

Bradners'

# Alaska Legislative Digest

- Commentary on Alaska issues and policy

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## Fuel tax bill set to pass the Senate

As this report goes to our readers the State Senate is set to pass a motor fuel tax bill doubling of the state motor fuel tax. The bill was advanced to third reading Friday and will be on the Senate floor Monday. By Sen. Click Bishop, R-Fairbanks, SB-115 doubles the motor fuel tax used within the state from 8 cent/gallon to 16 cents/gallon, and also doubles the tax for watercraft fuels from 5 cents to 10 cents a gallon. The bill would require owners of all electric vehicles to pay a \$100 biennial fee and hybrid vehicles a \$50 fee. The motor fuel tax presently brings in \$33 million. The bill would double this to roughly \$67 million. Alaska presently has the lowest fuel tax in the nation at 8 cents, but when set in 1962 it was the highest in the nation.

The tax was a carry forward tax from territorial days and as such had a dedicated status for roads, an exception under the general rule of our constitution prohibited dedicated taxes. However, in 1962 the legislature, instead of just increasing the tax, repealed and re-enacted the tax, which lost the tax's permissible constitutional dedication. Nevertheless, the funds are more or less designated for maintenance of highways and other transportation costs. The watercraft fuel account is used to fund water and harbor facilities. (*See more on taxes, page 2*)

## Tax uncertainty was factor in BP decision to leave

A senior BP Alaska manager told legislators that long-term tax uncertainty was a significant factor in the company's decision to leave after 60 years in the state, selling its assets to Texas-based independent Hilcorp Energy. BP had recently made a \$10 billion Lower 48 acquisition and needed to sell asset to pay for it rather than acquire more debt. Alaska was on the short-list for sale because of the region's high costs, distance from markets, and uncertainty created by tax risks, said Damien Bilbao, BP's Alaska vice president for commercial ventures.

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*Oil tax initiative: A citizen initiative to raise oil and gas taxes has enough valid signatures to appear on the Alaska election ballot this fall, elections division officials said last Friday.*

### ***In this Issue:***

- Begich: Oil tax change Page 2
- Health care data base Page 3
- Nuclear regulatory Page 3
- Status of bills Pages 4-5
- Teacher incentives Page 7

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## **. . . Tax/Health care . . .**

### **Begich drops in an oil tax bill, hiking state property tax**

Sen. Tom Begich, D-Anch., has a bill in raising the state petroleum facilities property tax from 20 mills to 30 mills. This is the only state property tax and has been on the books since 1973. It applies to production facilities like oil wells, process plants and other field infrastructure, and oil transportation facilities like pipelines. Under Begich's bill municipalities would still levy their own property taxes with oil producers deducting the local tax against their state tax, as is now done. The difference is that the increase in tax from 20 mills to 30 mills would result in more funds to the state treasury.

SB 212 would generate an estimated \$284 million for the treasury but because some of the property tax is deducted in oil producers' calculation of net revenue in the state production tax the net gain to the general fund could drop to \$184 million. Begich says he isn't really pushing the bill but is using it in discussions with colleagues. It's possible SB 212 may wind up as part of another bill.

### **SB 50, school "head" tax, before the Senate Finance Committee**

This bill was before the Senate Finance Committee Friday Feb. 28. but held. Sponsored by Sen. Click Bishop, R-Fairbanks, the tax is formally title "employment tax for educational facilities," and this is an annual one-time \$100 tax on wage and salary employees. It is a kind of reenactment of the old territorial and early Statehood per-capita head tax called a school tax, which was repealed after North Slope oil revenues flowed. The tax is estimated to bring in \$13 million.

### **All-claims health care data base now in House and Senate**

House Labor and Commerce committee took up HB 229, Rep. Ivy Spohnholz' bill establishing an all-claims health care data base, among other things. Sen. Natasha von Imhof introduced a senate version, SB 201. The Senate bill was introduced Feb. 19 and referred to the Senate Labor and Commerce and Finance committees. An Alaska Health Care Transformation Corp. would be created within the Dept. of Commerce and Economic Development. It would set up the data base, which is a key recommendation of a health care task force that has been working on ways of improving care and reducing costs.

Under the bill information on all medical service insurance claims would be submitted and included in the data base, which would be used to track health care cost trends. Several states have these and they can be structured in different ways. A major sensitivity will be on protection of personal data. Alaska's health care costs 38 percent higher than the national average, Spohnholz said.

### **Workforce training funding extended under HB 235**

Rep. Adam Wool introduced HB 235 to reauthorize the allocation of workforce training funds from Unemployment Insurance Compensation taxes paid by employers and employees. The bill was

*– Continued on next page*

## **. . . Education/Business . . .**

### **House bill extends funding for workforce training (Cont.)**

– *Continued from previous page*

up in House Labor and Commerce last Friday. It keeps the current allocations of funds to the regional training centers and the University of Alaska and extends the program for another three years. It would otherwise “sunset,” or terminate, this year. This is a must-pass for the regional training centers. There is always the possibility the Legislature could change the allocations or add new recipients.

### **State regulatory process for nuclear streamlined under SB 194**

A new bill from the Senate Community and Regional Affairs Committee would streamline state review of small new-generation nuclear power plants. Under current law a nuclear plant must obtain legislative approval as well as a permit from the Department of Environmental Conservation. The bill would remove the requirement for the Legislature to pass an authorizing bill. Several U.S. companies have developed compact reactors that are considered safer than larger conventional-technology plants. Proponents of the bill want to signal Alaska’s receptivity to the new-technology nuclear, which could help remote mine projects and rural communities. In some small villages residents spend as much as 40 percent of family income for heating and electricity. Low-cost power could open the door to electric space heating.

### **Cold Climate Housing Research Center needs match for \$3 million in federal grants**

The Cold Climate Housing Research Center in Fairbanks is scrambling to find \$500,000 to match \$3 million in pending federal grants that are pending, legislators were told in a briefing. Last year Gov. Mike Dunleavy zeroed out state funds for the center, which does research and development on housing for northern latitudes. For years CCHRC has worked to develop models of super-insulated but affordable residential units mainly for rural communities. Fuel oil use in many of these is as low as 120 gallons of oil per year. A key objective is improvement in air circulation and indoor air quality that reduces health problems. Without a state appropriation last year, for the first time in the center’s 20 year-plus history, the CCHRC is basically working off savings. Those will be exhausted in May, legislators were told last Wednesday, Feb. 26.

### **Governor’s bill to drop employers’ UIC taxes gets cool reception in House**

A governor’s bill to reduce employers’ Unemployment Insurance taxes got a tepid reception in House Labor and Commerce Committee last week. The bill was held for discussion but an undercurrent of skepticism in the committee is whether employers should get a break while the tax on employees’ tax remains the same. That Alaska’s UIC benefit to laid-off workers is low compared with UIC paid in other states doesn’t help. The underlying premise of the bill is to reduce the tax on employers who have stable workforce levels (i.e. not highly seasonal) while retaining the current tax on employers with ups and downs, and which impose the seasonal cost on the UIC fund.

# ... Status of Bills ...

## Introduced in the House

- HR 13: U.S. Coast Guard name one of two icebreakers the "Polar Bear" .....to ARCTIC
- HCR 15: 2020 Year of the Child; April 2020 Child Abuse Month (by Tarr) .....to H&SS
- HCR 16: Amend Uniform Rules to allow appearance of measures on daily calendar after ninetieth day of regular session (by Eastman) .....to SA, JUD
- HJR 27: U.S. Dept of Defense invest in Port of Alaska (by Fields) .....to M&VA, ARCTIC
- HJR 28: Amend state Constitution re: political caucuses in the legislature (by Carpenter) .....to SA, JUD, FIN
- HJR 29: Commemorating Anti-Discrimination Act of 1945 (by Kreiss-Tompkins) .....to TRIBAL
- HJR 30: Amend state Constitution relating to judicial council membership (by Eastman)..... to SA, JUD, FIN
- HB 272: Special vehicle license plate honoring Alaska Natives (by Talerico) .....to TRANS, SA
- HB 273: Vehicles abandoned on private property (by Stutes) .....to TRANS, SA
- HB 274: Property insurance surcharge; fire standards (by Vance) .....to SA, L&C
- HB 275: Penalties for motor vehicle violations (by Vance) .....to JUD, FIN
- HB 276: Liability of electric utility for contact, vegetation and utility facilities (by Josephson).....to RES
- HB 277: Alaska Police Standard Council (by Zulkosky) .....to TRIBAL, JUD
- HB 278: Binding votes by or for a legislator under Legislative Ethics Act (by Carpenter)..... to SA, JUD
- HB 279: Organize militia; authority of adjutant general (by Shaw)..... to M&VA, SA
- HB 280: Alaska Invasive Species Council; invasive species management (by Tarr).....to RES, FIN
- HB 281: Operators' licenses of charitable gaming (by LeBon) .....to L&C, FIN
- HB 281<sup>2</sup>: Establish Office of Public Events on UA campuses (by Rauscher)..... to EDU, FIN
- HB 283: Duties of health care practitioners performing or inducing abortions (by Rasmussen) .....to H&SS, JUD
- HB 284: Prohibit abortions for unborn child 20 weeks or older (by Rasmussen)..... to H&SS, JUD
- HB 285: Alaska Coordinate System of 2022 (b Shaw) .....to SA, RES
- HB 286: Early hunting season for disabled veterans (by Shaw) .....to M&VA, RES
- HB 287: Village public safety officer applicants' back-

## Introduced in the House

- ground investigations (by Kopp) .....to TRIBAL, JUD
- HB 288: Immunity for consulting physicians (by Josephson)..... to H&SS, JUD
- HB 289: Road service area consolidation (by Wool) .....to C&RA, RES
- HB 290: Alternative to arrest procedure for person in acute episode of mental illness (by Claman) .....to JUD, FIN
- HB 291: Register commercial interior designers (by Claman)..... to L&C, FIN
- HB 292: Daylight saving time (by Ortiz) to SA, FIN
- HB 293: Permits for trapping cabins (by Talerico) .....to RES, FIN
- HB 294: High school start time (by Rasmussen) .....to EDU, C&RA
- HB 295: Public policy neutrality; free speech for UA (by Eastman) .....to SA, EDU
- HB 296: Extreme risk protective orders (by Eastman) .....to C&RA, JUD
- HB 297: Crimes of coercion and bribery involving legislators (by Eastman) .....to SA, JUD
- HB 298: Establishing liability for injuries relating to prohibition of firearms (by Eastman) to SA, JUD
- HB 299: Occupational licensing (by Eastman) .....to JUD, L&C
- HB 300: Deposits into dividend fund; income of an appropriations from earning reserve (by Wool)..... to FIN
- HB 301: Certificates of fitness for plumbers and electricians (by LeDoux) .....to L&C
- HB 302: Prohibit abortion if heartbeat detected (by Vance)..... to H&SS, JUD
- SB 52: Regulation of alcohol; alcoholic beverage control (by FIN)..... to L&C, FIN
- HB 303: Involuntary commitment procedures; protective custody (by Gov)..... to H&SS, JUD
- HB 304: Crimes: psychiatric examination; competency of defendants (by Gov) .....to H&SS, JUD

## House Committees' Actions

- HB 203: Transportation of live crab (6 do pass) .....RES to RLS
- HB 113: Military family employment preference (5 do pass, 2 no rec) .....L&C to RLS
- HB 185: Registrations of commercial vehicles (6 do pass) .....TRANS to FIN

- Continued on page 5

# . . . Status of Bills . . .

## Introduced in the Senate

- SB 220: Reporting of information relating to fishery resources (by Hoffman) .....to RES, FIN
- SB 221: Legislative Budget and Audit Committee (by Hughes) .....to SA, L&C, FIN
- SB 222: Legal representation of public officers (by Kawasaki) .....to JUD, FIN
- SB 223: Duties of the Department of Health and Social Services (by Coghill) .....to H&SS, JUD
- SB 224: Hiring of certain legislative employees (by Shower) .....to JUD, SA, FIN
- SB 225: Crimes of coercion and bribery involving legislators (by Shower) .....to JUD, FIN
- SB 226: Premium tax credit for flood insurance (by Stedman).....to L&C, FIN
- SB 227: Use of income of the Alaska permanent fund (by Hoffman) .....to FIN
- SB 228: Disposition of Native corporation stock upon death (by Olson) .....to JUD
- SB 229: Immunity for consulting physicians and more (by Kiehl) .....to H&S, JUD
- SB 230: Performing arts theater license (by Kawasaki) .....to L&C, FIN
- SB 231: Requiring background investigations of village public safety officer applicants (by Olson).....to SA, FIN
- SB 232: Personal use fishing permits (by Micciche) .....to RES, FIN
- SB 233: Public & Alaska Railroad employee payroll deductions for union dues (by Reinbold) .....to JUD, L&C
- SB 234: Criminal law and procedure, limitations of actions (by Reinbold)..... to JUD, FIN
- SB 235: Statewide student assessments (by Reinbold) .....to EDU, FIN
- SB 236: Prohibiting expenditure of state money on common core curriculum (by Reinbold) .....to EDU, FIN
- SB 237: Alaska Criminal Justice Commission (by Reinbold) .....to SA, JUD
- SB 238: Involuntary commitment procedures (by Gov) .....to H&S, JUD
- SB 239: Psychiatric examination under criminal law (by Gov)..... to JUD
- SCR 9: Establishing the Task Force on Therapeutic Courts (by Wielechowski) .....held on Senate Secretary's desk

## Introduced in the Senate

- SCR 10: Standardize all financial charts and graphs (by Reinbold) .....to FIN
- SCR 11: Awarding Alaska Decoration of Honor to Gabriel David Conde (by SA) .....to SA
- SJR 20: Amendments relating to biennial state budget (by Shower) .....to SA, FIN
- SJR 21: Amendments relating to office of attorney general (by Gray-Jackson).....to SA, JUD, FIN

## House Committees' Actions (Cont.)

*- Continued from page 4*

- HB 201: Legal representation of public officers in ethics complaints (4 do pass, 1 no rec)..... JUD TO FIN
- HB 234: Supplemental appropriations, reappropriations, (7 do pass, 4 amend) .....FIN to CAL
- HB 151: Regulation of electric utilities and electric reliability organizations (5 do pass, 1 no rec) .....ENERGY to RES
- HB 199: Fisheries rehabilitation permit (2 do pass, 2 no rec) .....FISH to RES
- HB 124: Electronic documents and notarization (4 do pass, 1 do not) .....JUD to RLS
- HB 148: Solemnization of marriage (5 do pass, 1 do not) .....SA to JUD
- HB 205: Appropriations: operating and loan programs; (6 do pass, 4 amend) .....FIN to RLS
- HB 206: Mental health program appropriations (10 do pass) .....FIN to RLS

## House Floor Actions

- HB 234: Supplemental appropriations, reappropriations, amending appropriations; CBR .....PASSED 35-0
- HB 133: Care of juveniles; juvenile justice; employment of juvenile probation officers .....PASSED 35-0

## Status current as of March 1, 2020

### Committee Key:

FIN	Finance
L&C	Labor and Commerce
JUD	Judiciary
RES	Resources
H&SS	Health and Social Services
CRA	Community and Regional Affairs
SA	State Affairs
FISH	Fisheries
ENERGY	Energy
EDU	Education
TRIBAL	Tribal Affairs

## . . . Budget/Health Care . . .

### **Supplemental appropriations pass House; Medicaid, wildfire funding**

The supplemental appropriations bill passed the state House last Wednesday, Feb. 26, restoring \$128.27 million in state general funds for current-year Medicaid funding along with \$110.5 million to pay the state's costs in battling wildfires last summer. There was also \$3 million for earthquake repair; \$6 million for Alaska Psychiatric Institute and \$1 million for the state Pioneer homes. All of the expenses were anticipated. On Medicaid, the supplemental results from an underfunding of the program last year by the Legislature and the governor, who vetoed funds from Medicaid. The Legislature's reductions were based on statements from the Department of Health and Social Services that it could find internal savings. *We hear the department's staff knew those were unattainable, as they turned out to be, but that former Office of Management and Budget director Donna Arduin instructed the DH&SS to tell legislators they could achieve the savings.*

### **Multistate nurse licensing: Most, but not all, nurses on board**

Multistate nurse licensing, in SB 179, is up in Senate Health & Social Services committee this Friday, March 6. The bill would streamline nurse licensing through Alaska's joining a multistate nurse licensing compact with 34 other states. The compact provides uniform qualifications and practice expectations that would give health providers more flexibility in recruiting nurses quickly, if needs arise, and allow Alaska-based nurses to practice in other states in the compact, particularly through telehealth. It would particularly help military families on rotation in Alaska where spouses could work without having to go through the in-state qualifications. In a survey, 92 percent of 3,573 Alaska nurses said they supported the compact. However, there is a contingent of nurses who oppose it, citing inconsistencies between the states on standards. A similar bill in the House is HB 238.

### **Bills introduced extending immunity for physicians who volunteer advice**

Bills were introduced last week in the House and Senate to extend immunity against lawsuits if physicians extend voluntary advice that is uncompensated. Medical specialists have been doing so in Anchorage but have been warned by attorneys that this can expose them to liability. Rep. Andy Josephson is sponsor of HB 288 in the House and Sen. Jesse Kiehl is sponsoring SB 229.

### **SJR 14: Constitutional amendment on veto overrides**

The Senate State Affairs Committee last week brought up, but held, SJR 14, a constitutional amendment that would reduce the number of votes needed to override a governor's veto of a fiscal appropriation. The House version is HJR 14, which passed out of the House State Affairs Committee with five "do pass" recommendations and two "do not pass." The House Judiciary recommendations gave the measure three "do pass," three "no recommendations," and one "do not pass." HJR 14 is now in the House Finance Committee. While this measure may appear as aimed at Gov. Dunleavy and his intrusive fiscal vetoes in 2019—and in part it is—it must be kept in mind that maintaining the current three quarter override provision weaponizes any future governor.

## ... Education/Business ...

### **HB 236: Increased school funding**

This bill increasing school funding was before the House Education Committee Feb. 26, and will be back before the committee March 4. Sponsored by Rep. Andrea Story, D-Juneau, and seven others, this bill increases school funding in two steps. It would increase the base student allocation (BSA) from, \$5,920 to \$6,045 (\$115) effective July 1, 2020, for the immediate school year. The bill would next increase the BSA by another \$110, effective July 1, 2021. The first year increase incorporates the FY-20 \$30 million the (impounded by the governor) into the formula, while the second year formula is reflective of inflation. If the committee passes the bill out, which we expect it will, it will go straight to the House Finance Committee.

### **HB 256: Incentives for recruitment of teachers**

Rep. Greer Hopkins' new HB 256 would establish a program for incentives and school debt payment as a recruitment tool for teachers. The program would involve school districts offering the payments as incentives. It would be administered by the Dept. of Education and Early Development and appears modeled on the successful medical recruitment program administered by the Dept. of Health and Social Services where federal grants, and soon, health provider employers' direct payments are used to recruit physicians and other health professionals. Under HB 236 the incentive payments would range from \$2,500 annually to \$10,000 annually with the higher amounts for teachers in schools considered higher need.

### **Bill would short-circuit new effort by administration on apprenticeship rules**

Rep. Gabrielle LeDoux, R-Anch., introduced HB 301 last week, to require that plumbers and electricians receiving a state Certificate of Fitness complete a apprenticeship program approved by the state. The bill is aimed at short-circuiting Dept. of Labor and Workforce Development regulations proposed, then withdrawn, that would arguably loosen rules for apprenticeship programs that require training under experienced plumbers and electricians. The administration pulled back the regulations but a public hearing on the matter is planned March 6, leading critics to suspect the administration is planning another effort.

### **HB 291: Adding interior designers to Board of Architects, Engineers and Land Surveyors**

This idea has been before the Legislature before, but Rep. Matt Claman's new HB 291 would add landscape architects and interior designers to the State Board of Registration for Architects, Engineers and Land Surveyors, creating licences for interior designers and landscape architects.

### ***Oil prices plunge – revenues will take a hit***

*Crude oil prices sharply dropped over a major falloff in world demand for fuels because of economic effects of the coronavirus. The spring oil revenue forecast is due in late March or early April. It will be interesting to see how state forecasters will handicap the uncertainty.*

## . . . Local government . . .

### AML Community Services Fund

Last week the House Community and Regional Affairs Committee heard a presentation by Nils Andreassen, Executive Director of the Alaska Municipal League (AML), on a development of a Community Services Fund. The idea involves managing the local assets of state and municipalities together. The concept is complex in part because of the diversity of municipal communities and their respective revenue abilities. The concept is to gather together the different aspects of state and local governments, things like school bond debt reimbursement, community assistance, ports, rural roads, and such. A centerpiece for this is the idea of a community Permanent Fund Dividend, which would have an impact on the current PFD. During the presentation Andreassen said he would also like to see the Legislature sit as the assembly of the unorganized borough. The bottom line is that AML would like to stem the bleeding among local governments and dumping of costs by the state, and come up with a system that stabilizes whatever revenue can be shared with municipalities.

### SB 6: "Alaska Reads" bill continues to get criticism, but also support

The Senate Finance Committee had the school reading bill up for public hearing last Wednesday, listening to public testimony limited to two minutes for each person. The committee then tucked the bill away. Since it has been officially "noticed" the bill can be back before the committee on short notice. The proposal continues to get criticism regarding lack of input from superintendents and others who must implement the reading program. Also criticized is the prescriptive process that it injects into the daily K-3 class-room, the lack of recognition of class size, and the result of the state's failure to increase funding. (- More detailed report coming)

### Heard in the Halls:

We hear University of Alaska Anchorage faculty are being asked their opinions on whether credits earned in the state's several bible colleges should be accepted in university degree programs. It's unclear where this is coming from but it could be the governor's office.

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## Endnotes

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