

Summary of Changes from the CS SB144(FIN) and SCS CSHB 286(FIN)
Work Draft 30-GH2564\N, Wallace, 4/4/18

Prepared
by Senator
Hoffman's
Office

(Page and line references are based on the document compare.)

Sections 1-3:

Incorporate all changes adopted by the Senate Finance Subcommittees, with the exception that all funding for the Department of Education and Early Development that is included in SCS HB287 has been removed from the committee substitute.

Section 4(a), page 53, lines 1-3: Discourages future supplemental requests by adding legislative intent stating that the amounts appropriated in the bill are the full amounts that will be appropriated for FY19.

Section 7, page 54, lines 16-24: Revises language submitted by the Governor regarding the declaration of the FY19 Alaska Industrial Development and Export Authority dividend. Similar language was adopted by the legislature last year.

Section 8 (Permanent Fund), pages 54-55:

Subsections (a) and (b) regarding royalty deposits to fund corpus and earnings deposits to the capital income fund remain as proposed.

Subsection (c) retains the Governor's proposed 5.25% payout from the Earnings Reserve Account to the general fund but corrects the amount of the payout (\$2,722,842,518).

Subsection (d) modifies the Governor's proposed appropriation to the dividend fund—was \$819 million for an estimated dividend of \$1,216, and is now the amount necessary to pay a \$1,600 dividend (estimated to be \$1,023,847,200).

The committee substitute also

1. Eliminates the Governor's request of \$1.45 billion from the Earnings Reserve Account to the Alaska Permanent fund for FY16, FY17 and FY18 inflation proofing.
2. Eliminates the Governor's appropriation of \$943 million from the Earnings Reserve Account to the Alaska Permanent fund for FY19 inflation proofing.
3. Moves the Governor's request to fund operating costs of the Alaska Permanent Fund Corporation to section 1.

Section 9(f) and (g), page 56, lines 19-26: replaces a Governor's Department of Administration request for a single open-ended appropriation with two distinct sections.

1. Appropriates an amount necessary, not to exceed \$500,000, from the general fund for retirement plan sponsor costs (settlor costs).
2. Appropriates the amount necessary, estimated to be zero, to cover retirement system actuarial costs associated with bills introduced by the legislature.

The committee substitute eliminates the following Governor's requests:

1. Page 56, lines 27-29: Department of Administration, Public Defender Agency—FY18 Supplemental request of \$453,500 UGF for public defenders.
2. Page 58, line 31 and page 59, line 1-3: Department of Corrections, Institution Director's Office – FY18 Supplemental request of \$10,447,600 UGF for facility operations.
3. Page 59, lines 4-6: Department of Corrections, Inmate Health Care – FY18 Supplemental request of \$10,341,500 UGF for inmate health care costs.
4. Page 59, lines 7-11: Department of Education and Early Development, Mt. Edgecumbe Boarding School – Supplemental multi-year (FY18 and FY19) request of \$400,000 Municipal Capital Project Matching grant fund for maintenance and operation of the Mt. Edgecumbe Aquatic Center.

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5. Page 59, lines 12-19: Department of Education & Early Development, Executive Administration – Supplemental lapse date extension from FY18 to FY19 for funding associated with the Every Student Succeeds Act.
6. Page 59, lines 30-31 and page 60, lines 1-4: Department of Health & Social Services, Medicaid Services – open-ended FY19 general fund appropriation language.
7. Page 60, lines 5-9: Department of Health & Social Services, Medicaid Services – open-ended FY19 federal appropriation language.
8. Page 60, lines 10-15: Department of Health & Social Services, Medicaid Services – open-ended FY18 Supplemental UGF appropriation language.
9. Page 60, lines 16-21: Department of Health & Social Services, Medicaid Services– FY18 Supplemental request of \$7,014.0 UGF for Children’s Health Insurance Program.
10. Page 60, lines 22-24: Department of Health & Social Services, Medicaid Services – open-ended FY18 federal appropriation language.
11. Page 60, lines 25-28: Department of Health & Social Services, Behavioral Health– Supplemental multi-year (FY18-FY21) request of \$18,000.0 UGF for Substance Use Disorder Grants.
12. Page 61, lines 23-26 Department of Law, Judgments & Settlements – FY18 Supplemental request of \$322,000 UGF for payment of judgments and settlements.
13. Page 61, lines 27-31: Department of Law, Judgments – open-ended FY19 general fund appropriation language.
14. Page 62, lines 7-10: Department of Military & Veterans’ Affairs, Office of the Commissioner – FY18 Supplemental request of \$94,100 UGF for a Base Realignment and Closure position.
15. Page 62, lines 11-15: Department of Military & Veterans’ Affairs, Air Guard Facilities Maintenance – FY18 Supplemental request of \$221,000 UGF and \$663,000 Federal Receipts for maintenance and operation of eight C-17 aircraft.
16. Page 63, lines 8-11: Department of Transportation & Public Facilities – FY18 Supplemental request of \$350,000 UGF for a Klutina Lake Road Survey.

Section 17(e), page 64, lines 16-31 and page 65 lines 1-7: Moves debt service items from the Constitutional Budget Reserve section to the Debt Service section and funds the appropriations with general funds.

Section 17(h)(14)-(15), page 67, lines 11-19: In lieu of general funds, utilizes \$12.3 million of lapsing general obligation bond authorization to repay the principal of 2013 series B bonds.

Section 17(m), page 69, lines 29-31 and page 70 lines 1-7: Replaces \$17.6 million of general funds with Alaska Comprehensive Health Insurance funds for school debt reimbursement.

Sections 18(a), page 70, lines 13-24: Amends the FY18 Legislative Budget and Audit language to prevent the Alaska Gasline Development Corporation from spending additional designated program receipts.

Sections 18(b), page 70, lines 25-31 and page 71, lines 1-2: Amends the FY19 Legislative Budget and Audit language to prevent the Alaska Gasline Development Corporation from spending additional designated program receipts.

Section 19(c), page 71, lines 23-24: Replaces \$2 million of general funds with Alaska Comprehensive Health Insurance funds for deposit into the Disaster Relief Fund.

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Section 19(f), page 72, lines 2-8: Deposits an estimated \$184 million (\$168 million general funds and \$16 million Alaska Comprehensive Health Insurance funds) into the Oil & Gas Tax Credit fund based on the statutory calculation.

Section 19(g), page 72, lines 9-10: Changes the effective date of the \$30 million Power Cost Equalization Endowment fund deposit into the Community Assistance fund from FY18 to FY19.

The committee substitute eliminates the following Governor's requests:

1. Page 72, lines 11-26: FY19 deposit of general funds into the Public Education fund for K-12 Foundation Formula and Pupil Transportation. (Duplicates the deposits proposed in HB287.)
2. Page 73, lines 1-3: FY18 and FY19 open-ended deposit of designated program receipts collected by the Alaska Gasline Development Corporation into the AKLNG Fund.
3. Page 73, lines 4-6: Transfer of \$12 million from the In-state Natural Gas Pipeline fund to the Alaska Liquefied Natural Gas Project fund.

Section 20(c), page 75, lines 9-13: Appropriates an amount equal to 50 percent of punitive damages imposed under AS 09.17.020(j) during FY18 into the Civil Legal Services fund. The amount is estimated to be \$1,000.

Section 20(f), page 76, lines 1-2: Changes the effective date of the \$14 million Power Cost Equalization Endowment fund deposit into the Renewable Energy fund from FY18 to FY19.

The committee substitute eliminates the following Governor's request:

1. Page 76, lines 3-4: FY18 deposit of \$23,918,200 from the general fund into the Alaska Marine Highway System fund.

Section 21 (Retirement System Funding), page 77, lines 5-31 and page 78, line 1:

1. Moves retirement system items from the Constitutional Budget Reserve section to the Retirement System Funding section and funds the appropriations with general funds.
2. Eliminates a contingent appropriation requested by the Governor reducing retirement appropriations by \$25.5 million based on potential savings under the Medicare Part D Employer Group Waiver Plan.
3. Adds intent language for the Alaska Retirement Management Board to consider the funding ratio when making recommendations for the Alaska National Guard and Alaska Naval Militia retirement system.

Section 23(b), page 79, lines 20-24: Amends the amount of shared taxes to local governments to the full amount of aviation fuel tax or surcharge collected, from \$100,000 to \$182,900.

Section 25 (Constitutional Budget Reserve Fund), pages 80 through 83:

1. **Subsection (a)** is FY18 reverse sweep language.
2. **Subsection (b)** is FY19 deficit filling language.
3. **Subsection (c)** is FY19 head room totaling \$100 million.
4. **Subsection (d)** is borrowing language for the general fund from the Constitutional Budget Reserve Fund.
5. **Subsection (e)** identifies sections (a)-(c) as needing a $\frac{3}{4}$ vote by the legislature in order to be effective.

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The document compare for the Constitutional Budget Reserve section reflects items that are being moved elsewhere in the bill, not being eliminated. For example, debt service and retirement system appropriations have been relocated to the appropriate section of the bill.

The committee substitute eliminates the following Governor's request:

1. Page 80, lines 9-13: Use of the Statutory Budget Reserve Fund for FY19.
2. Page 81, lines 6-7: The Governor's request for \$27 million to pay interest on a debt financing mechanism for the purpose of retiring oil and gas tax credit certificates.
3. Page 83, lines 28-31 and page 84, line 1: Deletes contingency language related to the Senior Benefits Payment Program.

Legislative Legal Services made editorial and technical changes throughout the bill that are not included in this list, including revising section references for Lapse of Appropriations, Retroactivity and Effective Dates.