current year, coupled with sufficient funds to allow annual distributions of \$30 million in FY 2023 and beyond.**
 - **More than \$20 million in additional funding for the Alaska Marine Highway, providing an 15% increase in funding.** Another \$18.5 million placed into System Fund to offset reverse sweep loss.
 - **Funds revenue sharing of all fishery taxes collected by the state as required by law.**
 - **Includes municipal debt reimbursement in FY 2023 for approved harbor projects.**
 - **Fully funds the power cost equalization program in FY 2023.** Payments will increase if SB 243 is signed.
 - **Allows payment of an amount up to \$349 million to buy back oil and gas tax credits held by drilling companies and their investors in FY 2023. \$60 million in additional funds provided for FY 2022.**
 - **Provides a deposit of \$800 million to the state’s savings account, the Statutory Budget Reserve, if oil prices remain near the forecasted price of \$100 per barrel during FY 2023.**
 - **Capital budget added to this bill. Highlights include \$100 million for school major maintenance projects (about 50% of the list), and \$20 million for harbor matching grants (which funds all FY 2023 Tier I & Tier II projects).**
- **Governor Dunleavy expressed a mixed reaction to the just completed session. While he prefers a dividend of at least \$3,700, he indicated he is unlikely to call a special session to consider a larger PFD.** Dunleavy described the approved FY 2023 budget as “ready to go” and “fully functional.” He did not rule out some veto actions of budget items. He will have three weeks to decide once the bill is transmitted to him. Expect final action by the governor around mid-June.

Winners & Losers; Hitchhikers Abound

- **A total of 63 bills passed both bodies of the legislature during the second session. Of this total, about 2/3rds (or 42 bills) passed during the last week of session.** These stats provide some context to the frantic pace during the last week or two of session.
- **Compounding this situation is the increasing trend for bills to pick up “hitchhikers” or to experience “a shotgun marriage” during this time.** The practice of rolling one or more bills together is used to avoid a recalcitrant chairman, or to expedite passage of a bill. Typically, the bill “added” to another measure has passed one of the bodies, but this isn’t always the case. Witness the attempt to add the massive “election reform” package on the last night to *House Bill No. 157*, even though the elections bills never made it to the floor in either body.

- **Fiscal Matters**
 - **House Bill No. 104 – Fuel Surcharge Increase, Motor Fuel Tax Holiday.** Passed House; died in Senate Finance. Refined fuel surcharge increases to \$.015 and one-year tax holiday on state motor fuel taxes.
 - **House Bill No. 322 – AMHS System & Vessel Replacement Funds; Higher Education Investment Fund.** Passed legislature. Protects these funds from effects of failure to pass the reverse sweep in future years.
 - **Senate Bill No. 45 – State E-Cigarette Tax, Tobacco 21 Adoption.** Passed legislature. Establishes a new state tax on e-cigarettes @ 35% of wholesale price. Adopts federal T21 requirement setting 21 years old as age to purchase or sell tobacco products.
- **General Municipal Issues**
 - **House Bill No. 123 – State Recognition of Tribes.** Passed legislature. Provides formal state recognition of federal recognized tribes in Alaska.
 - **House Bill No. 363 – Office of Broadband Creation, Grants Program.** Passed legislature. Creates an Office of Broadband at DCCED, a broadband parity adjustment fund, and new advisory board.
 - **Senate Bill No. 9 – Omnibus Alcohol Beverage Control Reforms.** Passed legislature. Senator Peter Micciche has worked for 10 years in support of a major rewrite of many alcoholic beverage control statutes.
 - **Senate Bill No. 81 – Village Public Safety Officers (VPSO) Changes.** Passed legislature. Implements most of the proposals adopted by the VPSO Working Group from January 2020.
- **Education Measures**
 - **House Bill No. 114/Senate Bill No. 111 – Education Loans Program, “Alaska Reads Act.”** Passed legislature. Education loan program reforms coupled with the Senate passed version of the “Alaska Reads Act” and House Bill No. 413. Adds \$30 BSA increase.
 - **House Bills No. 272 & 273 – BSA Increase, Inflation Adjustor.** Bills died in House Rules. Rep. Andi Story’s bills to increase the BSA by \$278 over 2 years and adds an automatic inflation adjustment factor.
 - **Senate Bill No. 20 – Out of State Teacher Reciprocity.** Passed legislature. Improves process for out-of-state teachers to get licensed in Alaska.
 - **Senate Bill No. 34 – Tribal Compacting.** Passed legislature. Allows tribal compacting for up to five public schools, with subsequent legislation needed for implementation.
 - **Senate Bill No. 80 – Mental Health Legislation.** Died in 2nd reading, House floor. Requires DEED implement mental health education guidelines. Died due to adoption of two controversial amendments on the House floor.
 - **Senate Bill No. 140 – K-12 Gender Identity, School Sports.** Died in 2nd reading, Senate floor. Requires districts to designate sports teams as male, female, or co-ed. Bars transgender girls from female sports.
- **Fishery & Resources Issues**
 - **House Bill No. 41 – Shellfish Enhancement Projects, Permits, Fees.** Passed legislature. Authorizes shellfish enhancement projects by certain non-profits and increases salmon hatchery permit fees.
 - **Senate Bill No. 33 – Seafood Product Development Tax Credit.** Passed legislature. Adds pollock and cod to this tax credit program and extends the deadline to any property in service by the end of 2025.
- **Energy Matters**
 - **Senate Bill No. 243 – PCE Program Raise.** Passed legislature. Increases monthly ceiling for eligible customers from 500 to 750 kilowatt-hours per month.
- **Election & Voting Issues**
 - **House Bill No. 66/Senate Bill No. 39 – Election, Voting Changes.** Died in each respective Finance Committee. Major legislation worked in both bodies to address a multitude of election and voting law changes. Attempt failed to attach to the combined House Bill No. 157/House Bill No. 234.
 - **House Bill No. 157/House Bill No. 234 – APOC Reforms, Campaign Finance Limits.** Died in 2nd reading, Senate floor. APOC reform bill requiring more disclosures during recalls or referendums (HB 157), combined in Senate Finance with Rep. Schrage’s bill (HB 234) to re-establish campaign contribution limits.

Summary of State Legislation



Below is a list of legislative measures of interest, divided into six main topics: fiscal measures, general municipal issues, education measures, fishery & resource issues, energy matters, and election & voting issues. House measures are described first, followed by Senate measures. Companion bills (measures in both bodies) are listed together. **The current list identifies final status of bills at the end of the second regular session.** More information about these measures can be found at [Alaska Municipal League Legislative Tracker](#) or [Alaska State Legislature](#).

Check out what your legislators are doing. **New bills are in BLUE, change in status in RED, and passed bills in GREEN.**

Fiscal Measures

Measure	Summary	Status
HB 37 by Wool	Proposes an 80/20 distribution of permanent fund (PF) earnings between general fund and dividends. Reimposes a state income tax.	Died in Finance
HB 104 by Josephson	Latest version limited to an increase in the fuel surcharge from \$.0095 to \$.015 per gallon. A one-year suspension of all motor fuel taxes was added on the House floor. Senate Transportation amended surcharge exemptions.	Passed Senate TRA 5/12, died in Senate Finance
HB 165 by Kreiss-Tomkins	Proposes a special appropriation of \$4.35 billion from the Earnings Reserve Account to the PF corpus.	Died in Finance
HB 189 by House Ways & Means	Reinstates state education head tax starting at \$50 per person up to a maximum of \$500 per head. Projected to generate \$60 million per year.	Died in Finance
HB 202 by Merrick	Replaces current PFD formula with use of 30% of all royalties and mineral leases.	Died in Finance
HB 259 by Spohnholz	Proposes 75/25 split of ERA PF draw with 75% for government services and 25% for PFD. Proposes use of 50% of government service piece to fund K-12.	Died in Finance
HB 260 by Snyder	Proposes adjustments to PFD formula to reduce 50% PFD amount for disasters or inflation impacts.	Died in W&M
HB 322 by House Transportation	Moves the AMHS System & Vessel Replacement Funds into separate funds to insulate it from future budget sweeps. Higher Education Investment Fund added.	Passed legislature, headed to governor
HB 350 by Drummond	Removes moratorium on school debt reimbursement program as of July 1, 2022. Changes match rates back to 70% (state)/30% (local) and 60%/40%.	Died in Rules
HB 395/SB 226 by governor	Separates both AMHS System and Vessel Replacement Funds from the general fund (like HB 322 & SB 224). Gives DOT/PF commissioner broad powers to spend funds without further legislative action.	HB 395 died in House FIN SB 226 died in Senate TRA

Measure	Summary	Status
HB 414/SB 241 by governor	New spending bill in response to Bipartisan Infrastructure Law (BIL). Appropriates funds expected to be received by the state during the next fiscal year.	HB 414 died in House FIN SB 241 died in Senate FIN
SB 162 by governor HB 281 by governor	FY 2023 Operating Budget: Latest version includes \$60M in one-time money, K-12 forward funding for FY 2024, and \$220 million to pay school debt FY17-FY23. Senate Finance added the capital budget. Includes \$100 million for school major maintenance program and full funding for harbor matching grant program.	SB 162 pending Senate FIN HB 281 passed legislature, headed to governor
SB 199 by Senate Finance	Modified version of Senate Finance CSSB 53. Proposes 50% PFD/50% government services split contingent on \$700 million in new taxes.	Died in Rules
SB 224 by Senate Finance	Moves AMHS system fund and higher education investment fund into separate funds to insulate them from future budget sweeps.	Died in Finance

General Municipal Issues

Measure	Summary	Status
HB 17 by Josephson; SB 149 by Gray-Jackson	Expands duties of State Commission for Human Rights to prohibit discrimination based on sexual orientation or gender identity. Applies to political subdivisions.	HB 17 died in House STA SB 149 died in Senate STA
HB 55 by Josephson	Allows firefighters and peace officers to join a defined benefit retirement plan. Establishes medical benefits eligibility requirements and payment for past service.	Heard Senate Finance 5/16, died in Senate Finance
HB 113/SB 93 by governor	Establishes an all-payer health claims database (APCD) collecting health care claims data from a variety of health care payers, including insurers and providers.	HB 113 died in House L&C SB 93 died in Senate FIN
HB 123 by Zulkosky SB 108 by Olson	Proposes state law formally acknowledging federally recognized tribes in Alaska. If enacted, the proposed initiative would not appear on the fall ballot.	HB 123 passed legislature, headed to governor SB 108 died in Senate STA
HB 127 by LeBon	Prohibits the Alaska Municipal Bond Bank Authority from assisting the University of Alaska (UA) to fund heating or energy projects, while increasing maximum bonding amounts for other UA or regional health entity projects.	Passed legislature, headed to governor
HB 220 by Hopkins	Proposes new defined benefit retirement system for PERS and TRS members. Gives existing DC members a choice between DC or DB plan.	Died in Rules
HB 309 by Kreiss-Tomkins	Exempts municipal candidates and officeholders in municipalities with a population of 15,000 or less from state financial/business interest reporting requirements.	Died in Rules
HB 363 by Edgmon	Establishes the office of broadband in the Dept. of Commerce, Community, & Economic Development, the broadband parity adjustment fund, and the Statewide Broadband Advisory Board.	Passed legislature, headed to governor

Measure	Summary	Status
HB 411 by House CRA	Allows municipalities to provide property tax exemptions as economic incentive within service areas. Amended to increase allowed optional property tax exemptions to \$75,000 of assessed value.	Passed legislature, headed to governor
SJR 12 by Wielechowski	Resolution urging Congress to repeal the Windfall Elimination Provision and the Government Pension Offset of the Social Security Act.	Passed legislature, headed to governor
SB 9 by Micciche	Omnibus bill relating to the manufacture, distribution, licensing, possession, and the sale of alcoholic beverages. Provides only the ABC Board may issue, renew, transfer, relocate, suspend, or revoke a license.	Passed legislature, headed to governor
SB 26 by Wilson	Repeals the certificate of need (CON) program for health care facilities.	Died in Finance
SB 41 by Hughes	Omnibus health insurance reform bill that includes provision to preempt municipalities from regulating disclosure and reporting of health care information.	Died in Labor & Commerce
SB 81 by Olson HB 313 by Zulkosky	Requires background checks for Village Public Safety Officers (VPSO) and rewrites the VPSO statute.	SB 81 passed legislature, headed to governor HB 313 died House FIN
SB 136 by Myers	Limits state or municipal regulation of firearms during a disaster declaration.	SB 136 failed to advance to 3 rd reading, House floor
SB 148 by Holland	Amends boating safety education course requirements and adds age and safety education requirements for boat operators of a certain age.	Withdrawn by sponsor
SB 152 by Shower	Proposes locating the first regular legislative session in Juneau and the second regular session in Anchorage.	Died in Finance
SB 166 by governor HB 285 by governor	Proposes \$325 million in general obligations bonds for numerous transportation and infrastructure projects.	SB 166 died in Senate FIN HB 285 died in House FIN
SB 170 by Senate Transportation	Establishes a public corporation to manage AMHS using a seven-member board.	Died in Senate L&C

Education Measures

Measure	Summary	Status
HB 19 by Kreiss-Tompkins	Expands scope for teachers fluent in an Alaska Native or foreign language to allow teaching other subject matter if done in Native or foreign language.	Passed legislature, headed to governor
HB 47 by Story SB 109 by Olson	Renames Alaska Native Language Preservation and Advisory Council and adds two seats.	HB 47 died in Senate STA SB 109 died in Senate STA
HB 48 by Story	Expands eligibility requirements for the Alaska performance scholarship program.	Died in Finance
HB 53 by McCarty	Requires school districts to consider children of active-duty military/National Guard as district residents.	Passed legislature, headed to governor

Measure	Summary	Status
HB 60 by Claman SB 80 by Gray-Jackson	Directs Board of Education & Early Development to develop guidelines for instruction in mental health in consultation with the HSS department.	HB 60 died in House FIN SB 80 died in 2 nd reading, House floor
HB 108 by McCarty	Allows public secondary school students, over 14 years of age, to participate in concurrent vocational education, training, and on-the-job trade programs.	HB 108 rolled into SB 32, but died on House floor
HB 114/SB 94 by governor	Amends education and supplemental loan programs by clarifying eligibility requirements and eliminating loan maximums. Senate approved version of "Alaska Reads Act" added with \$30 BSA increase.	HB 114/SB 111 passed legislature, headed to governor SB 94 died in Senate FIN
HB 132 by House Labor & Commerce	Enacts new proposal titled the "Alaska Apprenticeship Expansion Act". Establishes new concurrent vocational education, training, and on-the-job trade experience programs for secondary school students.	HB 132 rolled into SB 32, but died on House floor
HB 147 by Zulkosky	Expands teacher education loan forgiveness program to any rural community not connected by road or rail to Anchorage or Fairbanks.	Died in Education
HB 173 by Tarr	Establishes the "School Climate and School Connectedness Improvement Committee" as an advisory committee in DEED. Requires school districts to develop a plan related to these topics.	Died in Finance
HB 272 by Story	Proposes \$223 increase in BSA for FY 2023, and another \$55 increase in FY 2024.	Died in Rules
HB 273 by Story	Adds automatic inflation adjustment component to the BSA starting in FY 2025.	Died in Rules
SB 20 by Stevens	Amends teacher certification reciprocity provisions for out-of-state teachers. Finance CS requires these teachers to complete specified training requirements within 90 days. Still get 2 yrs. for 2 required courses.	Passed legislature, headed to governor
SB 32 by Stevens	Establishes new middle college program for public school students at U of A.	SB 32 died in 2 nd reading, House floor
SB 34 by Stevens HB 351 by Zulkosky	Allows establishment of public schools through state-tribal compacts. Authorizes a five-year demonstration for not more than 5 schools. More legislation needed.	SB 34 passed legislature, headed to governor HB 351 died in House EDC
SB 72 by Stevens	Adds civics exam requirement to graduate from secondary school.	Died in House FIN
SB 111 by Senate Education	Omnibus education reform bill titled the "Alaska Academic Improvement and Modernization Act." Creates early education & K-3 reading programs.	SB 111 rolled into HB 114, passed legislature
SB 140 by Hughes HB 230 by McKay	Requires school districts to designate sports team as male, female or co-ed and bars transgender girls from participating in female sports.	SB 140 died in 2 nd reading, Senate floor HB 230 died in House EDC
SB 174 by Wilson	Prohibits school districts from adopting a dress code prohibiting hairstyles associated with race.	SB 174 passed legislature, headed to governor
SB 196 by Reinbold	Requires public schools to publish info about all teaching materials and curriculum.	Died in Rules
SB 225 by Senate Education	Omnibus training and apprenticeship legislation creating a teaching residency program, amending teacher certification requirements, and proposing a new teacher registered apprenticeship program.	Died in Rules

Fishery & Resources Issues

Measure	Summary	Status
HB 26 by House Fisheries	Allows members of the Board of Game or Fisheries to deliberate and participate on matters if they or a family member have a personal or financial interest.	Died in Rules
HB 28 by House Fisheries	Exempts commercial fishing vessels with valid licenses from numbering and registration provisions.	Died in Senate Finance
HB 41 by Ortiz SB 64 by Stevens	Relates to management of enhanced stocks of shellfish, authorizes certain nonprofits to engage in shellfish enhancement projects, and increases salmon hatchery permit fees from \$100 to \$1000.	HB 41 passed legislature, headed to governor SB 64 died in Senate Rules
HB 64 by Stutes	Proposes regional associations to encourage new fisheries, modeled after SE AK Regional Dive Fisheries Association. Members self-assess tax to fund surveys.	Died in Senate Finance
HB 120 by governor SB 97 by governor	Allows an Alaskan to nominate up to 20 acres of state land to be used for commercial purposes. Lands must be within federally designated Qualified Opportunity Zones or determined as appropriate for commercial use.	HB 120 died in House FIN SB 97 died in Senate FIN
HB 365 by Kreiss-Tomkins	Makes setting of the optimum number of commercial fishing entry permits for a fishery discretionary. Ties the buy-back program to setting an optimum number.	Died in Fisheries
SB 29 by Micciche	Establishes Cook Inlet buy-back program for set net entry permits and provides for a vote by permit holders whether to be included. Broadens CFEC authority to establish management areas.	Died in Finance
SB 33 by Stevens HB 188 by Stutes	Add pollock and cod to the product development tax credit up to 50% of the taxpayer's tax liability. Extends date to take credit for property first placed into service by Dec. 31, 2025.	SB 33 passed legislature, headed to governor HB 188 died in House FIN
SB 204 by Revak	Expands competitive auctions or raffles for hunting permits and big game tags. Adds harvest permits for emperor geese.	SB 204 passed legislature, headed to governor
SB 219 by Micciche	Allows for the transfer or modification of personal use cabin permits on state land under certain circumstances.	SB 219 passed legislature (within HB 349), headed to governor
SB 227 by governor	Expands state law related to state's ownership of submerged lands and authority over navigable waters. Focus is on water bodies within/adjacent to federal lands.	Died in House Fisheries
SB 228 by governor	Specifies a Tier III water designation as an "Outstanding Natural Resource Water" can only be done by statute.	Died in Rules
SB 230 by Senate Resources	Sets fee to construct or use a trapping cabin on state land at \$25 and exempts permittees for such use from additional land use fees.	Died in Finance

Energy Matters

Measure	Summary	Status
HB 135 by governor SB 104 by governor	Expands the jurisdiction and authority of the Oil & Gas Conservation Commission (AOGCC) over geothermal resources.	HB 135 died in House Rules SB 104 died in Senate FIN
HB 170 by governor SB 123 by governor	Creates new “Alaska Energy Independence Fund” at AIDEA to make loans and provide other forms of financing for sustainable energy development.	HB 170 died in House Rules SB 123 died in Senate FIN
HB 227 by Schrage	Expands Property Assessed Clean Energy (PACE) program by allowing new construction financing, resiliency projects, and C-PACE refinancing. Provision added re: planning commission membership requirements in 2nd class boroughs.	Passed legislature, headed to governor
HB 358 by Edgmon SB 202 by Revak	Extends authorization of the Renewable Energy Grant Fund & Program setting a new sunset date of 6/30/2033.	HB 358 died in Senate FIN SB 202 died in Senate FIN
SB 243 by Senate Finance	Amends the Power Cost Equalization program to raise monthly ceiling for residential customer from 500 to 750 kilowatt-hours per month.	Passed legislature, headed to governor

Election & Voting Issues

Measure	Summary	Status
HB 66 by Tuck	Omnibus voting bill allowing same-day registration, ballot curing, increased pay for poll workers and earlier absentee ballot counting.	Died in Finance
HB 157 by Rasmussen	Requires identification of individual and groups expending money for state referendums/recall elections.	HB 157 died in 2 nd reading, Senate floor; HB 234 added
HB 234 by Schrage	Establishes higher campaign contribution limits in response to court action striking down current limits. HB 234 allows individual contributions of \$2,000 and group contributions of \$4,000 or more per year.	HB 234 added into HB 157, Senate Finance; died on Senate floor
SB 39 by Shower HB 196 by Vance	New CS will be presented. Result of coordinated effort with Rep. Tuck. Will monitor and report further.	SB 39 died in Senate FIN HB 196 died in House JUD
SB 43 by Hughes	Prohibits anonymous donations to ballot measure campaigns and amends process to assist completion of an absentee ballot.	Died in Judiciary
SB 129 by Myers	Broadens type of information included in the Alaska Official Election Pamphlet related to judge retention.	Died in Rules
SB 142 by Shower	Adds new provision asserting state sovereignty to not conduct elections for federal officials if federal law requires actions in conflict with state provisions.	Died in Rules
SB 167 by governor HB 286 by governor	New omnibus “elections integrity” bill with numerous changes. Eliminates automatic registration for PFD applicants, allows ballot curing and amends process to maintain voter rolls.	SB 167 died in Senate STA HB 286 died in House STA