

HOUSE FINANCE COMMITTEE
May 12, 2002
10:27 PM

TAPE HFC 02 - 112, Side A
TAPE HFC 02 - 112, Side B

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 10:27 PM.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Representative Reggie Joule; Peter Ecklund, Staff,
Representative Williams; Bob Stallmaker, Director of
Administration, Department of Environmental Conservation;
Denny Dewitt, Staff, Representative Eldon Mulder.

PRESENT VIA TELECONFERENCE

There were no teleconference testifiers.

SUMMARY

#sb247

CSSB 247(FIN) am(brf sup maj fld)

"An Act making and amending appropriations and
reappropriations; and providing for an effective
date."

HCS CSSB 247(FIN) was REPORTED out of Committee
with a "do pass" recommendation.

Co-Chair Mulder MOVED to ADOPT proposed committee substitute
Amendment 22-GS2035\B, 5/11/02. There being NO OBJECTION, it
was so ordered.

Representative Croft referred to the appropriation for Mosquito Magnet Units on page 7, line 5.

PETER ECKLUND, STAFF, REPRESENTATIVE WILLIAMS observed that mosquito magnets are devices used to keep mosquitoes away.

Vice-Chair Bunde questioned the appropriation of \$19 million dollars on page 106. Co-Chair Mulder explained that the item is a reappropriation and noted that the unexpended balance was closer to \$250 thousand dollars.

Vice-Chair Bunde referred to a \$250 million dollar appropriation for little league baseball fields in Bicentennial Park. Co-Chair Mulder explained that the Mayor and public support the appropriation.

Representative John Davies MOVED to ADOPT Amendment 1. Amendment 1 would add \$200 thousand dollars for Fairbanks North Star Borough Road Service Areas in Senate District O. Co-Chair Mulder OBJECTED.

Representative John Davies maintained that the amendment is a matter of equity. Co-Chair Williams observed that the Senator [from District O] chose not to include the funds.

A roll call vote was taken on the motion to adopt Amendment 1.

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment 2. Amendment 2 would add \$900 thousand dollars for the Yuut Elitnaurviat People's Learning Center - Phase 1 Construction [in Bethel]. Co-Chair Mulder and Co-Chair Williams OBJECTED.

Representative Croft spoke in support of the amendment and explained that the amendment would leverage a large amount of federal and private funds. The federal government and private partners would pick up the operational expense.

Co-Chair Williams spoke in opposition to the amendment. He pointed to a lack of state funds.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Representative John Davies MOVED to ADOPT Amendment 3. Amendment 3 would add \$3.1 million dollars for the City of Shishmaref - ErosionControl (ED 37) as a FY02 supplemental. Co-Chair Williams OBJECTED.

Representative John Davies stressed that it is an urgent issue and noted that houses in Shishmaref have to be moved away from the bank because erosion is endangering lives. He acknowledged that federal funds are expected in the future, but emphasized the immediate need to stabilize the problem.

Representative Lancaster observed that the proposed fix is a sand bag operation. He suggested that alternatives be reviewed.

REPRESENTATIVE REGGIE JOULE explained that the total cost of the project is over \$4 million dollars. The community has over \$900 thousand dollars but needs additional funds.

Representative Hudson questioned if funding is available from the Denali Commission. Representative Joule explained that a tank farm operation consolidation is being considered.

Co-Chair Williams expressed the desire to find additional funding, but observed that there was insufficient funding in the capital budget.

A roll call vote was taken on the motion to adopt Amendment 3.

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

The MOTION FAILED (4-7).

Representative Croft MOVED to ADOPT Amendment 4. Amendment 4 would add \$200 thousand dollars to the Department of Environmental Conservation for corrosion monitoring and control (ED99). Co-Chair Williams OBJECTED.

Representative Croft observed that the Department of Transportation and Public Facilities manages pipeline corrosion. He explained that the amendment would fund a small project in the Department of Environmental Conservation to study corrosion monitoring and control technologies that might apply in order to anticipate and prevent spills.

Co-Chair Mulder spoke against the amendment. He observed that oversight comes from the Department of Transportation

and Public Facilities. He emphasized that corrosion happens over time. He questioned the department's involvement.

BOB STALLMAKER, DIRECTOR OF ADMINISTRATION, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, provided information. He explained that the Amendment would restore the Best Management Practices request submitted by the Governor. A best practice manual would be created and available for all companies in the industry. Prevention is under the jurisdiction of the Department of Environmental Conservation. The project would not be restricted to the pipeline, but would extend to storage tanks.

Representative John Davies noted that North Slope Borough infrastructure is aging.

A roll call vote was taken on the motion to adopt Amendment 4.

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

The MOTION FAILED (3-8).

Representative Croft WITHDREW his OBJECTION Amendment 5.

Representative John Davies MOVED to ADOPT Amendment 6. Amendment 6 would add \$100 thousand dollars to the FY02 supplemental operation costs for the 24-hour State Emergency Coordination Center in the Department of Military and Veterans Affairs.

Co-Chair Mulder OBJECTED. He noted that the total amount needed was \$100 thousand dollars and that \$50 thousand dollars was already appropriated.

Representative Davies MOVED to AMEND Amendment 6 by deleting "100" and inserting "50" thousand dollars. There being NO OBJECTION, it was so ordered.

A roll call vote was taken on the motion to adopt Amendment 6.

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment 7. He observed that there are no costs associated with the amendment. The Amendment would move the Veterans' Home Study out of the Legislative Budget and Audit Committee to the Department of

Administration and the Welfare and Medicaid Services Study to the Department of Health and Social Services from the Legislative Council.

Co-Chair Williams stressed that the Legislature appropriates the money and is the appropriate entity for the study. Co-Chair Mulder added that the respective committees would also work with the affected departments.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative John Davies MOVED to ADOPT Amendment 8. Amendment 8 would appropriate \$340,600 thousand dollars in order to fully fund the McGraw/Hill contract of the High School Qualifying Exam. Co-Chair Williams OBJECTED. Representative John Davies reiterated that the amendment would fully fund the CTB McGraw/Hill contracts. He argued that if the Legislature expects the Department to do the work than it should fund the contract.

Co-Chair Mulder indicated his intention to fund the full amount and emphasized the need to get the right numbers.

A roll call vote was taken on the motion to adopt Amendment 8.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative John Davies MOVED to ADOPT Amendment 9. Amendment 9 would add \$445,900 dollars to the Department of Public Safety for aircraft and vessel repair and maintenance. Co-Chair Mulder OBJECTED.

Representative John Davies explained that the total request was \$1,645,900 dollars. The amendment would fully fund the request. Without the additional funding vessel safety would not be ensured.

Co-Chair Mulder noted that the request has been funded at \$1.2 million dollars and that he is comfortable with the level of funding.

A roll call vote was taken on the motion to adopt Amendment 9.

Co-Chair Williams added

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Hudson MOVED to ADOPT Amendment 10. He clarified that the effective date would be January 1, 2003. Amendment 10 would add \$3,335,700 dollars from federal receipts to the Office of the Governor, Division of Governmental Coordination, for the Coastal Impact Assistance Program.

There being NO OBJECTION, it was so ordered.

Representative Croft MOVED to ADOPT Amendment 11. Amendment 11 would add \$115 thousand dollars in general funds for the Small Business Development Center for the University of Alaska at \$1,565,000 dollars. Co-Chair Mulder OBJECTED.

Representative Croft explained that the general funds would leverage a substantial amount of federal funds (\$230,000). He emphasized the role of small business in promoting economic development.

Co-Chair Williams noted that the current appropriation funds the Governor's request.

Representative John Davies explained that federal funds would be left on the table without the amendment.

A roll call vote was taken on the motion to adopt Amendment 11.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Bunde MOVED to ADOPT Amendment 12 on page 13, line 21: Delete "Hill LRSAR Grant" and insert "Chugiak Birchwood Eagle River Rural Road Service Area Grant". He explained that the amendment corrects a typographical error. There being NO OBJECTION, it was so ordered.

Co-Chair Mulder MOVED to ADOPT Amendment 13 on page 24, line 28 and 29: Add "and Rehabilitation". There being NO OBJECTION, it was so ordered.

Co-Chair Mulder MOVED to ADOPT Amendment 14 on page 106: Delete "planning and operation" and insert "40th Ave. intersection and road improvement". There being NO OBJECTION, it was so ordered.

Co-Chair Williams MOVED to ADOPT [Omnibus] Amendment 15. Amendment 15 contained a number of amendments drafted by the Legislative Legal Service.

Mr. Ecklund discussed the amendments contained in Amendment 15. He noted that Amendment Amendment 22-GS2035\B.2 was a late reappropriation request from Representative Lancaster. The amendment would change the scope of the project without an addition of funds.

DENNY DEWITT, STAFF, REPRESENTATIVE ELDON MULDER discussed additional amendments contained in the packet labeled Amendment 15. He explained that Amendment 22-LS800\C.23 provides \$10 million dollars for deferred maintenance of state facilities and is in the supplemental of portion.

Mr. Dewitt explained that Amendment 22-LS800\C.24 adds additional funds to the Alaska Debt Retirement Fund, which would be in the supplemental budget and carried forward. As a result of HB 528 it is necessary to add funds for electrical companies that are charging their debt service back to 1999.

Mr. Dewitt observed that Amendment 22-LS800\C.25 appropriates \$20 million dollars to the Marine Highway System Fund and restores some of the capitalization lost over the past years. The appropriation would be in the supplemental budget.

Mr. Dewitt noted that Amendment 22-LS800\B.8 would authorize general funds for a suicide prevention study to replace federal funds that were not available.

Mr. Dewitt explained that Amendment 22-LS800\B.6 changes the general fund appropriation for parks to receipts supported services.

Mr. Dewitt observed that Amendment 22-LS800\C.28 pertains to Gas Pipeline Permits. The Office of Management and Budget requested the reappropriation of up to \$150 thousand dollars for this purpose. There are no legislative funds for reappropriation so the request was moved to the Office of the Governor.

Mr. Dewitt explained that Amendment 22-LS800\C.27 pertains to veterans and military memorials. There is a bill before the legislature to create an endowment fund to maintain and develop better memorials. The amendment would assist the funding of that action.

Mr. Dewitt noted that Amendment 22-LS800\C.30 was a request from the Department of Public Safety, which would carry forward receipts for fire prevention services.

Mr. Dewitt observed that Amendment 22-LS800\B.9 was a request from the Department of Administration to carry forward Pioneer Homer receipts forward into FY03.

Mr. Ecklund noted that Amendment 22-LS800\A.100 was at the request of the Office of Management and Budget and would replace Alyeska criminal settlement funds that could not be spent for the purposes identified, with Exxon Valdez Oil Spill Settlement funds.

Mr. Dewitt explained that the next amendment [which was not drafted by Legislative Legal Services] was at the request of the Office of Management and Budget and would appropriate \$87 thousand dollars as a lapsed reappropriation to the Department of Corrections for security, safety and renovations in community jails. It would be a capital appropriation.

Mr. Ecklund observed that Amendment 22-LS800\A.101 was at the request of the Office of Management and Budget in an attempt to have loan repayments deposited into the bulk fuel revolving loan fund.

Mr. Dewitt noted that Amendment 22-LS800\A.103 includes lapsing funds from the Legislature to various projects.

Mr. Dewitt discussed Amendment 22-LS800\B.3. He explained that there were funds available from the Bank of America settlement. The funds would be reappropriated to the avalanche program in Eagle River.

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Mr. Dewitt explained that Amendment 22-LS800\C.29 would appropriate over \$1 million dollars [to the identified school districts]. It effectively defers the floor on the education foundation funding until 2004.

In response to a question by Representative John Davies, Mr. Dewitt clarified that subsequent law cannot be changed in the appropriation bill. Therefore the amendment would provide an extended lapse date. Representative Davies expressed concern that if the amount is not in the foundation formula than the local match is unable to rise.

Co-Chair Mulder agreed and explained that the method was the best that could be achieved in an appropriation bill.

Representative Hudson clarified that the amendment would take the place of HB 312.

Mr. Dewitt explained that Amendment 22-LS800\C.32 was a replication of HB 175, which was passed by the Committee.

Representative Croft pointed out that the Minority offered ten amendments for a total of \$6 million dollars, which were rejected on the basis that money was not available. He observed that the first four part of omnibus Amendment 15 contains \$50 million dollars in new funding.

There being NO OBJECTION, Amendment 15 was adopted.

Co-Chair Williams MOVED to ADOPT Amendment 16.

Mr. Ecklund explained that the first three pages were technical corrections.

Mr. Dewitt clarified that the remaining portion of Amendment 16 [Amendment 22-LS800\B.7] corrects an error in the Certificate of Need Study. Medicaid funds must be directed through the designated agency for the state (Department of Health and Social Services.)

Mr. Ecklund explained that the remaining portion of the amendment would clarify effective dates. Supplemental appropriations were given May 14, 2002 effective dates. Reappropriations were given June 30, 2002 effective dates. July 1, 2002 were used for FY04 and the remaining effective dates.

There being NO OBJECTION, Amendment 16 was adopted.

Co-Chair Mulder MOVED to allow the Legislative Finance Division and Legislative Affairs Agency authority to make technical corrections as they deem fit, provided they are not subsequent and major. There being NO OBJECTION, it was so ordered.

Representative Foster MOVED to report HCS CSSB 247 (FIN) out of Committee. There being NO OBJECTION, it was so ordered.

HCS CSSB 247(FIN) was REPORTED out of Committee with a "do pass" recommendation.

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ADJOURNMENT

The meeting was adjourned at 12:03 AM