

Differences between SB 162(FIN) Version I (AKA CS 0.5) and Version W (AKA CS 1)

The Big Picture

- FY 23 revenue based on \$80 per barrel of oil
 - The revenue forecasts have been very volatile, the more volatile a forecast, the less valuable it is
 - The Chair wanted to base the budget on a more realistic, historical revenue assumption, with windfall revenue going to the capital budget and savings
- Replenished the \$660 million savings we used in FY22 to pay out an \$1,100 dividend and to balance the current budget.
 - The Chair wanted to first repay money used from savings, which were taken down to below \$1 Billion, before making new appropriations
- Fully funded the following **FY22** statutory items that were vetoed or partially funded.
 - Community Assistance (\$7.1 million added to the FY22 payout to communities so communities receive \$30 Million in FY22)
 - Added \$31.8 million to the community assistance fund (bringing the fund balance to \$90 M) in FY22 to ensure a \$30 million payout in FY23
 - School Debt Reimbursement
 - Rural Education Attendance Areas (REAA)Fund
 - Oil & Tax Credits, \$60 million UGF to bring the FY22 total to the statutory calculated amount

Supplemental items agreed upon by the four co-chairs were also added

The FY23 totals in this bill (rounded) are:

Unrestricted General Funds	\$4,663,521.0
Designated General Funds	\$870,435.2
Other Funds	\$1,643,598.1
Federal Funds	\$3,089,157.0

Total Funds \$10,266,811.3

Differences between CS0.5 and CS1 incorporates the following:

- Sections 1 through 6 incorporate the actions of the operating budget subcommittees for FY23.
- I will not be walking through the changes that occurred in section 1 because reports of differences were part of the Senate Finance subcommittee closeout process and are available on the Legislative Finance Division's website.

Because some appropriations in this bill were not part of the subcommittee process, I will be highlighting changes to these sections of the bill.

Pages 58 - 66

- Sections 7-9 are Governor's operating supplemental items that were agreed upon by the four co-chairs.
- See the attached Legislative Finance report and detailed reports on the web.

2. Pages 67 - 69. Sections 10-12 add supplemental capital funding for an Information Technology Security Program Assessment project in Health and Social Services. This item, combined with the two supplemental operating requests, completes the requests made by the Department of Health and Social Services to address the impacts of a cyber-attack.
 - As a side note, we will be having a Committee hearing on cyber-security in the near future
3. Page 70. **Sec. 13:** Added \$1,783,000 funding to the Court System to address the trial backlog. This funding is available FY22 and for FY23.
4. Page 70. **Sec 14.** Appropriates a total of \$199 million UGF to the principal of the Alaska Permanent Fund to address Legislative Audit Findings that mandatory statutory deposits were not paid in FY18 and FY19.
5. Page 70. **Sec 15.** Restores the Governor's FY22 veto of half of the statutory formula for School Debt Reimbursement. \$48.6 million
6. Page 70. **Sec 16.** Adds a lapse extension, through the end of FY25, for the Department of Administration, Labor Relations for labor contract negotiations and arbitration support.
7. Page 70. **Sec. 17**
 - a. **17a.** Clarifies that the \$1 million of program receipts for actuarial support costs is appropriated to the Division of Insurance.

b. **17b.** Fully funds the FY22 Statutory Community Assistance payments shortfall of \$7.1 million.

8. Page 71. **Sec 18.** Adds the Governor's FY22 supplemental requests for the Department of Health & Social Services.

Subsection a adds \$7.4 million to cover grantee expenses

Subsection b adds \$20 million federal funding (Coronavirus State and Local Fiscal Recovery Funds, CSLRF) for COVID response needs to an existing FY22 \$20 million appropriation and extends the lapse date through FY25.

9. Page 71-72. **Sec 19** is a FY22 supplemental request from the Governor to place \$1,953.7 of federal CRRSAA funding in AMHS, where it can be expended, then swap and backfill unavailable federal funds with UGF in Highways and Aviation.

10. Page 72. **Sec 20** Adds Election's FY22 supplemental request for \$4.3 million to for voter outreach and other election purposes.

11. Page 72. **Sec 21.** Supplemental Funding Capitalization

21a. Appropriates \$31.8 million to the Community Assistance Fund, bringing the total of the fund to \$90 million. This allows for the statutory payout to communities of \$30 million in FY23.

21b restores Rural Education Attendance Area's \$17 million FY22 veto that occurred last year.

21c. A \$60 million UGF appropriated in FY23 to the Oil and Gas Tax Fund to fully fund the FY22 statutory formula (\$114 million total).

21d: \$50 million UGF to the Disaster Relief Fund

- 12.** Page 72. **Sec 22** appropriates \$660 million of FY22 UGF to build up reserves that were depleted when savings were used to pay an \$1,100 dividend last year.
- 13.** Page 72. **Sec. 23** appropriates \$7,050,000 UGF for a capital grant to a named recipient to offset some of the financial impacts for the Alaska Longshoreman Division. This funding will help maintain the health insurance component for their membership and families.
- 14.** Page 73. **Sec. 25** adds intent that OMB provide reports to the legislature of all transfers to and from the personal services line.
- 15.** Pages 73-75. **Sec 27** includes Legal Services language to ensure that the prior Department of Health and Social Services appropriations are correctly reappropriated to the two new departments created under Executive Order 121.
- 16.** Page 77. **Sec 30**
 - **Subsection 30c** appropriates \$3.36 billion, the full 5% POMV payout, to the general fund
 - **Deleted the PFD appropriation** of \$1.68 billion appropriation to pay a 50/50 dividend.
 - The dividend will be debated in separate legislation

17. Page 80. **Sec 32h**. Extended ASMI's American Rescue Plan Act (ARPA) funding through the end of FY24.
18. **Deleted** the Department of Correction's Manday billing language in anticipation of placing this carryforward wordage in the section 1 in the next CS.
19. Page 81, lines 4-8. **Sec 33(d)** adds \$1,647,000 UGF to expand WWAMI (Washington, Wyoming, Alaska, Montana and Idaho) seats from 20 to 30. This is a multi-year appropriation to allow expansion of the program in an appropriate time frame
20. Pages 81-86. **Sections 34 and 35** includes Legal Services reappropriation language to ensure that prior Department of Health and Social Services appropriations are transferred to the two new departments created under Executive Order 121
21. **Deleted** Labor's Unemployment Insurance open-ended federal language. This was replaced by a \$10 million federal, Section 1 (numbers) appropriation.
22. **Deleted** Department of Law's \$4 million UGF for litigation relating to defense of state's rights.
23. Page 88. **Sec 39** added CDVSA grant funding to the Department of Public Safety. To allow for smoother distribution of declining federal receipts, this funding was moved from the numbers section of the budget and will be available through FY25.
 - \$8 million total, \$3 million UGF and \$5 million federal

24. Page 88. **Sec. 40b** replaced the originally proposed AMHS funding source in the backstop language with UGF. Because federal funds should be sufficient, UGF should not be needed.
25. Page 88, lines 30-page91, lin17. **Sections 41b-e** adds **fuel trigger funding** that varies based on the price of oil.
- \$27 million UGF, to be distributed per formula used for many years in the past
26. Page 91, lines 18-24. **Sec 41f** reflects moving half of the UGF for two of the Governor's Executive Operations allocations and all \$250,000 of the Contingency Fund to the second half of FY23 (effective Jan 1, 2023).
27. **Deleted** the University of Alaska's request for Drone program funding (\$10 million), Critical minerals and rare earth elements (\$7.8 million), and Heavy Oil Recovery method research and development (\$5 million).
28. Pages 92-93. **Sec 43d** Adds funding to pay statutory municipalities' debt service obligations for ports, harbors, and other projects that were authorized by the legislature in 2002.
29. Page 97. **Sec 44e** prohibits authorization of certain federal receipts through the RPL process. In addition, it prohibits AGDC from using the RPL process to add any expenditure authorization.

- 30. Deleted** two appropriations for the Alaska Gasline Development Corporation.
- SDPR language capped at \$10 million - Removed
 - Open-ended federal authorization - Removed
- 31. Page 100. Sec 45t** replaces an open-ended oil and gas tax credits appropriation with a set amount of \$250 million.
- Based on oil revenue of \$80 a barrel for FY23
- 32. Page 103. Subsection 46m** appropriates large passenger vessel gaming and gambling tax account funding to the general fund (\$10.2 million).
- 33. Page 104, lines 9-15. Subsection 48b** revises Salaries and Benefits language to reflect the addition of the Alaska Higher Education Crafts and Trades Employees, Local 60 (\$357.6 UGF)
- 34. Page 106, lines 24-28. Subsection 49g** clarifies that calendar year 2022 tax revenue collected from the commercial vessel passenger tax is appropriated to the first seven ports of call, proportionately.
- 35. Page 107. Sections 52 and 53** include standard retroactivity and effective date clauses.