

## **End of Session Report from Juneau – May 9, 2013**

The Alaska Legislature adjourned at 11:35 pm on Day 90 (April 14th) of a 90-day session. The Republican-led House, Senate and Governor achieved many of the goals they identified going into the session in January.

### **Session Highlights:**

- **Operating Budget:** With the spring revenue forecast significantly down from last fall, the legislature held the line on operating budget spending. They reduced the Governor's requested amount of general funds by \$50 million, roughly equal to last year's authorization. (\$5.789 billion GF) Overall spending in the operating budget was \$9.856 billion, including General, federal and other state funds.
- **Capital Budget:** Governor Parnell released his capital budget plan in December 2012. This proposal totaled just under \$1 billion. After releasing his budget the Governor indicated he had left \$500 million "on the table" for the Legislature to spend. Following the bleak spring revenue forecast, the House and Senate majority took a more conservative approach to capital budget spending adding only an additional \$280 million for projects. Notable appropriations include \$95 million for the Susitna Hydro Project, \$30 million for the Engineering Buildings at UAA and UAF, \$38 million for deferred maintenance for the Project 80's in Anchorage, \$35 million for a residential facility at the Alaska Native Medical Center and \$15 million for a new hospital in Ketchikan. Overall capital spending authorized was \$2.288 billion, of which \$1.23 billion was general funds.

### **Realtors' issues of interest in 2013 Session**

#### **Bill on the way to the Governor for action:**

- House Bill 50 by Rep. Costello allows AHFC to finance multi unit residential housing that include commercial enterprises that could include things such as restaurants, shopping or childcare services.
- House Bill 57 by Representative Holmes amends Alaska statutes to conform to the Uniform Commissioners' Model Entity Transaction Act, or META. The Act was put forth to help entrepreneurs and businesses have a simplified, efficient and uniform framework in place, and relieve complex and unnecessary hurdles. The bill streamlines laws that govern business transactions in Alaska, creating a uniform playbook to use.
- House Bill 76, introduced by the Governor makes changes to the unemployment insurance program. The bill provides for electronic filing, and includes language that enables the state to conform with federal requirements. HB 76 also allows the Commissioner of Labor and Workforce Development the ability to slow the growth of supplemental premiums when the UI Trust fund is sufficiently funded. Conformity with federal requirements keeps the federal premium discounts in place saving employers about \$378.00 per employee. It passed the house 33-6 and the Senate 19-1.
- Senate Bill 7 by Senator Giessel changes the brackets for the non-petroleum corporate income taxes. The bill provides tax relief for certain "C" corporations that are currently paying some of the highest state corporate taxes rate in the nation.

- Senate Bill 73 by Senator Meyer allows local municipalities to vote to exempt the property of a military widow or widower where the member of the military died in military activity.

**Bills still in the legislature upon adjournment – (these bills are available for consideration next legislative session)**

- HB 187 by the Labor and Commerce Committee is an effort by Rep. Kurt Olson to better set and control licensing fees to keep increases from growing at unreasonable rates.
- SB 58 by Senator Egan allows cancellation of insurance on certain abandoned property. The bill contains language approved by the AAR.
- HB 60 by Representative Gruenberg provides for transfer of real property on death. This would provide a means of avoiding probate and its legal costs.

**Municipal Community Dividend Program.**

Base funding of \$60 million was appropriated for the community dividend program. Alaska Municipal League and local communities lobbied for an additional \$25 million, however this funding was not included in the final budget.

**Alaska Housing Finance Corp Weatherization and Home Energy Rebate Programs**

The legislature funded the Alaska Housing Finance Corp Weatherization program at \$31.5 million and Home Energy Rebate program at \$20 million.

**ANTHC new housing facility**

The ANTHC received legislative approval to construct a new Native housing facility in Anchorage. SB 88 authorizes \$35 million in State Revenue bonds for construction of a 170 bed residential housing facility with skybridge access to ANMC.

**Major Issues this legislative session**

**Oil and Gas Tax Reform**

- After weeks of testimony from industry experts, economists, oil companies, interest groups and members of the general public the Senate finally passed the oil tax reform bill (SB 21) by a vote of 11-9. The House moved quickly through the hearing process and, after a 24-15 vote in favor of passage, the House sent the bill over to the Senate for concurrence 24 hours before adjournment. Senator Donny Olson was the only member to change his vote in the Senate. The bill passed the Senate on concurrence 12-8.
- **Natural Gas Pipeline:** House Bill 4, sponsored by Speaker of the House, Mike Chennault, passed both bodies. The measure creates a new quasi-independent public entity to advance a natural gas pipeline from the North Slope to Cook Inlet.
- **Fairbanks Natural Gas:** The legislature passed the Governor's initiative to bring natural gas to Fairbanks, SB 23. The measure, supported by \$300 million in funding and loans, begins the process by trucking gas from the North Slope to Fairbanks and helps develop a distribution network in the community.

**Other notable actions:**

## Education

- The legislature passed SB 57, a measure, which reimburses school districts for their actual costs for pupil transportation. The bill also shifted the notification for non-retention for tenured teachers from March 15 to May 15—the so-called “pink slip” issue. Within the capital budget, the legislature also provided an additional \$20 million in one-time funding to school districts for “safety and security”, distributed on a per student basis. Legislation to allow school choice, shift tenure from 3 to 5 years, and transferring all educational employees to the state’s health plan were all held in committee for deliberation next year.
- **Permitting Reform:** Two pieces of legislation, SB 27, "*An Act establishing authority for the state to evaluate and seek primacy for administering the regulatory program for dredge and fill activities allowed to individual states under federal law and relating to the authority*" and HB 129: "*An Act relating to approval for oil and gas or gas only exploration and development in a geographical area*" also passed the legislature. Both were sponsored by the Governor and focused on streamlining government.
- **Cruise Ship Discharge:** Earlier this session the legislature passed another initiative by the governor to ease discharge regulations and it’s permitting process for the cruise ship industry. The language was contained within House Bill 80.
- **Water Reservations:** HB 77, also sponsored by the Governor, alters state law so that only governmental entities and not a person can apply for water reservations. This legislation made it to the Senate floor, but did NOT pass on the last night of session. Water reservations are dedications of in-stream flow that are given in perpetuity and are generally dedicated for sustaining fish populations. The legislation does not prohibit a person from applying for a water right, only water reservations. The Administration stated this legislation is needed to limit nuisance water reservation applications that are designed to delay or stop resource development projects. The legislation was a priority for the Governor and could be one of the first items to be addressed next legislative session.

The second session of the Alaska Legislature is scheduled to re-convene on Tuesday, January 21<sup>st</sup>, 2014.

Submitted by AAR Lobbyist Wendy Chamberlain