



J&H Consulting

End of Session
Legislative Update
for City of Homer
August 2024

OPERATING AND CAPITAL BUDGETS:



On June 28, Governor Dunleavy signed HB 268, the operating budget bill, HB 270, the Mental Health appropriations bill, and SB 187, the capital budget bill.



Agency Operations increased by \$167.3 million (3.8%) UGF from FY24 to FY25, while Statewide Items increased by \$53.3 million (15.4%).



In the 2023 session, capital appropriations across FY23 and FY24 totaled \$377.2 million UGF, while in the 2024 session, capital appropriations across FY24 and FY25 totaled \$457.2 million UGF an increase of \$80.0 million (21.2%).



Based on the Spring 2024 forecast, both the FY24 and FY25 budgets are projected to have surpluses (\$128.8 million and \$146.5 million, need an average of \$73 per barrel to balance the budget.

OPERATING AND CAPITAL BUDGETS::

The Homer Harbor Expansion GIS is fully funded at \$288,533, Harbor Matching funds, community assistance and community jails were all funded. Governor Dunleavy issued about \$232M in vetoes, leaves a \$150M surplus. The reason given for the vetoes is to preserve general funds for savings and fiscal stability.

- ❖ \$15M for short-term nursing facility
- ❖ \$10M seafood marketing
- ❖ \$9M for critical minerals mapping
- ❖ \$4M UA's drone program and other UA requests
- ❖ \$5.4 million UGF was vetoed from the effort to achieve research tier 1 status.
- ❖ \$720,000 was vetoed from vocational training programs for inmates including an expansion of a welding program and a stove repair program
- ❖ \$13.8 million in campus maintenance projects vetoed throughout the University of Alaska System.
- ❖ \$10 million of cruise ship head tax receipts to build out near-shore power facilities to reduce cruise ship emissions.
- ❖ \$4.2 million from three separate behavioral and mental health facilities projects.
- ❖ \$9.5 million from four renewable energy and energy efficiency projects.
- ❖ \$19.4 million UGF in housing development and homeless assistance projects.

OPERATING AND CAPITAL BUDGETS:

- ❖ \$1 million UGF vetoed from projects at five senior centers in Fairbanks and Kenai.
- ❖ \$7.4 million UGF vetoed from 25 different trail and park development and maintenance projects.
- ❖ \$1.2M public radio \$
- ❖ \$20M Community Assistance Deposit
- ❖ \$10M backstop funding for AMHS but leaves \$10M
- ❖ \$1.25M AML grant assistance
- ❖ AEA Round 16 reduced by \$3.6 million but retains \$10.5 million.

On the good news front, the \$680 per student increase to K12 funding (\$174M) was not vetoed nor was the funding for major maintenance and construction projects at \$63M! However, he did veto \$5.2M for K-3 reading, \$820,000 for the Parents as Teachers Program, and \$11.8M for the federal maintenance of equity issues. He also vetoed \$11.1M in rural broadband assistance grants but that still leaves \$21M in funding for grants. He also cut funding for Mt. Edgecumbe High School Students to travel home and \$2.8M roof replacement for the Edgecumbe dorm roof.

Vetoes Homer/Kenai Areawide:

- ▶ Kenai Areawide Funny River Community Association - Community Center Outside Toilets (10.0)
- ▶ Homer Electric Association, Inc. - Mt. St. Augustine Geothermal Exploration (700.0)
- ▶ Homer Society Of Natural History, Inc. - Roof System Replacement Project (250.0)
- ▶ Kenai - Lift Station Phase 1 Supplement (300.0)
- ▶ Kenai - Senior Center Canopy Roof Repair (50.0)
- ▶ Kenai - Street Lighting Improvements (400.0)
- ▶ Kenai - Water & Sewer Operator Truck (65.0)
- ▶ Kenai - Water & Sewer Operator Truck 3/4 Ton (80.0)
- ▶ Kenai Peninsula Borough - Improve Substandard Roads (700.0)
- ▶ Kenai Peninsula Borough - Solid Waste Department - Transfer Site Improvements (500.0)
- ▶ Nikiski Senior Citizens, Inc. - Senior Shores Senior Housing Septic Installation (65.0)
- ▶ Snowmads, Inc. - Caribou Lake Trail Access Mats for Wetlands (76.0)
- ▶ Soldotna - Soldotna Regional Sports Complex Conference Room Expansion Design (690.0)
- ▶ Sterling Area Senior Citizens Inc. - Sterling Senior Center & Moose River Manor Septic Replacement (130.0) -

Bills:

Just starting to sign them. The big crime bill HB 66 signed.

- It increases the penalty for distributing fentanyl or methamphetamine that directly results in death. It will increase the crime from manslaughter to second degree murder.
- It closes a gap between our criminal justice system and our behavioral health system when a person is incompetent to stand trial and should be committed to the Alaska Psychiatric Institute. ([SB 53](#) by Sen. Claman)
- It ensures that out-of-state sex offenders who move to Alaska must register in Alaska ([SB 65](#) by the governor)
- It changes the term "child pornography" to "child sexual abuse material." ([HB 265](#) by Rep. Sarah Vance)
- Establishes the crime of assault in the presence of a child as a class A misdemeanor ([HB 11](#) by Rep. Andy Josephson) **Added on floor as amendment.**
- The bill allows police officers to summarize crime-victim statements in grand-jury proceedings. ([SB 65](#) by the governor)
- The bill directs the state to examine why minority groups are overrepresented in state prisons and make recommendations to reduce the number of people who commit crimes after being released from prison. *Hoffman added language regarding Alaska Natives only in Senate Finance. Floor amendment by Sen. Wilson added other minority groups.*
- A bipartisan compromise made it a Class B felony to induce someone into sex trafficking by withholding drugs or a passport. Floor amendment ⁶

Bills:

HB 148: The bill started as just the Alaska Performance Scholarship program. The bill amends the qualification criteria for an Alaska Performance Scholarship applicant by adding career and technical education (CTE) to the academic curriculum considered for a scholarship and creates career clusters where CTE credits can be substituted for core classes. For the postsecondary level, this bill raises the award amounts for all three levels to keep up with inflation and removes the requirement for a college entrance exam. Additionally, the eligibility period for receiving the scholarship is extended from six to eight years.

► *Added to the bill was HB 55 the Alaska Technical and Vocational Education Program (TVEP) funding bill and the extension of the education tax credit. The legislation permanently eliminates the sunset date, changes some funding allocations for grant distributions and adds additional grantees under AS 23.15.835(d) for the Alaska Technical and Vocational Education Program (TVEP). The state unemployment tax paid by employers and workers to fund training was increased from .16% to .25% which offsets the addition of new grantees.*

► *Added to the bill was HB 144 and SB 120 which expands the education tax credit to include donations made to nonprofit resource centers that support academic achievement in grades 9 through 12 for curricula and competition. The new provisions take effect July 1, 2024. This bill also increases the credit limit from \$1 million to \$3 million annually per taxpayer. The bill extends the sunset provisions to January 1, 2029.*

Bills:

- ▶ HB 104: Expedites timber sales on state lands.
- ▶ HB 233: Addresses warranty work on vehicles.
- ▶ HB189: Bill expands the income threshold for families who can receive childcare assistance, and it allows corporations to claim tax credits for investing in childcare. Estimates are that an additional 18,000 Alaska kids under 12 will meet the new criteria costing an additional \$5.6 million per year.
- ▶ HB 237: Allows temporary permits for nurses renewing their lapsed licenses.
- ▶ HB 155: Establishes a Military Affairs Commission in the Governor's Office.

POLITICAL LANDSCAPE:



Election year: House 9 are unopposed Reps. Story, Himschoot, Hannan, Fields, Saddler, Johnson, Prax, Rauscher, Tilton. Six open seats: Reps. McKay, Ortiz, Shaw, Carpenter, Armstrong, and Cronk.

14 seats are complicated/contested: Reps. Vance, Rufferidge, Johnson, Coulombe, Josephson, Groh, Mears, Wright, Eastman, Sumner, Diebert, McCormick, Foster, and Baker

House is too close to call for organization. Senate even if numbers shift the majority coalition is likely to hold but might be a smaller majority (Sens. Kawaski, Bjorkman, Bishop). Primary August 20th.

Working together:

- ▶ Increased awareness and understanding of the statewide benefits of the Homer Harbor Expansion Project at both the state and federal level and other Homer needs (spit erosion, bathroom, HERC building)
- ▶ New start hurdle cleared for port working with federal delegation and Army Corp
- ▶ Last several years continuous state GIS funding that hasn't been vetoed. Also increased community jails funding, community assistance and Harbor Matching grants funded
- ▶ Federal GIS funding continuing and issues resolved over funding in FY 24
- ▶ Increased communication and cooperation with key state and federal players
- ▶ Great Washington, DC trip: Homer Harbor Critical Float Replacement \$1.54 mil. and \$1.42 mil. for a climate resiliency plan and coastal erosion mitigation measures for the Homer Spit
- ▶ Juneau legislative trips - several a year
- ▶ Monthly updates with Homer team more starting November through session



**Quyanaqpak and Taikuu
Working together to advance
the priorities of the City of
Homer**