

2016 CAPITOL CURRENTS

29th Alaska State Legislature ~ 2nd Session

Sixth Edition – 2/29 to 3/6/16

42 days to go

~ Superior Court judge dismisses lawsuit to halt Governor Walker's Medicaid expansion ~

HIGHLIGHTS

More than halfway through the 90-day session, it remains unclear what pieces the Legislature will pull together to tackle an almost \$4 billion deficit.

In addition to budget cuts, current proposals include taxes, the use of Alaska Permanent Fund earnings and changes to the state's oil and gas tax credits, Medicaid and the criminal justice system.

At play will also be the Constitutional Budget Reserve (CBR). To spend from this \$8.2 billion account requires three-quarters of the House and three-quarters of the Senate.

The Republican-led House majority, do not have the votes, so they will have to negotiate with the Democratic-led minority.

Alaska lawmakers accepted nearly \$250,000 in free trips and gifts last year, with travels to China and Ireland as well as resort towns in Colorado and South Carolina. Many of these trips were to events hosted by groups who receive legislative membership fees.

During his address to the Legislature, U.S. Senator Dan Sullivan said that Alaska is an area of strategic importance to the country, given its foothold in the Arctic and production of oil, seafood and other resources.

A Wasilla Republican suggested that “older folks” in the state might be better off if they just left. She further stated they’ve had a “free ride” long enough. Last reported, those free loaders bring in over \$2.4 billion a year in retirement income.

State officials want to change eligibility requirements that now allow non-citizens to collect monthly senior benefits. It would save the state \$43,000 annually.

The Alaska Senate has given unanimous approval to a bill that allows parents to request a credit freeze on their child’s behalf. “An area of growing concern is child identity theft,” said the lead sponsor of **SB 121**.

There are “horror stories” of children, who turn 18 and apply for a credit card, suddenly finding that someone has been using their identity to accrue debt.

Senate Announces Schedule for Public Testimony on FY17 Operating Budget

The following timelines have been established as follows:

Monday – March 7th

3:45 – 5:30 p.m. / Juneau

Tuesday – March 8th

10:00 – 11:00 a.m. / Bethel, Nome, Kotzebue, Unalaska

11:15 – 12:00 p.m. / Barrow, Tok, Delta Junction

1:00 – 2:00 p.m. / Ketchikan, Wrangell, Petersburg

2:15 – 3:30 p.m. / Sitka, Cordova, Valdez

3:45 – 5:30 p.m. / Statewide Teleconference – Offnet Site

Wednesday – March 9th

9:00 – 10:45 a.m.: Anchorage

1:00 – 1:45 p.m.: Glennallen, Seward, Homer

3:00 – 4:30 p.m.: Fairbanks, Mat-Su

4:45 – 5:45 p.m.: Kenai, Kodiak, Dillingham

Off Net sites are those communities without a Legislative Information Office.

Call 465-3753 by 5:00 p.m. any day to obtain the toll free call-in phone number.

BUDGET ISSUES

Starting tomorrow, the house will put the final touches on their version of the FY2017 budget.

All proposed amendments were to be submitted by Friday afternoon. Starting tomorrow, we'll see which ones make it into the final draft.

Some programs funded primarily by the state are likely to take the biggest hit.

The house is expected to vote on the final version Friday March 11th.

If the House approves the budget but fails to reach a three-quarters vote on spending from the budget reserve, it will effectively have a budget with no way to pay for it.

EDUCATION ISSUES

Betty Walters, a retired state educator, has been named interim deputy commissioner of the Department of Education. She is a long time administrator for the Kodiak Island Borough School District.

The Legislature has begun its second battle in two weeks over a constitutionally questionable abortion bill.

SB 191 would bar employees or representatives of “abortion services providers,” or affiliates of providers, from presenting or teaching at public schools about any topic — not just abortions or sexual education. It also would allow revocation or suspension of teachers’ and doctors’ licenses if they break the ban.

The proposed legislation comes after the Senate passed **SB 89**. That bill blocks abortion services providers from contracting with schools, or offering sexual education there.

While many see the bill as targeting Planned Parenthood, critics (**SB 89**) say its broad language could restrict medical facility employees from teaching sex education in schools. A legislative attorney said portions of the bill could be unconstitutional.

It also would let parents withdraw their children from activities, classes, standardized tests or programs they find objectionable.

The education department says withdrawals could jeopardize \$97.5 million in federal funds.

HEALTH & SOCIAL SERVICES ISSUES

A Superior Court judge dismissed the Alaska Legislature's lawsuit to halt Governor Walker's Medicaid expansion. In his decision and order, Judge Frank Pfiffner concluded the state acted within the bounds of law.

Expansion took effect Aug. 31, 2015, opening the program to childless adults whose income falls beneath 138 percent of the federal poverty level, or an annual salary of about \$20,000.

As of late last week, it appeared that the Legislature was going to appeal the decision to the Alaska Supreme Court. Pundits say it's futile and will result in the wasteful expenditure of public money.

When children are taken out of their homes due to neglect or abuse, they're under the jurisdiction of the State Office of Children's Services. Now, through an agreement between the State of Alaska and Central Council of the Tlingit and Haida Indian Tribes of Alaska, the Central Council will be able to take over welfare cases of tribal children.

The head of the Alaska State Hospital and Nursing Home Association says fraud and abuse provisions in **SB 74** aimed at containing and curbing Medicaid costs could encourage frivolous lawsuits.

The fear is that providers may incur legal and administrative costs even if litigation doesn't proceed. The group does support the bill's approach to payment reform and delivery system changes.

The newest CS for SB 74 also says that a physician may not prescribe an abortion-inducing drug.

PUBLIC SAFETY ISSUES

The House Finance Subcommittee for Public Safety is recommending a \$187.9 million budget that is \$4.6 million less than the current fiscal year. They added another \$1.4 million in cuts on top of the governor's proposal.

"There are three major mistakes," explained Cynthia Franklin of the ABC and Marijuana Boards when folks are filling out applications for a marijuana license.

The biggest mistake is failing to list all of their backers. Under Alaska's marijuana regulations, cannabis growers, labs, product manufacturers and retail stores can only be owned and funded by Alaskans.

Second, applicants are confirming their forms are filled out when they aren't. Last, some are listing a post office box as the physical address of the business.

NATURAL RESOURCES

Drilling complications and low oil prices have contributed to a yearlong delay for the Mustang project on the North Slope where the state has already invested \$49 million.

But, Brooks Range Petroleum Corp. plans to produce the first oil from the field in late 2017. The project is located in the Miluveach Unit near ConocoPhillips' large Kuparuk River oil field.

The House Finance Committee rejected the governor's \$40 million budget request for the state's proposed natural gas pipeline. Lawmakers are uncertain about the \$55 billion project's next steps.

Apache Corp., an independent oil company based in Houston, Texas, is closing their Alaska office. The Cook Inlet oil explorer arrived six years ago with big dreams, but collapsed oil prices forced them to pull the plug.

GOVERNOR'S CORNER

<http://gov.alaska.gov>

The governor reported that top credit agencies have downgraded Alaska's credit rating. They've placed us on a negative market outlook.

Much like a credit score affects individual Alaskans' ability to buy a house or car, the ratings from these agencies affects the state's ability to bond for infrastructure and other capital projects.

NEW DOCUMENTS

1. Council on Domestic Violence and Sexual Assault – FY15 Annual Report

NEW BILLS OF INTEREST

No new bills or resolutions were introduced this week.

BILLS ON THE MOVE

~ Below are pertinent bills that had hearings or other action this past week ~

SENATE COMMITTEE OR FLOOR ACTION

SB 72 / Designated Caregivers for Patients

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=SB72

Version 29-LS0047\Y - Passed out of Senate on reconsideration 2/29. Referred House HSS.

SB 74 / Medicaid Reform/PFD/HSAS/ER Use/Studies

http://www.akleg.gov/basis/get_complete_bill.asp?session=29&bill=SB744

Version 29-LS0692\F - Heard and held Senate Finance on 2/29, 3/3, and 3/4. Scheduled for 3/7.

SB 91 / Omnibus Criminal Law & Procedure; Corrections

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=SB91

Version 29-LS0541\N - Heard in Senate State Affairs on 3/1 and 3/3. Scheduled again on 3/8.

Bill has a pending referral to Senate Judiciary on 3/9.

SB 103 / Residential Psychiatric Education Funding

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=SB103

Version 29-LS0733\I - Moved out of Senate Education on 3/1. Scheduled in Judiciary on 3/7.

SB 114 / Permanent Fund: Earnings, Deposits, Accounts

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=SB114

Version 29-LS0883\F - Scheduled in Senate State Affairs on 3/10.

SB 128 / Permanent Fund: Deposits; Dividend; Earnings

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=SB128

Version 29-GS2859\A - Scheduled in Senate State Affairs on 3/10.

SB 180 / Parent-Guardian/Child: Temp. Power of Attorney

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=SB180

Version 29-LS1431\W - Moved out of Senate Judiciary on 3/2.

SB 191 / Limit Abortion Service Providers in Schools

http://www.akleg.gov/basis/get_complete_bill.asp?session=29&bill=SB191

Version 29-LS1269\A - Heard and held in Senate Education on 3/3.

SJR 1 / Constitutional Amendment: Guarantee PFD

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=SJR1

Version 29-LS0008\A - Heard and held Senate State Affairs on 3/3 with public testimony.

SJR 19 / Federal Constitutional Convention: Term Limits

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=SJR19

Version 29-LS1467\A - Moved out of Senate Judiciary on 2/29. Referred to Rules.

SCR 20 / Sexual Assault Awareness Month: April 2016

http://www.akleg.gov/basis/get_complete_bill.asp?session=29&bill=SCR20

Version 29-LS1519\A - Moved out of Senate State Affairs on 3/1 and referred to Rules.

HOUSE COMMITTEE OR FLOOR ACTION

HB 224 / Permanent Fund: Income; Distribution; PFD

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=HB224

Version 29-LS1071\I - Scheduled in House Finance on 3/10 and 3/11.

HB 227 / Medical Assistance Reform

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=HB227

Version 29-LS1096\H - Heard and held in House HSS on 3/3 and 3/4. Next scheduled for 3/8.

HB 245 / Permanent Fund: Deposits; Dividend; Earnings

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=HB245

Version 29-GH2859\A - Scheduled in House Finance on 3/10 and 3/11.

HB 256 / FY17 Operating Budget

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=HB256

Version 29-GH2740\A - Public hearings held on 2/29, 3/1, 3/2 and 3/3.

Next scheduled in House Finance on 3/7, 3/8 and 3/9.

HB 257/ FY17 Mental Health Budget

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=HB257

Version 29-GH2742\A - Public hearings held on 2/29, 3/1, 3/2, and 3/3.

Next scheduled in House Finance on 3/7, 3/8 and 3/9.

HB 303 / Permanent Fund: Earnings, Deposits, Accounts

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=29&bill=HB303

Version 29-LS1426\A - Scheduled in House Finance on 3/10 and 3/11.

HB 344 / Drug Prescription Database

http://www.akleg.gov/basis/get_bill.asp?session=29&bill=hb344&submit=Search+Bills

Version 29-LS1378\H - Heard and held in House HSS on 3/1. Next scheduled in HSS on 3/8.

COMMITTEE HEARINGS

MONDAY – March 7th

(SENATE) FINANCE Committee

9:00 AM S. Finance Room 532

SB 74 / Medicaid Reform

SB 139 / Operating Budget - SB 140 / Mental Health Budget

<Public Testimony>

(HOUSE) FINANCE Committee

1:30 PM H. Finance Room 519

HB 256 / Operating Budget - HB 257 / Mental Health Budget

- Operating Budget amendments

(SENATE) JUDICIARY Committee

1:30 PM Beltz Room 105 (TSBldg)

SB 141 / E-Cigs: Sale to and Possession by Minor

SB 103 / Residential Psychiatric Education Funding

<Public Testimony>

TUESDAY – March 8th

(SENATE) STATE AFFAIRS Committee

9:00 AM Butrovich Room 205

SB 91 / Omnibus Criminal Law and Procedure; Corrections <Continued Public testimony>

- Discussion of Fiscal Notes

- Consideration of Member Amendments

(SENATE) FINANCE Committee

10:00 AM S. Finance Room 532

SB 139 / Operating Budget - SB 140 / Mental Health Budget

<Public testimony>

(HOUSE) FINANCE Committee

1:30 PM H. Finance Room 519

HB 256 / Operating Budget

HB 257 / Mental Health Budget - Operating Budget amendments

(HOUSE) HSS Committee

3:00 PM Capitol Room 106

HB 227 / Medical Assistance Reform

HB 344 / Drug Prescription Database

(SENATE) STATE AFFAIRS Committee

5:00 PM Butrovich Room 205

SB 91 / Omnibus Criminal Law and Procedure; Corrections <If necessary>

WEDNESDAY – March 9th

(HOUSE) FINANCE Committee

9:00 AM H. Finance Room 519

HB 256 / Operating Budget - HB 257 / Mental Health Budget

(SENATE) FINANCE Committee

9:00 AM S. Finance Room 532
SB 139 / Operating Budget - SB 140 / Mental Health Budget
<Public testimony>

(SENATE) JUDICIARY Committee
1:30 PM Beltz Room 105 (TSBldg)
SB 91 / Omnibus Criminal Law and Procedure; Corrections <Pending referral>

THURSDAY – March 10th

(SENATE) STATE AFFAIRS Committee
8:30 AM Butrovich Room 205
SB 114 / Permanent Fund: Earnings, Deposits, Accounts
SB 128 / Permanent Fund: Deposits; Dividend; Earnings

(HOUSE) FINANCE Committee
1:00 PM H. Finance Room 519
HB 224 / Permanent Fund: Income; Distribution; PFD
HB 245 / Permanent Fund: Deposits; Dividend; Earnings
HB 303 / Permanent Fund: Earnings, Deposits, Accounts
- Flow Charts & Modeling by David Teal, Director, Legislative Finance Division

FRIDAY – March 11th

(SENATE) FINANCE Committee
9:00 AM S. Finance Room 532
SB 139 / Operating Budget - SB 140 / Mental Health Budget

(HOUSE) JUDICIARY Committee
1:00 PM Gruenberg Room 120
HB 205 / Criminal Law/Procedure; Driver’s License; Public Aid

(HOUSE) FINANCE Committee
1:30 PM H. Finance Room 519
HB 224 / Permanent Fund: Income; Distribution; PFD
HB 245 / Permanent Fund: Deposits; Dividend; Earnings
HB 303 / Permanent Fund: Earnings, Deposits, Accounts

WAYS TO FOLLOW HEARINGS

Website – Daily Committee Hearings - March 7 – March 13, 2016

http://www.legis.state.ak.us/basis/get_hearing.asp?session=29&Chamb=B&Date1=03%2F07%2F2016&Date2=03%2F13%2F2016&Comty=&Root=&Sel=1&Button=Display

~ End of Report ~

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