

2021 CAPITOL CURRENTS

32nd Alaska State Legislature ~ 1st Session

Seventeenth Edition

*~ House logjam breaks--Special Sessions!
The fully vaccinated can take off their masks~*

HIGHLIGHTS

What a difference a week makes. The House is unstuck, and legislative pieces are starting to come together but now they're up against the May 19 – **Wednesday** – constitutional deadline. Mission impossible.

So, Governor Dunleavy announced two special sessions. He issued the first call starting May 20 to finish the budget, set the FY 22 PFD amount and pass a constitutional amendment to protect Permanent Fund earnings, the PFD, and the power cost equalization program (see below).

The other special session will begin August 2 and focus on long-term fiscal issues like spending limits, revenue measures, and a public vote on new taxes. They'll also figure out how to spend the federal money. See the proclamations here: [Special Sessions](#)

Senate and House leaders are not so sure about the timing. Senate President Micciche still thinks they can get the budget done by Wednesday. He, Speaker Stutes and others also questioned whether you could really decide the PFD question before you figure out how to pay for it.

The House got back to the operating and mental health budgets Monday after the long break to resolve the meltdown over minority amendments to [HB 69](#). They finally had their chance with around 60 proposals on budget cuts, the second amendment, vaccine mandates, abortion, union dues, etc.

A few were successful. For example, one by Representative Kurka that would prevent funding for abortions in Medicaid services passed 21-18. Opponents like Rep. Spohnholz said it was unconstitutional and will provoke lawsuits.

The operating budget eventually was approved, 23-16. Reps. LeBon and Thompson joined the House Majority. Finance Co-Chair Foster said it's basically flat compared to last year. [HB 69](#) is now in Senate Finance and on the calendar, along with [HB 71](#), the Mental Health Budget.

Dividend amount still unknown.

Snag. The House also developed a plan included in the budget for spending about \$700 million of the approximate \$1 B in federal COVID aid this year to boost the PFD, pay for infrastructure, and assist tourism, non-profits, and business. The remaining \$300 million would be saved for next year.

Unfortunately, the just released federal guidelines say Alaska and some other states will get the money in two installments - half now, half next year. The Senate will have to take it from here.

Commissioner Ledbetter (Labor & Workforce Development) announced Alaska's participation in the federal program that provides an extra \$300 per week in unemployment aid ends June 12th. We

join at least 13 other states that will stop providing the benefit three months earlier than the expiration date in September.

Here's the rest of last week's story:

The Legislature dedicated another day last week to the confirmation of the Governor's more than 100 appointments to the Cabinet and regulatory boards. This process typically would have been handled last session, but the pandemic put that on hold.

All cabinet choices were confirmed. AG Treg Taylor was controversial but survived. A few Board appointees didn't - John Fox to the Alcoholic Beverage Control Board; former Pebble employee, Abe Williams to the Fish Board; and Annette Gwalthney-Jones to the Mental Health Trust.

The third big happening last week was the Governor's new PFD constitutional amendment proposal. He's suggesting a modified approach to one of his original ideas [SJR 6](#). Watch the Governor's announcement [here](#)

The new amendment would constitutionally guarantee a PFD, with a cap on annual transfers from the permanent fund to the state treasury that would be split 50/50 between the dividend and state spending.

Resulting deficits are predicted in the range of over \$600 million to over \$1 billion in 2024. As we understand, this approach would yield a \$2,000 - \$2,500 dividend this year, a bit less than the current statutory formula.

In a surprise twist, it also moves the \$1 Billion Power Cost Equalization (PCE) fund into the permanent fund. They would manage that money too, like the Mental Health Trust. This guarantees an important program that reduces the ridiculously high costs of energy in rural Alaska. The proposal also rolls the earnings reserve account into the Fund corpus.

Dunleavy says it's a starting point for a "better fiscal future": Can you imagine a world where we aren't always wrestling over the PFD, he mused - think of what we could do. All sides seem willing to jump in and try to get this behind them.

The devil really is in these details. 2/3 vote needed.

The CDC concluded that it's ok to take off our masks if we are vaccinated. The Legislature, Anchorage, Juneau and maybe others already have followed their lead and dropped mask mandates. Some say too soon. The Capitol is still closed to the public.

The Court System restored some online services but still has a way to go after the malware cyber-attack that forced them to disconnect Internet operations.

Homeschooling spike. As we understand, the US Census Bureau reported that from April to September 2020 nationwide households opting to home-school their children doubled. In Alaska, numbers rose even more from 9.6% to 27.5%.

Alaska also has the highest percentage of home schoolers.

Senator Hughes jumped into the transgender rights fray with a bill requiring school sponsored athletic teams or sports to be designated as male, female, or co-ed- [SB 140](#). Participation in a female sport must be based on a person's birth assigned sex.

Budget Hearings for the week of May 17th

SFIN has meetings scheduled at 9am and 1pm Monday-Wednesday with bills previously heard or scheduled. SFIN hearings are not posted for Thursday-Saturday. The operating budget, [HB 69](#), the mental health budget, [HB 71](#), and the Senate version of the capital budget, [SB 50](#), were heard in SFIN on Saturday the 15th so will likely come up under bills previously heard.

HFIN has meetings scheduled at 9am and 1:30pm Monday-Friday and at 11am on Saturday. While some days have bills previously heard or scheduled, some days have bills listed.

(H) Ways and Means has meetings scheduled at 11:30am Monday-Friday with bills previously heard or scheduled listed

Look at the Daily Calendar on the day of the hearing to see which, if any, bills are listed on the day.

Mon, May 17th

1:30pm HFIN [HB 70](#) Capital Budget
[HB 202](#) Permanent Fund Dividend; Royalties-pending referral

Tues, May 18th

1:30pm HFIN [HB 57](#) Funds Subject to CBR Sweep- *public testimony will be taken*

Thurs, May 20th

1:30pm HFIN Leg Finance presents on the American Rescue Act Plan Guidelines

BILLS On the Move

Most Committees either do not have hearings scheduled or only have bills previously scheduled or heard listed. It's best to check the [Daily Schedule](#) each day to see what may appear on the schedule of a particular committee.

Tues, May 18th, 3:30pm SCRA

[SB 46](#) Law Enforcement; Registry; Use of Force

BILL Updates

[HB 145](#) Expand Pharmacist Authority is in HRLS still awaiting Floor action

~ End of Report ~

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