

HOUSE FINANCE COMMITTEE
April 26, 2001
8:43 PM

TAPE HFC 01 - 99, Side A
TAPE HFC 01 - 99, Side B

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 8:43 PM.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Carl Moses
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

None

ALSO PRESENT

Mike Tibbles, Staff, Representative; Peter Ecklund, Staff, Representative Williams ; Kurt Parkan, Deputy Commissioner, Department of Transportation and Public Facilities; Wendy Redman, Vice President, Statewide Programs, University of Alaska;

PRESENT VIA TELECONFERENCE

David Mork, Wrangell; Robert Prunella Manager, City of Wrangell.

SUMMARY

HB 175 An Act making an appropriation to the Alaska Industrial Development and Export Authority for power projects; and providing for an effective date.

CSHB 175 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

HB 191 An Act authorizing financing for certain public transportation projects; giving notice of and approving the entry into, and the issuance of revenue obligations that provide participation in, lease-financing agreements for those transportation projects; and providing for an effective date.

CSHB 191 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal impact note by the Department of Revenue.

HB 234 An Act relating to the financing of construction and renovation of certain public facilities; and providing for an effective date.

HB 234 was heard and HELD in Committee for further consideration.

HB 238 An Act relating to the power transmission intertie fund of the Alaska Energy Authority.

CSHB 238 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note by the House Finance Committee for the Department of Community and Economic Development.

#hb175

#hb238

HOUSE BILL NO. 175

An Act making an appropriation to the Alaska Industrial Development and Export Authority for power projects; and providing for an effective date.

HOUSE BILL NO. 238

An Act relating to the power transmission intertie fund of the Alaska Energy Authority.

Members were provided with a proposed committee substitute, work draft for HB 175 22-LS0705\T, Cramer 4/26/01.

Members were provided with proposed committee substitute for HB 238, work draft 22-LS0868\F, 4/26/01 (copy on file).

MIKE TIBBLES, STAFF, REPRESENTATIVE WILLIAMS provided information on HB 175 and HB 238. He noted that there were previous discussions regarding where the funding source, payment mechanism and repayment.

Vice-Chair Bunde MOVED to ADOPT proposed committee substitute, work draft for HB 175, 22-LS0705\T, Cramer 4/26/01. There being NO OBJECTION, it was so ordered.

Mr. Tibbles explained that the proposed committee substitute splits into two separate appropriations the amount that would be a grant and the amount that would be a zero interest loan. House Bill 238 creates a new fund. The appropriation in HB 175, section 1 would be appropriated into the new fund created in HB 238. The problem with the previous version was that state of Alaska law required that loans from the Alaska Industrial Development and Export Authority (AIDEA) Revolving Loan Fund be repaid back into the fund. Money would be appropriated to the new Power Transmission Intertie Loan Fund and then be loaned on a zero interest basis. The repayments would be made to the Railbelt Energy Fund. Section 2 of HB 238 sets up the requirements for the loan program. Subsection (e) states that the authority shall deposit repayments of loans to the Railbelt Energy Fund.

Representative John Davies questioned why the Railbelt Energy Fund would be appropriate. Co-Chair Mulder explained that when the natural gas pipeline is developed and there is gas power there would be a need for an intertie throughout South Central Alaska. The purpose is to assure that there are enough funds in the Railbelt Energy Fund to intertie the entire Railbelt.

Mr. Tibbles referred to page 2, line 14 of HB 175. He explained that the appropriation of \$2.5 million dollars to the Matanuska Electric Association, which is contained as a loan in section 1, should be included as a grant in section 2.

Representative Harris MOVED to ADOPT Amendment 1: change "a no interest loan" on line 14, page 2 to "grant" and move lines 14 - 18 into section 2. He explained that it is a railbelt energy project and would qualify as a grant.

Representative John Davies pointed out that the funding source is the Constitutional Budget Reserve.

Mr. Tibbles explained that the project is consistent with the other grant projects.

Representative Croft thought that it would make more sense to leave the project in section 1.

Representative Lancaster explained that funds were requested from the Railbelt Energy Fund. The decision was made to take the funds from the Constitutional Budget Reserve and put into the Railbelt Energy Fund. Projects related to the Railbelt would be grants; others would be made as zero interest loans repaid to the Railbelt Energy Fund. He stressed that all those in receipt of funds are in support.

Representative Hudson summarized that the funds from the Constitutional Budget Reserve to Alaska Industrial Development and Export Authority (AIDEA) would be appropriated as loans or grants and never be paid back to the CBR.

Representative Croft acknowledged that it is a loan from the Constitutional Budget Reserve and pointed out that a debt is being created in two places. He stressed the difficulty of assessing which projects should be logically related to the Railbelt.

Representative Lancaster explained that the grant to Copper Valley for \$500 thousand dollars is a pay back for a study they completed for the Glennallen Intertie, which never came to fruition. Grants to Southeast Communities are for studies, not physical plants.

Representative Whitaker summarized that there is \$101 million dollars for power transmission projects: \$32.5 million dollars for non-Railbelt areas; and \$60.8 million dollars for the Railbelt. He stressed that there is \$101 million dollars for power transmission projects: basic infrastructure. Some of the money would go back into the Railbelt Energy Fund for future use. He pointed out that 80 percent of the state's population is in the Railbelt, but only 60 percent of the funds go to the Railbelt. He felt that this discrepancy would be offset by building the fund for future need. He stressed the importance of funding basic infrastructure.

Representative Lancaster pointed out that section 3 also funds the Power Cost Equalization FY02 shortfall.

Representative Lancaster observed that section 6 of HB 175 refers to HB 238, which is the mechanism that allows AIDEA to receive the funding.

Representative Foster MOVED to report CSHB 175 (FIN) out of Committee. There being NO OBJECTION, it was so ordered.

CSHB 175 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

Representative Lancaster MOVED to report CSHB 238 (FIN) out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 238 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note by the House Finance Committee for the Department of Community and Economic Development.

#hb191

HOUSE BILL NO. 191

An Act authorizing financing for certain public transportation projects; giving notice of and approving the entry into, and the issuance of revenue obligations that provide participation in, lease-financing agreements for those transportation projects; and providing for an effective date.

Co-Chair Mulder MOVED to ADOPT work draft 22LS766\J, dated 4/26/01. There being NO OBJECTION, it was so ordered.

PETER ECKLUND, STAFF, REPRESENTATIVE WILLIAMS provided information on the proposed committee substitute. He noted that projects were spread out through rural Alaska. A project in Kodiak was added. Projects in Matsu were exchanged at the same dollar amount.

Representative Davies noted that other versions of the bill contained projects in rural Alaska relating to resurfacing for dust control. Mr. Ecklund noted that there are projects for area roads in rural Alaska, which would be for blacktopping or dust controlled.

KURT PARKAN, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES explained that projects in the original legislation for dust control were part of a \$15 million dollar component. Some of these projects are included on page 2. Items 7, 8, 9, 10 and 13 were part of the original package of projects. Almost \$10 million of the \$15 million dollar request was included.

Representative Croft clarified that no funding was included for Barrow road resurfacing and only one of the requested fast ferries were included. Ten million dollars for area roads and trails in Fairbanks were not included. The Soldotna East Redoubt Avenue rehabilitation was fully funded.

Mr. Parkan noted that STIP projects were included.

Representative John Davies MOVED to ADOPT Amendment 1: delete "Fairbanks: South Cushman Street Improvements" and insert "Borough Wide Road and Trail" on page 2, line 28. This is the Boroughs 5th priority. There being NO OBJECTION, it was so ordered.

Representative Croft MOVED to ADOPT Amendment:

Delete:

Anchorage: Glenn Highway, Gambell Street to McCarrey Street - \$58,180;

Anchorage: Abbott Loop North Extension 15,000,000; and

Insert:

Barrow Road Resurfacing \$10.0
Fast Ferries \$35.0
Fairbanks North Star Borough Area Road and Trails \$7
Rural
Village Road Surfacing \$9.35
Chief Eddie Hoffman Highway \$2.83

Co-Chair Williams OBJECTED. Representative Croft spoke in support of the amendment. He noted that the Glenn Highway extension is unpopular in his area. Removal of this project would allow it to continue on a slower process. He observed that there is significant objections to the Abbott Loop North extension. He stressed that it would not be appropriate to have the project on an expedited basis.

Co-Chair Mulder stressed that there is a 30 - 45 minute bottleneck moving in and out of Anchorage during rush hour. He maintained that the bottleneck will become a "Seattle type" one hour to an hour and a half traffic jam. He emphasized that the project would address future concerns and noted that the expansion would not occur for another decade.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies,
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,
Bunde, Mulder, Williams

Representative Moses was absent from the vote.

The MOTION FAILED (2-8).

Representative Foster MOVED to report CSHB 191 (FIN) out of Committee with the accompanying fiscal note. Vice-Chair Bunde expressed concern with the East Anchorage expansion project, but did not object to moving the bill from Committee. There being NO OBJECTION, it was so ordered.

CSHB 191 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal impact note by the Department of Revenue.

#hb234

HOUSE BILL NO. 234

An Act relating to the financing of construction and renovation of certain public facilities; and providing for an effective date.

Vice-Chair Bunde MOVED to ADOPT proposed committee substitute: work draft 22-LS0863\0, 4/25/01. There being NO OBJECTION, it was so ordered.

DAVID MORK, WRANGELL testified via teleconference in support of the legislation. He stressed the importance of funding Wrangell's harbor project. The harbor is slowly deteriorating. The cost of the project has increased approximately 14 percent from the previous year.

ROBERT PRUNELLA MANAGER, CITY OF WRANGELL testified via teleconference in support of inclusion of the Wrangell harbor project.

TAPE HFC 01 - 99, Side B

Vice-Chair Bunde MOVED to ADOPT Amendment 1. He explained that Amendment 1 would securitize the remaining 20 percent of the tobacco settlement funds and provide a funding stream for tobacco cessation activities. Existing non-profits would utilize the funds. He acknowledged that the funding would not be dedicated but emphasized that it would provide a funding stream that the legislature can appropriate to non-profits. The amount is estimated at \$4 to \$5 million dollars with a decreasing annuity.

Vice-Chair Bunde explained that the projects for the University of Alaska were not deleted; they were moved to create a new structure.

Vice-Chair Bunde noted that there were technical difficulties with the amendment and WITHDREW Amendment 1 with the intention of revising it for the next meeting. There being NO OBJECTION, it was so ordered.

Representative Croft MOVED to ADOPT Amendment 2. Co-Chair Mulder OBJECTED. Representative Croft explained that the amendment would fund the first 4 projects on the school construction list and the first 46 projects on the major maintenance list. He observed that the projects are primarily rural, but noted that there are projects from all over the state. He stressed that there is a process that should be followed. Many of the projects have been on the list for a long time. He acknowledged the difficulty of using harbor and university projects in order to fund the construction and maintenance projects contained in Amendment 2. He spoke in support of finding other ways to support ports and harbors.

Co-Chair Mulder spoke against the amendment. He acknowledged the importance of building and maintaining schools but observed that there are competing interests statewide. He stressed that the issue isn't just what is politically correct but what is politically possible. There are statewide needs for capital construction dollars. He maintained that the legislation is reasonable and responsible. He felt that adoption of the amendment would amount to winning the battle but losing the war.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies

OPPOSED: Whitaker, Foster, Harris, Hudson, Lancaster,
Mulder, Williams

Representatives Mulder and Bunde were absent.

Representative Hudson MOVED to ADOPT Amendment 3 on page 4, line 15: delete \$6 million dollars and insert \$7 million dollars for the Juneau Douglas High School. He stressed that he agreed to give up \$7.1 million dollars in harbor funding in support for the city's highest priority.

Co-Chair Mulder MOVED to AMEND Amendment 3: delete \$1 million dollars from the University Center and add \$1 million dollars for the Juneau High School repair. There being NO OBJECTION, it was so ordered.

Co-Chair Mulder MOVED to ADOPT Amendment 4 as a technical amendment: page 4, lines 24 and 25, change the language to University of Alaska Anchorage University Center Acquisition and Renovation.

WENDY REDMAN, VICE PRESIDENT, STATEWIDE PROGRAMS, UNIVERSITY OF ALASKA provided information on the amendment. She stated that the language should state Anchorage Facility, Acquisition and Renovation.

Co-Chair Mulder Amended Amendment 4 to Anchorage Facility, Acquisition and Renovation. There being NO OBJECTION, it was so ordered. There being NO OBJECTION, Amendment 4 was adopted as amended.

Co-Chair Mulder MOVED to ADOPT Amendment 5 page 4, lines 24 and 25, change the language to University of Alaska Anchorage Facility, Acquisition and Renovation. There being NO OBJECTION, it was so ordered.

HB 234 was heard and HELD in Committee for further consideration.

#

ADJOURNMENT

The meeting was adjourned at 9:58 p.m.