

HOUSE FINANCE COMMITTEE
May 05, 2001
3:42 P.M.

TAPE HFC 01 - 115, Side A
TAPE HFC 01 - 115, Side B
TAPE HFC 01 - 116, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 3:42 P.M.

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

ALSO PRESENT

Bob Loeffler, Director, Division of Mining, Land and Water, Department of Natural Resources; Peter Eckland, Staff, Representative Bill Williams; Denny DeWitt, Staff, Representative Eldon Mulder; Senator Alan Austerman; John Bitney, Legislative Liaison, Alaska Housing Finance Corporation, Department of Revenue; David Teal, Director, Legislative Finance Division; Kenneth Bischoff, Director, Division of Administrative Services, Department of Public Safety; Eddy Jeans, Manger, School Finance and Facilities Section, Department of Education and Early Development; Dan Spencer, Director, Division of Administrative Services, Department of Administration.

SUMMARY

HB 185 An Act relating to fees for certain uses of state water and the accounting and appropriation of those fees; relating to authorizations for the temporary use of state water; making other amendments to the Alaska Water Use Act; and providing for an effective date.

CS HB 185 (FIN) was reported out of Committee with a "do pass" recommendation and with a new fiscal note by Department of Natural Resources.

CS SB 29 (FIN)

An Act making and amending appropriations and reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date.

HCS CS SB 29 (FIN) was reported out of Committee with a "do pass" recommendation.

#HB185

HOUSE BILL NO. 185

An Act relating to fees for certain uses of state water and the accounting and appropriation of those fees; relating to authorizations for the temporary use of state water; making other amendments to the Alaska Water Use Act; and providing for an effective date.

Representative Davies MOVED to ADOPT 22-GH1087\P, Luckhaupt, 5/04/01, as the version of the bill before the Committee. [Copy on File]. There being NO OBJECTION, it was adopted.

BOB LOEFFLER, DIRECTOR, DIVISION OF MINING, LAND AND WATER, DEPARTMENT OF NATURAL RESOURCES, commented that the bill was only one part of a solution for the Department. The Water Management program has had a significant funding reduction in the past several years. Currently, there are 3.5 employees running the program and the resulting consequences is a backlog of 6,700 claims for water rights and 3,000 total actions including transfers, amendments and permit extensions.

Mr. Loeffler addressed possible solutions:

- Streamlining the system. The Department cannot pretend that they have enough funds to operate the system, as it existed in the early 1980's. The Department is proposing regulations to streamline 65% of the caseload and concentrate staff on larger water flows and where there could be potential for problems.
- There is \$300 thousand dollars in the House and Senate operating budgets. Even a streamlined system could not be run statewide with four employees. An increment consisting of \$300 thousand dollars has passed the House and Senate operating budgets.
- A long-term income source. The proposed bill will provide that the Department may change the reasonable direct costs of providing a service, and would place strict limitations on what the

Department could charge to assure the public that they will not raise fees unreasonably.

Mr. Loeffler listed a summary of bill's purpose:

- Fee limitations and
- Temporary water use authorizations.

Vice-Chair Bunde voiced concern with the large backlog of cases. Mr. Loeffler replied that it would take four to five years to address that size backlog. The backlog will be prioritized, as some of the cases are not time critical.

Representative Hudson advised that funds had been added back to address that backlog. He hoped the legislation would help the situation and then the Department could take action on the water permits. He believed it would take about 30 days.

Representative Lancaster inquired why no new employees would be starting in FY02. Mr. Loeffler explained that the employee in FY02 had already been included in the operating budget. He added that the bill has a one-year sunset, which he did not understand why it had been placed on the bill in the House Judiciary committee.

Co-Chair Williams pointed out that there had been concern voiced with extending that sunset. He added that the Department acknowledged that they would be able to "live with it" as currently written.

Representative Davies MOVED to ADOPT Amendment #1. [Copy on File]. He noted the language would insert the phrase, "and a water conservation fee under AS 46.15.035". Vice-Chair Bunde OBJECTED for purposes of discussion.

Representative Davies explained that the amendment would provide for technical clean up. Vice-Chair Bunde WITHDREW the OBJECTION. There being NO further OBJECTION, Amendment #1 was adopted.

Representative Foster MOVED to report CS HB 185 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HB 185 (FIN) was reported out of Committee with a "do pass" recommendation and with a new fiscal note by Department of Natural Resources.

Recess: 4:05 p.m.
Reconvene 4:15 p.m.

#SB29

CS FOR SENATE BILL NO. 29(FIN)

An Act making and amending appropriations and reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date.

Representative Hudson MOVED that 22-GS1050\L, Cramer, 5/5/01, be the version of the bill before the Committee. There being NO OBJECTION, it was so ordered.

Co-Chair Williams pointed out that his office had been working with the bill for the entire session. He referenced the amendments.

Representative Croft MOVED to ADOPT Amendment #1. [Copy on File]. Co-Chair Williams OBJECTED.

OFFICE OF THE GOVERNOR

ADD:

Funding Source

General Fund \$600,000

New Section to read:

Sec. ___OFFICE OF THE GOVERNOR. The sum of \$600,000 is appropriated from the lapsing general fund balance of the appropriation made in Sec. 1, ch. 133, SLA 2000, page 13, line 29, and allocated on lines 30-31 to the Office of the Governor, division of elections for expansion of the AccuVote elections system.

Representative Croft commented that the amendment would address needs for the Division of Elections. It would add Accu-Vote machines in four major regions. It would place Alaska "ahead of the curve" in that area. He requested that the increment be funded.

Co-Chair Williams commented that the funding source was not agreeable.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft

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

Vice-Chair Bunde was not present for the vote.

The MOTION FAILED (3-7).

Representative Davies requested that Amendment #2 and #3 be HELD in Committee. [Copies on File].

Representative Croft MOVED to ADOPT Amendment #4. [Copy on File]. Co-Chair Williams OBJECTED.

UNIVERSITY OF ALASKA

ADD:

UAA-Science/Biomedical Facilities Renovations

Fund Source

General Fund \$5,500,600

ADD:

UAA-Classroom Renovations

Fund Source

General Fund \$2,560,000

Representative Croft explained that the amendment would be used to help fund some of the University of Alaska in Anchorage facilities by upgrading existing instructional and research labs and renovating the building interior to accommodate the academic needs of the new Teacher Training Preparation Grant.

Co-Chair Mulder responded that this is not the time for that project. He added that it may happen in the near future.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses,

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment #5. [Copy on File]. Co-Chair Williams OBJECTED.

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT
Head Start & Safety Repairs

DELETE:

Fund Source

General Funds \$200,000

ADD:

Fund Source

General Funds \$300,000

Representative Croft explained that the amendment would provide funding for necessary improvements in order to meet the standards. He pointed out that the operating budget for the programs is too lean to include such repairs.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Representative Davies WITHDREW Amendment #6. [Copy on File].

Representative Croft MOVED to ADOPT Amendment #7. [Copy on File]. Co-Chair Williams OBJECTED.

ANCHORAGE COURTS
Anchorage Wellness Court

DELETE:

Funding Source
General Fund \$75,000

ADD:

Funding Source
General Fund \$272,000

Representative Croft explained that the amendment would provide funding for the Anchorage Wellness Court, which has been funded by a federal grant. That grant is not sufficient to carry the program through the end of FY02.

Co-Chair Mulder explained that there is \$75,000 in the Capital Budget and that there is additional funding in the fiscal notes of the operating budget.

Co-Chair Williams advised that there is sufficient funding for the program for FY02.

Representative Croft WITHDREW Amendment #7.

Representative Davies MOVED to ADOPT Amendment #8. [Copy on File]. Co-Chair Williams OBJECTED.

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
Export Certification Program

ADD:

Funding Source

General Funds \$80

Representative J. Davies explained that the facility is needed for the storage of seed stock until sufficient quantity is available for shipping.

Co-Chair Williams pointed out that the item had not been included in the Governor's request or in the Senate's version of the Capital Budget. He pointed out that the funding would be straight general funds.

Representative Davies WITHDREW Amendment #8.

Representative Croft MOVED to ADOPT Amendment #9. [Copy on File]. Co-Chair Williams OBJECTED.

DEPARTMENT OF PUBLIC SAFETY
Grants to Domestic Violence Shelters

ADD:

Fund Source

General Funds \$200,000

Representative Croft explained that there is approximately \$900,000 dollars in repairs and code compliance projects identified by the Council funded programs. The request would address a small portion of the projects.

Co-Chair Williams commented that this was a low priority for the Department. He added that the Department of Public Safety was receiving funding for a new computer system this year.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Representative Davies MOVED to ADOPT Amendment #10. [Copy on File]. Co-Chair Williams OBJECTED.

DEPARTMENT OF ADMINISTRATION
Emergency Communications Infrastructure Support

ADD:

Funding Source

General Fund \$650.0

Representative J. Davies commented that this item had been proposed in the operating budget; however, it had been placed in the capital budget in previous years. The focus would be on the emergency communications infrastructure. He did not think that it should be part of the charge back system. He thought that it should be funded as a separate item.

Co-Chair Mulder advised that the item was still "open" in Conference Committee and is being worked on.

Representative Davies WITHDREW Amendment #10. [Copy on File].

Representative Croft MOVED to ADOPT Amendment #11. [Copy on File]. Co-Chair Mulder OBJECTED.

DEPARTMENT OF ADMINISTRATION
Office of Public Advocacy

ADD:

Funding Source

General Fund \$1,608,400

Funding Source

General Fund \$77,410.93

Representative Croft proposed that there are two "serious" concerns listed in the supplemental budget. Amendment #11 would address the concerns registered by the Office of Public Advocacy (OPA). The funding requested would be used for work which has already been completed.

Co-Chair Mulder interjected that the Subcommittee was attempting to find a funding source for a portion of the need.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment #12. [Copy on File]. Co-Chair Williams OBJECTED.

DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
Power Cost Equalization

ADD:

Funding Source

Power Cost Equalization (PCE)
and Rural Development Capitalization Fund
\$1,546,300

Representative Croft stated that Power Cost Equalization (PCE) had been hit deeply for fuel costs.

Co-Chair Mulder commented that the statutory agreement reached a couple years ago was that \$15.7 million dollars would be used to fund PCE.

Representative Lancaster noted that the Department had received a carry forward of \$1.4 million dollars from FY00. He assumed that there should not be a problem with the current proposed budget.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Representative Davies MOVED to ADOPT Amendment #13. [Copy on File]. Co-Chair Mulder OBJECTED.

DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
Rural Power Systems Upgrade (ED99)

ADD:

Funding Source

General Fund Match \$500.0

Representative Davies explained that the amendment would provide \$500 thousand dollars for the Rural Power Systems upgrade. He commented that it would be a cost effective appropriation.

Co-Chair Williams explained that the Denali Commission had received federal money in the past. That funding is not expected to be lost.

Representative Davies understood that it was not Senator Stevens' intent to supplant State funding for the Denali Commission. The State should maintain an effort.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft

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

The MOTION FAILED (3-8).

Representative Croft WITHDREW #14. [Copy on File].

Representative Davies MOVED to ADOPT Amendment #15. [Copy on File]. Co-Chair Williams OBJECTED.

DEPARTMENT OF NATURAL RESOURCES
Forest Legacy Federal Grant Program (ED99)

ADD:

Funding Source

1002 Federal Receipts \$500,000

Representative Davies explained that the amendment would allow the State to buy land for protecting habitat use. He added that the State should take advantage of the federal money that is available.

Co-Chair Williams voiced his concern with that idea.

Representative Davies indicated that the money was already established as "inholdings". Those monies do not have a market value and are restricted. They could be listed at fair market value. Co-Chair Williams disagreed. Representative J. Davies noted that he would be willing to add a stipulation limiting it to "in holding" land only.

Representative Davies MOVED to amend Amendment #15 to include the requirement that the money only be expended for "in holdings" within existing park units.

Co-Chair Williams WITHDREW his OBJECTION. There being NO further OBJECTIONS, Amendment #15 was adopted.

Representative Croft WITHDREW #16. [Copy on File].

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Representative Davies WITHDREW Amendment #17. [Copy on File].

Recess: 4:45 P.M.
Reconvene: 4:55 P.M.

Representative Croft MOVED to ADOPT Amendment #18. [Copy on File]. Co-Chair Mulder OBJECTED.

DEPARTMENT OF MILITARY & VETERANS AFFAIRS
Rural Affairs Coordinator Program

ADD:

Funding Source

General Fund \$107,000

Representative Croft explained that the Alaska National Guard would see a further erosion of its ability to recruit and retain members from rural areas of the State without a concerted effort in the direction. The Alaska National Guard Scouts have had a long history with the Guard. The Department is losing ground in that area and believes that the funds would assist in the continuation of the Alaska Scouts in that area. It would be a joint federal/state team.

Co-Chair Mulder commented that the request had been discussed during the operating budget. He suggested that the Department had come out well within their budget.

A roll call vote was taken on the motion.

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

Vice-Chair Bunde was not present for the vote.

The MOTION FAILED (3-7).

Representative Davies MOVED to ADOPT Amendment #19. [Copy on File].

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
Alaska Marine Highway

ADD:

Funding Source

General Fund \$181,300

There being NO OBJECTION, the amendment was adopted.

Representative Croft MOVED to ADOPT Amendment #20. [Copy on File]. Co-Chair Mulder OBJECTED.

OFFICE OF THE GOVERNOR
Commission on Tolerance

ADD:

Funding Source

General Fund \$203,400

Representative Croft explained that the amendment was a possible effort to solve problems that exist throughout the country. Co-Chair Mulder stated that the Commission was similar to current task forces that already exist throughout the legislature.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Representative Croft asked if the fiscal note section was still open in the operating budget. Co-Chair Mulder stated that it was.

Representative Davies commented that Amendment #21 was an operating project that is not normally in the Capital Budget. Co-Chair Mulder acknowledged that it should be placed in the Capitol Budget.

Representative Croft MOVED to ADOPT Amendment #21. [Copy on File].

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
Highway Safety Related Purposes

ADD:

Funding Source

Federal Receipts \$848,000

There being NO OBJECTION, Amendment #21 was adopted.

Representative Davies MOVED to ADOPT Amendment #22. [Copy on File]. Co-Chair Williams OBJECTED.

DEPARTMENT OF REVENUE
AHFC Housing and Urban Development Federal HOME Grant

ADD:

Funding Source

AHFC Corporate Receipts \$500,000

Representative Davies explained that without using the receipts, another \$2 million dollars of federal funding would be left on the table.

Co-Chair Mulder questioned if the other funding source would be AHFC funds. Representative J. Davies replied they would. Co-Chair Mulder pointed out that those funds were now fully obligated. Representative J. Davies did not believe that.

JOHN BITNEY, LEGISLATIVE LIAISON, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, did not know the total amount of the AHFC dividend distribution. He pointed out that there are currently items pending within the Conference Committee. The largest outstanding component is the \$6 million dollar capitalization of the State Debt Retirement Fund.

Co-Chair Mulder encouraged Committee members to vote no on the amendment.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, noted that the funding source of the amendment was corporate receipts, not dividends. There is a limit of the dividends; however, there is no limit on the AHFC corporate receipts. The argument would depend on which funding source is to be used.

Co-Chair Mulder asked where the corporate receipts would go if they were not used here. Mr. Teal explained that they are internal receipts received from AHFC. They could be used for next year's dividend if the loans were profitable.

Co-Chair Mulder questioned where the monies would be coming from. Mr. Bitney advised that AHFC makes available \$103 million dollars each year, which is divided into two pieces. The first is a transfer of assets and is part of an overall plan. The Board will transfer that amount. The amount is a loss of capital to the corporation. That is the limit of what the board will approve. Within the State system, there are various funding sources that label it differently. In the end, it totals \$103 million dollars.

Co-Chair Mulder clarified that all requests would come from the \$103 million dollars. Co-Chair Mulder maintained his objection.

Representative Davies asked the impact that the \$2 million dollar in federal funding would have on AHFC's ability to develop corporate receipts in the future. Mr. Bitney explained that the proposed program has a match requirement of 25%. The program is made available as grants and it is geared toward low-income families. He voiced concern that with the loss of the arbitrage programs in the corporation, it would affect the area where affordable housing needs

would be met throughout the State. He interjected that AHFC is trying to develop the arbitrage programs.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Recess: 5:10 P.M.
Reconvene: 8:25 P.M.

Co-Chair Williams MOVED to ADOPT Amendment #23. [Copy on File]. Representative Davies OBJECTED.

DEPARTMENT OF REVENUE
Constitutional Budget Reserve

ADD:

Funding Source
Constitutional Budget Reserve

PETER ECKLAND, STAFF, REPRESENTATIVE BILL WILLIAMS, explained the changes made through Amendment #23 on:

- *Page 5, Line 12
- *Page 26, Lines 14-16
- *Page 102, Line 28
- *Page 110, Line 18

DENNY DEWITT, STAFF, REPRESENTATIVE ELDON MULDER, walked Committee members through the changes made through Amendment #23 on:

- *Page 68, Line 21
- *Page 74, Line 23
- *Page 110, Line 11
- *Page 110, Line 18
- *Page 110, Line 21
- *Page 110, Line 23

There being NO OBJECTION, Amendment #23 was adopted.

Co-Chair Williams MOVED to ADOPT Amendment #24. [Copy on File].

ADDS LANGUAGE:

After the word "construction" would add the language:
"and refurbishing and purchase of fire fighting
equipment, for Lazy Mountain Volunteer Fire
Department."

Co-Chair Williams explained the language. There being NO
OBJECTION, it was adopted.

Co-Chair Williams MOVED to ADOPT Amendment #25. [Copy on
File].

Kodiak-St. Herman Harbor Loading Dock Planning & Design

Under Appropriation Items

DELETE:	\$250,000
INSERT:	\$200,000

Under General Funds

DELETE:	\$250,000
INSERT:	\$200,000

Kodiak College Parking Lot Expansion

ADD:

General Funds	\$50,000
Appropriation Items	\$50,000

There being NO OBJECTION, Amendment #25 was adopted.

Co-Chair Williams MOVED to ADOPT Amendment #26. [Copy on
File].

DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
National Petroleum Reserve

ADD:

Funding Source

Federal Receipts	\$1,728,015
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There being NO OBJECTION, Amendment #26 was adopted.

Representative Foster MOVED to ADOPT Amendment #27. [Copy
on File]. He explained that the amendment would move money
from one project in Nome to another.

DELETE:

City of Nome as a match for funds for a pilot program
for a regional learning center.
\$300,000

ADD:

City of Nome as a grant for a port construction project.

\$300,000

There being NO OBJECTION, Amendment #27 was adopted.

Representative Davies MOVED to ADOPT Amendment #28. Representative Davies MOVED to RESCIND action taken on Amendment #15, which addresses similar issues. There being NO OBJECTION, action was rescinded.

DEPARTMENT OF NATURAL RESOURCES
Forest Legacy Program

Funding Source

Federal Receipts \$500,000
(each year for the next five years)

There being NO OBJECTION, Amendment #27 was adopted.

Co-Chair Williams MOVED to ADOPT Amendment #29. [Copy on File]. Representative Davies OBJECTED.

DEPARTMENT OF ADMINISTRATION
Emergency Communications

Insert a new subsection:

Budget & Audit Committee	\$ 6,670,800
Legislative Council	\$20,786,800
Legislative Operating Budget	\$ 6,353,900

Mr. DeWitt explained that the amendment would reappropriate dollars back into the Emergency Communications System. The system is part of a large system that is being built throughout the State.

Representative Davies asked how much money would the increment generate. Mr. DeWitt explained that it would be approximately \$300,000 dollars.

Representative J. Davies WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #29 was adopted.

Co-Chair Williams MOVE to ADOPT Amendment #30. [Copy on File]. Representative Davies OBJECTED.

DEPARTMENT OF ADMINISTRATION
Office of Public Advocacy
Public Defender Agency

New Section

ADD:

Funding Source

General Fund
Office of Public Advocacy \$543,000
Public Defender Agency \$240,000

Representative Davies asked if those amounts would fill the need for the current fiscal year. Mr. DeWitt replied that it would not totally fill that need.

Representative Davies interjected that this was a step in the "right direction" and proceeded to WITHDRAW his OBJECTION. There being NO further OBJECTION, Amendment # 30 was adopted.

Co-Chair Williams MOVED to ADOPT Amendment #31. [Copy on File].

DEPARTMENT OF ADMINISTRATION
Office of Public Advocacy

ADD:

Funding Source

General Fund \$70,000

There being NO OBJECTION, Amendment #31 was adopted.

Co-Chair Williams MOVED to ADOPT Amendment #32. [Copy on File].

DEPARTMENT OF ADMINISTRATION
Office of Public Advocacy

ADD:

Funding Source

Alaska Court System
Special Project for Child Protection
 \$30,000

There being NO OBJECTION, Amendment #32 was adopted.

Co-Chair Williams MOVED to ADOPT Amendment #33. [Copy on File]. Representative Davies OBJECTED.

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
To Department of Public Safety
Village Public Safety Officer Program (VPSO)

DELETE (DOTPF): \$150,000
INSERT (DPS): \$125,000

Mr. DeWitt explained that the amendment would offer a carry-over of approximately \$125,000 dollars for the VPSO program. He explained how it would be used for increasing the appropriation that is in HB 103.

Representative Davies questioned if it would allow for the hiring of more VPSO officers or an increase in the pay.

KENNETH BISCHOFF, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, replied that it would be used to hire more VPSO officers. He added that these are not State positions but rather non-profit employees.

Representative J. Davies WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #33 was adopted.

Vice-Chair Bunde referenced discussion regarding the study of the proposed magnitude for Department of Education & Early Development.

EDDY JEANS, MANGER, SCHOOL FINANCE AND FACILITIES SECTION, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, commented that the Department has been on record tracking HB 203, requesting that the report be completed and submitted to the Legislature by January 15, 2003.

Vice-Chair Bunde asked if the State would be "better off" waiting a year. Mr. Jeans acknowledged that was the Administration's position. Vice-Chair Bunde MOVED to RESCIND action taken on adopting Amendment #23. There being NO OBJECTION, action was rescinded.

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Vice-Chair Bunde MOVED to AMEND Amendment #23, Page 2, Line 17, change the date from "2002" to "2003". Representative Croft OBJECTED.

Representative Croft referenced the original bill, SB 36, and discussion regarding the sunset. He spoke to the cost factors meeting as quickly as possible. It is known that the current cost factors which the State is operating with, do not work. The entire formula that the State government is based upon is wrong and needs to be made right. It should not be delayed.

Co-Chair Williams pointed out that the Department requests that it be extended.

Representative Lancaster asked if it would take that long to get a report to study from the Department.

Representative Davies MOVED to AMEND the amendment to March 31, 2002. Vice-Chair Bunde OBJECTED.

Representative Davies suggested that delaying it for one year was too long, whereas, extending it six months would give the Department six more months.

Co-Chair Mulder commented that the biggest issue is to do the process correctly. He did not know how long it would take. He believed that the more time offered, the better it would be.

Mr. Jeans stated that he had been supporting the extended date and that the Department would work with the Legislative Budget and Audit Committee (LBA) for a quality project. He supported the March 31, 2002 date.

A roll call vote was taken on the motion.

IN FAVOR: Hudson, Lancaster, Whitaker, Croft, Davies,
Williams

OPPOSED: Foster, Bunde, Mulder

Representative Moses was not present for the vote.

The MOTION PASSED (7-3).

Representative Davies MOTION to ADOPT a conceptual amendment to adopt an effective date of May 14, 2001. There being NO OBJECTION, the conceptual amendment was adopted.

Representative Davies MOVED to ADOPT the amended Amendment #23. There being NO OBJECTION, it was adopted as amended.

Co-Chair Williams noted that Amendment #29 should have been included in the Capital Lapse date.

Co-Chair Mulder MOVED to RESCIND action on moving Amendment #30. There being NO OBJECTION, the amendment was rescinded. Co-Chair Mulder pointed out a technical change on Line 8, changing the language to "June 30, 2000 and 2001". He moved the language change. There being NO OBJECTION, it was adopted.

DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION, advised that the Office of Public Advocacy has \$77,400 dollars worth of claims from FY00 which are still unpaid.

There being NO OBJECTION, amended Amendment #30 was adopted.

Co-Chair Williams MOVED to RESCIND action taken on Amendment #21. There being NO OBJECTION, Amendment #21 was before the Committee for reconsideration.

Representative Croft MOVED to ADOPT the new Amendment #21, #22-GS1050\L.10, Cramer, 5/5/01. There being NO OBJECTION, the new Amendment #21 was adopted.

Co-Chair Williams MOVED to ADOPT Amendment #34. [Copy on File]. Representative Croft OBJECTED for clarification.

DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

DELETE:

Operation Renew Hope
AHFC Dividend \$500,000

INSERT:

City of Adak
AHFC Dividend \$300,000

ADD:

Alternative Energy Program
AHFC Dividend \$200,000

Co-Chair Williams clarified that these monies are federal funds and that the State does not know when they will be receiving funding authorization. With authorization, those funds could come back next year.

There being NO OBJECTION, Amendment #34 was adopted.

Co-Chair Mulder MOVED to ADOPT Amendment #35. [Copy on File]. Representative Davies OBJECTED for clarification.

DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

Arctic National Wildlife Refuge (ANWR)

ADD:

Funding Source
General Fund \$2,000,000

Co-Chair Mulder explained that there was a request from U.S. Representative Don Young and U.S. Senator Ted Stevens for supplemental support for the development and opening of the Arctic National Wildlife Refuge (ANWR) for oil and gas exploration.

Representative Davies stated that the State had already provided \$1.5 million dollars. He pointed out that the State had not received much money from the industry for that endeavor.

Representative J. Davies WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #35 was adopted.

Co-Chair Williams requested that Legislative Finance Division and Legislative Legal Division be given authority to make the appropriate technical changes throughout the bill. Co-Chair Williams MOVED that OPTION. There being NO OBJECTION, it was adopted.

Co-Chair Mulder MOVED to RESCIND action taken on Amendment #21. There being NO OBJECTION, action was rescinded.

Co-Chair Mulder referenced Page 1, Line 4, changing "general fund" to "federal receipts". Co-Chair Mulder MOVED to ADOPT the corrected language. There being NO OBJECTION, it was adopted.

Representative Davies MOVED a new Amendment #2. [Copy on File]. Co-Chair Mulder OBJECTED.

UNIVERSITY OF ALASKA

ADD:

Funding Source

General Fund \$2,000,000

Representative Davies explained that \$2,000,000 was appropriated from the Alaska Commission on Post Secondary Education (APCE) which would bring the State up to \$16.3 million dollars. That number would bring the amount close to that which the University President had requested. The amendment would fully fund the University's request.

Co-Chair Mulder commented that there had been discussion regarding the amount of money appropriated to the University this year in comparison to that appropriated last year. He commented that there had been significant process in that funding effort.

Representative Croft addressed the amount of funding received last year and whether it had been only general fund monies. He believed that the requested amendment would cure that concern.

A roll call vote was taken on the motion.

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

Representative Moses and Vice-Chair Bunde were not present for the vote.

The MOTION FAILED (2-7).

Representative Davies requested that the Committee treat the \$2 million dollars in the base next year. Co-Chair Mulder agreed that the process had been difficult and he hoped to work toward that end with the support of the Majority Caucus. Representative Davies voiced his appreciation of that commitment.

Co-Chair Mulder MOVED to report HCS CS SB 29 (FIN) out of Committee with individual recommendations. There being NO OBJECTION, it was so ordered.

HCS CS SB 29 (FIN) was reported out of Committee with a "do pass" recommendation.

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ADJOURNMENT

The meeting was adjourned at 9:15 P.M.