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STATE OF ALASKA
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**SUPERIOR COURT FOR THE STATE OF ALASKA
FIRST JUDICIAL DISTRICT AT JUNEAU**

8 ERIC FORRER)
9 Plaintiff,)

10 vs.)

11 STATE OF ALASKA)
12 and LUCINDA MAHONEY,)
13 Commissioner of the Alaska)
14 Department of Revenue and)
15 JULIE ANDERSON,)
16 Commissioner of the Alaska)
17 of Commerce, both)
18 in their capacity as officials of)
19 the State of Alaska.)
20 Defendants.)

1JU-20-00644 Civil

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**SECOND AMENDED COMPLAINT FOR DECLARATORY RELIEF
AND EQUITABLE RELIEF**

Plaintiff, Eric Forrer ("Forrer"), for his cause of action alleges as follows:

INTRODUCTION

This lawsuit is brought by Forrer in the interest of the public seeking declaratory and equitable relief pertaining to the failure by the Alaska Legislature to

2nd Amended Complaint

June 22, 2020

Eric Forrer vs. State of Alaska, et al
1JU-20-00644 Civil

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2 enact valid appropriations for the expenditure of money received from the federal
3 government in accord with the CARES Act legislation and potentially other sources
4 as required by Article IX, Section 13 of the Alaska Constitution and other provisions
5 of the Alaska Constitution. Forrer also seeks relief related to the proposals by the
6 executive branch to distribute public funds in a manner inconsistent with express
7 standards ratified by Alaska Legislature.
8

9
10 Forrer amends his complaint in this action for the second time based on the
11 ongoing and erratic alteration by State of Alaska in regard to the allocation and
12 proposed expenditure of public funds received from the federal government to
13 ameliorate the impacts of the COVID-19 pandemic. Forrer originally initiated this
14 lawsuit because the federal funds provided to the State of Alaska were not
15 appropriated in conformity with express standards set out in the Alaska Constitution.
16
17

18 In response to the initial complaint filed by Forrer, the Alaska Legislature
19 convened and took up the allocation of the CARES Act funding. Instead of enacting
20 an appropriation for the expenditure of the CARES Act funding, the legislature
21 “ratified” a proposed allocation of the CARES Act funding that was originally
22 proposed by the executive branch of Alaska’s government to a sub-committee of the
23 legislature. This ratification is embodied in HB 331. [Attached as EXHIBIT A].
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28 *2nd Amended Complaint*

June 22, 2020

Eric Forrer vs. State of Alaska, *et al*

1JU-20-00644 Civil

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2 The language originally proposed by the executive branch and then ratified by
3 the legislature in HB 331 contained obvious criteria and standards for the distribution
4 of the CARES Act funds but is unconstitutional in Forrer's view because it was not
5 adopted as an appropriation as is required by Article IX, Section 13 of the Alaska
6 Constitution.
7

8 Having adopted an unconstitutional measure that at least has the dubious merit
9 of containing some standards for the distribution of the CARES Act funds, the
10 executive branch of Alaska's government now seeks to repudiate the substantive
11 standards that branch of government advanced and which the legislative branch
12 ratified.¹
13
14

15 The executive branch is now promoting revisionist theories about how the
16 CARES Act funds can be allocated in a manner that is inconsistent with the literal
17 language in the measure written by executive branch and then ratified by the
18 legislature. The shifting nature of the executive branches interpretation of a measure
19 conceived of and promoted by that branch and confirmed by the legislature calls into
20 question whether there are any valid standards for distribution of these public funds.
21
22 Former Governor Jay Hammond occasionally noted that goals and standards were
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26 ¹ *Alaska Changes Rules Blocking Companies from State Virus Aid*, Associated Press in the
27 Juneau Empire, June 21, 2020, attached as **EXHIBIT B**.

1
2 sometimes akin to a “pop up, moving target,” in the context of the political process,
3 an apt description for how the executive branch apparently desires to distribute the
4 CARES Act public funds.
5

6 Because Forrer believes Alaska’s government is required to operate according
7 to the rule of law and that the Alaska Constitution is not just an ordinary document
8 that can be flexed away and avoided based on political expediency considerations,
9 he initiated this lawsuit seeking to enforce the constitutional provision that the
10 CARES Act funds must be allocated according to the appropriation process instead
11 of some truncated allocative process in which a small number of political figures
12 essentially divvy up the funds. But leaving aside the obvious and significant
13 constitutional infirmities that exist because of the peculiar allocation process
14 advanced by the executive branch and then “ratified” by the legislature, the attempt
15 by the executive branch to ignore the standards for spending they drafted and that
16 were ratified improperly by the legislature are striking. The notion now advanced
17 by the executive branch that the restrictions they advanced on how the CARES Act
18 funds could be allocated and that the legislature “ratified” really are meaningless and
19 that the executive branch can somehow ascertain the “intent” of the legislature and
20 allocate the funds without restrictions is ludicrous.
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2 Based on the failure to appropriate the CARES Act funds in the first instance
3 and now because executive branch has embarked on a fanciful interpretation of the
4 express standards that branch of government promoted, as ratified by the legislature,
5 judicial intervention is necessary. In order to give meaning to the Alaska
6 Constitution and avoid a situation where the executive branch can seemingly do
7 whatever that branch of government deems desirable with public funds, Forrer seeks
8 a declaration that the Alaska Constitution provisions in regard to the appropriation
9 of public funds must be followed. Forrer also seeks to stop the nonsense that is
10 implicit in the executive branches proposition that they are able to ascertain the
11 “intent” of the legislature when that branch of government ratified a spending
12 allocation scheme that contained substantive standards and restrictions that the
13 executive branch now seeks to ditch.

14
15 Forrer also seeks to enjoin distribution of that portion of the CARES Act funds
16 the executive branch now seeks to expend for relief to businesses and other entities
17 in Alaska that deviate from the standards contained in HB 331.

18
19 Lastly, Forrer also seeks prospective equitable relief in the form of a
20 permanent injunction requiring the Alaska Department of Revenue and the
21 Department of Administration to make payments of funds received by the State of
22

1
2 Alaska from all sources in accordance with appropriations made by the Alaska
3 Legislature consistent with Article IX, Section 13.

4 5 **PARTIES**

6 1. Plaintiff, Eric Forrer, is a citizen and registered voter of Alaska who has
7 made his home in Alaska since 1962; Forrer presently resides in the City and
8 Borough of Juneau.

9
10 2. The State of Alaska is a sovereign state within the republic of the United
11 States of America and governed according to the Alaska Constitution.

12 3. Lucinda Mahoney is currently the Commissioner of the Alaska
13 Department of Revenue, an exempt position appointed by the Governor of the State
14 of Alaska and confirmed by the Alaska Legislature. Ms. Mahoney is sued in her
15 official capacity as Commissioner of Revenue in order to obtain injunctive relief
16 requiring the Department of Revenue to receive funds from all legal sources but not
17 withdraw funds from the treasury except to the extent such payment of money is
18 authorized by an appropriation enacted by the Alaska Legislature or otherwise
19 sanction by valid authorization enacted by the legislature.
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22 4. Julie Anderson is currently the Commissioner of the Alaska Department
23 of Commerce, Community & Economic Development ("Department of
24 Commerce"), an exempt position appointed by the Governor of the State of Alaska
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1
2 and confirmed by the Alaska Legislature. Ms. Anderson is sued in her official
3 capacity as Commissioner of the Department of Commerce in order to obtain
4 injunctive relief requiring the Department of Commerce to expend CARES Act
5 funds according to valid appropriations and in conformity with valid legal
6 authorization standards adopted by the Alaska Legislature.
7

8 **JURISDICTION**

9
10 5. The Superior Court has jurisdiction to hear this dispute according to AS
11 22.10.020.
12

13 **FACTS**

14 6. The Congress of the United States has enacted legislation generally
15 referred to as the "CARES Act" in response to the COVID-19 pandemic.
16

17 7. The CARES Act provides funding to various jurisdictions, including the
18 State of Alaska, for various purposes related to ameliorating the impact of the
19 COVID-19 pandemic.
20

21 8. The State of Alaska is in receipt of federal funds provided through the
22 CARES Act.

23 9. The State of Alaska is believed to be in receipt of approximately \$1.5
24 billion from the federal government through the CARES Act.
25
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2 10. The State of Alaska is likely to receive significant additional amounts of
3 federal COVID-19 relief funding if the Congress of the United States enacts
4 additional appropriation measures such as the HERO Act, now pending in the
5 Congress.
6

7 11. The State of Alaska is intent on allocating federal funds received through
8 the CARES Act to various agencies, individuals and other entities in Alaska for
9 multiple purposes.
10

11 12. For example, the State of Alaska is seeking to disburse funds received
12 from the federal government through the CARES Act for the following purposes:
13

14 a. \$381 million in Health and Social Services costs, including about \$50
15 million targeted for nonprofits;

16 b. \$125 million for various education, public safety,
17 transportation and programs associated with the University of Alaska;
18

19 c. \$52 million for two specific transportation projects focused on airport
20 support and the Whittier Tunnel;

21 d. \$10 million for homeless programs;
22

23 e. \$100 million in fishing industry assistance;
24

25 f. \$290 in small business relief;
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- 1
- 2 g. \$568 million in municipal assistance allocated as follows:
- 3 i. \$257 million for the existing Community Assistance
- 4 (revenue sharing) program, and;
- 5 ii. an additional \$311 million to all cities and boroughs as
- 6 well as many unincorporated communities.

7 13. The proposal by the State of Alaska to obligate the payment of the money

8 describe in paragraph 13, infra, was adopted by the Alaska Legislature on May 20,

9 2020, essentially adopting the *Revised Program Legislative Request* procedures

10 utilized by the Legislative Budget & Audit Committee on May 11, 2020, typically

11 referred to as the “RPL” process.

12

13

14 14. The Alaska Legislature adoption of the RPL allocation was not designated

15 as an “appropriation” bill but instead characterized as a measure purporting to ratify

16 the allocation made by LB&A on May 11, 2020.

17

18 ALLEGATIONS

19 15. Article IX, Section 13 of the Alaska Constitution provides:

20

21 **Expenditures** – No money shall be withdrawn from the treasury

22 except in accordance with appropriations made by law. No obligation

23 for the payment of money shall be incurred except as authorized by

24 law. Unobligated appropriations outstanding at the end of the period

25 of time specified by law shall be void.

26

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1
2 16. The ability to make appropriations and obligate the expenditure of money
3 by the Alaska Legislature are established and constrained by the provisions of the
4 Alaska Constitution, including the provision referenced in paragraph 15, above.
5

6 17. The ability to obligate the expenditure of money by the administrative
7 branch of the State of Alaska are established and constrained by the provisions of
8 the Alaska Constitution, including the provision referenced in paragraphs 15, above.
9

10 18. The act adopted by the Alaska Legislature on May 20, 2020, seeking to
11 ratify the allocation of public funds provided to the State of Alaska under the CARES
12 Act is inconsistent with Article IX, Section 13 of the Alaska Constitution requiring
13 moneys in the Alaska treasury be expended according to an appropriation.
14

15 19. The allocation of at least a portion of the CARES Act funds specified by
16 the LB&A on May 11, 2020, cannot be ratified by an act of the Alaska Legislature.
17

18 20. Article II, Section 6 of the Alaska Constitution provides:

19 **Due Process** – No person shall be deprived of life, liberty, or property,
20 without due process of law. The right of all persons to fair and just
21 treatment in the course of legislative and executive investigations shall
22 not be infringed.

23 21. The failure by the State of Alaska to allocate CARES Act funding for the
24 relief of the COVID-19 in conformity with the Alaska Constitution provisions
25 requiring that funds be appropriated violates Forrer and public's right to due process.
26
27

1
2 22. This lawsuit is brought by Forrer in the interest of the public to enforce
3 the obvious and express provisions of the Alaska Constitution, including the
4 provisions requiring that expenditures of money in the treasury of the State of Alaska
5 be allocated and withdrawn in accordance with appropriations made by law.
6

7 23. Statutory provisions in Alaska purport to give limited legal authority to
8 the Legislative Budget & Audit Committee to obligate and expend money in
9 Alaska's treasury according to the RPL process provided that valid pre-existing
10 appropriations or authorizations (including an enactment by the Alaska Legislature
11 authorizing an expenditure according to pre-existing receipt authority to spend
12 federal funding), have been adopted.
13
14

15 24. Utilization of the RPL process to encumber or obligate payment of all of
16 the proposed expenditures in paragraph 12, *supra*, is inconsistent with Article IX,
17 Section 13 of the Alaska Constitution.
18

19 25. Allocation and expenditures of items e, f & g in paragraph 12, *supra*,
20 are particularly susceptible to constitutional challenge as no valid authorization
21 for the proposed expenditures exists in Alaska law.
22

23 26. The executive branch has announced it will allocate and distribute
24 funds for business and other economic relief as described in paragraph 12 (f), *supra*,
25
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1
2 that are inconsistent with the express language in HB 331, a measure purporting
3 to ratify the allocation of CARES Act funds advanced by the executive branch.
4

5 27. The requirement that expenditures made from the treasury must be
6 made in accord with lawful authorization are constitutional and require that the
7 Alaska Legislature to adhere to substantive and procedural requirements related
8 to law-making by the legislative branch, including an opportunity for the citizens
9 of Alaska to be heard on how funds in the treasury should be expended.
10

11 28. The failure by the Alaska Legislature to provide for proper legal
12 authorization to make all of the proposed expenditures set out in paragraph 12,
13 *supra*, is an abdication of the legislature's constitutional power and a violation of
14 the separation of powers implicit in the Alaska Constitution.
15

16 29. The statute purportedly used by the Alaska Legislature to make the
17 RPL allocations is unconstitutional because the legislature is the appropriating
18 authority under Article 9, Section 13, and the governor's budgetary control
19 authority lies merely in his veto authority to "strike or reduce" legislative
20 appropriations under Article 2, Section 15.
21

22 30. Under Article 2, Section 14, of the Alaska Constitution, the legislature
23 must bring forward an actual bill for appropriations, which must be subject to the
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1
2 constitutionally mandated procedures of enactment—including three readings and
3 a public process.

4
5 31. The justification by the Alaska Legislature that the ratification of the
6 LPR process used to allocate CARES Act funds is consistent with *State v.*
7 *Fairbanks North Star Borough*, 736 P.2d 1140 (1987), and the Alaska
8 Constitution is a misapplication of case law and faulty constitutional law analysis.

9
10 32. The acts and omissions by the Alaska Legislature and the
11 administrative branch of government in seeking to make expenditures without a
12 lawful appropriation conflict with the following constitutional doctrines: The
13 appropriations power, separation of powers, checks and balances and due process.

14
15 33. The suggestion advanced by the Alaska Attorney General's Office that
16 it is able to ascertain the "intent" of the Alaska Legislature and rewrite the express
17 words in HB 331 requiring (among other matters), recipients of federal aid under
18 the federal Paycheck Protection Program and the Economic Injury Disaster Loan
19 programs not be able to participate in the State of Alaska Cares Act relief funding
20 is logically inconsistent with reality, deviates from normal linguistic interpretation
21 standards and is wrong as a matter of law.

22
23
24 34. The acts and omissions by the Alaska Legislature and the
25 administrative branch of government in seeking to make expenditures without a
26

1
2 lawful appropriation constitute an unconstitutional delegation of the legislature's
3 power of appropriation and result in an unconstitutional concentration of power
4 in the executive.

5
6 35. The enactment of HB 331 by the Alaska Legislature on May 20, 2020,
7 purporting to ratify the allocation of CARES Act funds rendered by the Governor
8 and LB&A on May 11, 2020 is constitutionally flawed.

9
10 36. At least for a portion of the allocation of CARES Act funds proposed
11 by the LB&A on May 11, 2020, have no valid pre-existing authorization or other
12 validly enacted law by which the Alaska Legislature could ratify the expenditure
13 of funds.

14
15 37, In this public interest lawsuit, Forrer seeks to require that Alaska
16 Legislature adhere to the Alaska Constitution requirements specified in Article
17 IX, Section 13 and that expenditure of public funds take place in accordance with
18 the appropriation procedures and other requirements expressly provided for in the
19 constitution.

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23 **PRAYER FOR RELIEF**

24 ***WHEREFORE***, Plaintiff requests the following relief:
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2 A. Declaratory relief holding that the Alaska Legislature's ratification of
3 the so-called RPL allocation specified by the LB&A on May 11, 2020 is
4 inconsistent with express terms of the Alaska Constitution;
5

6 B. Declaratory relief holding that to the extent the Alaska Legislature may
7 ratify recommendations or spending sanctioned by the LB&A deliberations,
8 including action taken according to the RPL process, the allocations must be based
9 on valid pre-existing authorization or appropriation authority lawfully enacted by
10 the Alaska Legislature.
11

12 C. Equitable relief in the form of a permanent injunction or preliminary
13 injunction (as is appropriate), requiring Lucinda Mahoney and the State of Alaska
14 from withdrawing money from the treasury except in accordance with
15 appropriations or valid authorization made by law;
16
17

18 D. Equitable relief in the form of a preliminary injunction requiring Julie
19 Anderson and the State of Alaska from expending or otherwise spending money
20 from the treasury except in accordance with appropriations or valid authorization
21 made by law;
22

23 E. An award of costs and reasonable fees associated with maintaining this
24 public interest lawsuit, and;
25
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1
2 F. Any other relief necessary to protect the rights of the Plaintiff and the
3 citizens of Alaska under the Alaska Constitution.
4

5 **DATED** this 22nd day of June, 2020 at Juneau, Alaska.
6

7
8 **LAW OFFICE OF**
9 **JOSEPH W. GELDHOF**

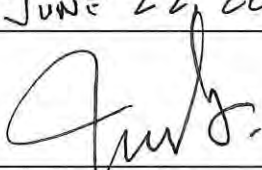
10 

11 _____
12 Joseph W. Geldhof
13 Alaska Bar # 8111097
14

15 **Certification**

16 I certify that a copy of this 2nd Amended Complaint
17 was hand-delivered to the Office of the Alaska
18 Attorney General on the sixth floor of the Dimond
19 Courthouse in Juneau, Alaska with a request that
20 the document be sent by electronic transmission
21 to Margaret Patton-Walsh, Assistant Attorney
22 General in the Attorney General's Anchorage
23 Office who on information and belief is believed to
24 be counsel of record for the State of Alaska and
25 Commissioners Lucinda Mahoney
26 and Julie Anderson in this case.
27

28 **DATED:** JUNE 22, 2020

29 
30 **By:** _____
31 Joseph W. Geldhof
32



LAWS OF ALASKA

2020

Source
HB 313

Chapter No.

AN ACT

Approving and ratifying the actions of the governor and executive branch in expending certain federal receipts and of the Legislative Budget and Audit Committee in approving the expenditure of certain federal receipts during fiscal years 2020 and 2021; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Approving and ratifying the actions of the governor and executive branch in expending
2 certain federal receipts and of the Legislative Budget and Audit Committee in approving the
3 expenditure of certain federal receipts during fiscal years 2020 and 2021; and providing for an
4 effective date.

5

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 LEGISLATIVE FINDINGS, PURPOSE, AND INTENT. (a) The legislature finds that

9 (1) in December 2019, a novel coronavirus known as severe acute respiratory
10 syndrome coronavirus 2 (SARS-CoV-2) was first detected in Wuhan, Hubei province,
11 People's Republic of China, leading to outbreaks of novel coronavirus disease (COVID-19)
12 that have now spread globally;

13 (2) on March 11, 2020, the governor issued a declaration of a public health
14 disaster emergency under AS 26.23.020 in anticipation of the spread of COVID-19 to the

1 state; through passage and enactment into law of ch. 10, SLA 2020, the legislature extended
2 the public health disaster emergency until November 15, 2020;

3 (3) on March 27, 2020, the President of the United States signed into law H.R.
4 748 (P.L. 116-136, Coronavirus Aid, Relief, and Economic Security Act (CARES Act)) in
5 response to the COVID-19 pandemic;

6 (4) on March 29, 2020, the legislature recessed the Second Regular Session of
7 the Thirty-First Alaska State Legislature indefinitely in the face of the COVID-19 pandemic;

8 (5) on April 9, 2020, the President of the United States approved a major
9 disaster declaration for the State of Alaska;

10 (6) on April 21, 2020, in response to the anticipated receipt of additional
11 federal receipts appropriated to states as part of the CARES Act that were not specifically
12 accounted for in passage of the fiscal year 2020 or fiscal year 2021 budgets, the governor
13 issued a revised program legislative (RPL) package, including RPLs 08-2020-0250
14 (\$562,500,000), 08-2020-0251 (\$300,000,000), 05-2020-0074 (\$48,000,000), 05-2020-0075
15 (\$5,000,000), 05-2020-0076 (\$421,500), 08-2020-0054 (\$100,000,000), 12-2020-4049
16 (\$3,585,351), 25-2020-8766 (\$29,000,000), 25-2020-8771 (\$49,000,000), 25-2020-8772
17 (\$3,034,100), and 45-2020-0002 (\$5,000,000), under the authority conferred by
18 AS 37.07.080(h);

19 (7) on May 1, 2020, the governor revised RPLs 08-2020-0250 (\$257,548,754),
20 08-2020-0251 (\$290,000,000), 05-2020-0074 (\$44,911,411), 05-2020-0075 (\$41,869,617),
21 05-2020-0076 (\$421,500), 12-2020-4049 (\$3,585,351), 25-2020-8771 (\$49,000,000), 25-
22 2020-8772 (\$3,034,100), and 45-2020-0002 (\$5,000,000) and issued new RPLs 08-2020-0260
23 through 08-2020-0382 (\$311,024,132) and 04-2020-1059 (\$10,000,000) under the authority
24 conferred by AS 37.07.080(h);

25 (8) on May 1, 2020, the Legislative Budget and Audit Committee approved
26 RPLs 05-2020-0074 (\$44,911,411), 05-2020-0075 (\$41,869,617), 05-2020-0076 (\$421,500),
27 12-2020-4049 (\$3,585,351), 25-2020-8766 (\$29,000,000), and 45-2020-0002 (\$5,000,000), as
28 revised;

29 (9) on May 7, 2020, the governor revised RPLs 25-2020-8771 (\$49,000,000)
30 and 25-2020-8772 (\$1,350,000) and issued new RPLs 25-2020-8776 (\$1,219,100) and 25-
31 2020-8777 (\$465,000);

1 (10) on May 11, 2020, the governor again revised RPL 08-2020-0251
2 (\$290,000,000) under the authority conferred by AS 37.07.080(h);

3 (11) on May 11, 2020, the Legislative Budget and Audit Committee approved
4 RPLs 08-2020-0250 (\$257,548,754), 08-2020-0251 (\$290,000,000), 25-2020-8771
5 (\$49,000,000), 25-2020-8772 (\$1,350,000), 25-2020-8776 (\$1,219,100), 25-2020-8777
6 (\$465,000), 08-2020-0260 through 08-2020-0382 (\$311,024,132), 08-2020-0054
7 (\$100,000,000), and 04-2020-1059 (\$10,000,000), as revised;

8 (12) the approval of the RPLs on May 1, 2020, and May 11, 2020, was in
9 response to the public health disaster emergency facing the state and was in no way intended
10 to abdicate the legislature's power of appropriation;

11 (13) the approval of the RPLs has been challenged in court.

12 (b) It is the purpose of this Act to approve the expenditure of federal receipts
13 proposed by the governor and to ratify the approval of the RPLs identified under (a) of this
14 section by the Legislative Budget and Audit Committee, in order to remove any uncertainty as
15 to the status of the expenditures under the RPLs.

16 (c) In authorizing the expenditure of federal receipts as proposed by the governor in
17 the RPLs identified under (a) of this section, it is the intent of the legislature that the
18 appropriations identified in the RPLs identified under (a) of this section are increased as
19 approved by the Legislative Budget and Audit Committee.

20 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 APPROVAL AND RATIFICATION. The actions of the governor and executive
23 branch in expending the federal receipts in accordance with the revised program legislative
24 (RPL) package identified under sec. 1(a) of this Act and the actions of the Legislative Budget
25 and Audit Committee in approving the expenditure of federal receipts in accordance with the
26 RPLs identified under sec. 1(a) of this Act are approved and ratified.

27 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 SUSPENSION OF OTHER LAW. The provisions of sec. 2 of this Act are effective
30 notwithstanding the provisions of any other law, including AS 37.07.080(h).

31 * **Sec. 4.** This Act is retroactive to May 1, 2020.

1 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).

Alaska changes rules blocking companies from state virus aid

ASSOCIATED PRESS

ANCHORAGE — Alaska's \$290 million financial assistance program for small businesses impacted by the coronavirus will no longer exclude companies that already received small amounts of federal aid, officials said.

The rule change follows an outcry from businesses and legislators who believe the rules were overly restrictive,

The Anchorage Daily News reported Wednesday.

Alaska Department of Commerce Commissioner Julie Anderson told the Alaska House Finance Committee Tuesday the new rules will permit applicants receiving \$5,000 or less in direct aid from the federal government.

Alaska's aid program distributes grants of \$5,000 to \$100,000. The funds can be used for rent, utilities and other

expenses that are tough to pay because of the pandemic's economic fallout.

Rules put in place when the program began June 1 "created a huge gap in the program and some unintended consequences," Anderson said.

The expanded applicant pool will include beneficiaries of the federal Paycheck Protection Program and Economic Injury Disaster Loan.

Businesses will not be excluded from the state program for receiving help from municipal programs funded by the federal government.

The state also opened up the program to chambers of commerce. Some nonprofit organizations have already received permission to apply.

Businesses that received

more than \$5,000 in federal aid can return those funds to become eligible for the state program, Anderson said.

Commerce department officials previously said they could not change the rules barring federal aid recipients because the Alaska Legislature passed the rule into law. But the Alaska Department of Law said Tuesday it had reinterpreted the matter.

State lawyers considered "legislative intent" and concluded the goal of lawmakers was not to prohibit federal aid recipients, Assistant Attorney General Bill Milks said.

The reinterpretation was made in spite of language ratified by the Legislature specifically stating businesses receiving federal funds "do not qualify" for state aid.