

HOUSE FINANCE COMMITTEE
January 13, 2004
1:35 P.M.

TAPE HFC 04 - 1, Side A
TAPE HFC 04 - 1, Side B
TAPE HFC 04 - 2, Side A

CALL TO ORDER

Co-Chair Harris called the House Finance Committee meeting to order at 1:35 P.M.

MEMBERS PRESENT

Representative John Harris, Co-Chair
Representative Bill Williams, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Mike Chenault
Representative Eric Croft
Representative Hugh Fate
Representative Richard Foster
Representative Mike Hawker
Representative Reggie Joule
Representative Carl Moses
Representative Bill Stoltze

MEMBERS ABSENT

None

ALSO PRESENT

Representative Jim Holm; Representative Mary Kapsner;
Representative Dan Ogg; Representative David Guttenberg;
Senator Gary Stevens; Cheryl Frasca, Director, Division of
Management & Budget, Office of the Governor; Joan Brown,
Chief Budget Analyst, Office of Management and Budget

GENERAL SUBJECT(S):

**OVERVIEW:OFFICE OF MANAGEMENT & BUDGET
FY05 BUDGET**

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 23rd Legislative Session, contact 465-2156. After the 23rd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
		TAPE HFC 04 - 1 SIDE A
000	Co-Chair Harris	Called the House Finance Committee meeting to order at 1:35 P.M. Co-Chair Harris introduced members present.
115	Co-Chair Williams	Noted the presence of Representative Jim Holm, Representative Mary Kapsner, Representative Dan Ogg, Representative David Guttenberg, and Senator Gary Stevens.
		OVERVIEW: OFFICE OF MANAGEMENT & BUDGET FY 05 BUDGET
300	CHERYL FRASCA, DIRECTOR, DIVISION OF MANAGEMENT & BUDGET, OFFICE OF THE GOVERNOR	Commented on the budget provided by the Governor. Ms. Frasca introduced Joan Brown. She addressed the changes as recommended by the Governor. *Limit CBR draw to \$400 million *Spend less than FY 04 which must cover \$145 million in increased costs by Absorbing \$34 million in employer costs Covering \$7 million in merit step increases Covering \$62 million in formula programs Covering \$42 million in increased debt
425	Co-Chair Harris	Asked about the "rule of engagement" and the Legislature asking questions.
440	Ms. Frasca	Responded that she could address the overall plan and let legislators ask question either during or after the presentation.
509	Ms. Frasca	Provided information on the overall proposed Budget Plan which will: •Control spending •Make government smaller, more effective •Stabilize revenues over the short term •Increase revenues over the long term
619	Ms. Frasca	The Administration's approach includes: •Policy drives spending decisions Ensure public value by Strategically align resources with mission and performance targets set, results measured
638	Ms. Frasca	•Target administrative savings first; cuts to direct services last
706	Co-Chair Harris	Asked if there had been a lot of administrative savings found.
721	Ms. Frasca	Referenced the FY05 General Fund Spending chart on Page 3 of the handout.
734	Ms. Frasca	She added that in terms of general

		overall general funding spending, the current budget is less than the FY04 operating budget was. The departments were requested to target administrative savings first instead of direct services.
844	Ms. Frasca	Continued her reference to Page 3 of the handout speaking to the placeholders. When the revenue versus the spending is compared, the revenue is short. The State is still \$75 million dollars short. If the proposed revenue measures are approved, the State will be able to raise an additional \$78 million dollars.
911	Representative Croft	Asked how the new revenues compared.
928	Ms. Frasca	Stated that the new revenues would require legislation and there would be fees for implementing the regulations & authority for additional revenues to bring in the \$53 million dollars, different from the \$78 million dollars.
957	Representative Croft	Asked about last year's legislation. He thought that the bonding could create the \$140 million dollars.
1008	Ms. Frasca	Replied that the bond proceeds would be considered general funds. The proposed is a summary of the general funds only. The \$40 million dollars would result from AHFC purchasing the State asset in which the State would receive about \$40 million dollars and would be corporate receipts. Then it would move to the "other fund" column.
1101	Representative Croft	Asked about the Student loan bonding and if it would affect it.
1120	Ms. Frasca	Responded that they are not general funds and would be listed in the other chart.
1123	Vice Chair Meyer	Asked about the revenue based on the oil price.
	Ms. Frasca	Responded that it was based on \$24.55 barrel price for FY05.
1143	Vice Chair Meyer	Asked about the production and what happens when the price of oil goes down.
1202	Ms. Frasca	Acknowledged that when the price goes down \$1 dollar, the State loses \$65 million dollars. The State could reduce the short fall by reducing spending or drawing more from the Capital Budget Reserve (CBR).
1214	Representative Hawker	Questioned the \$40 million dollars short spending line would correspond with Line 2 under new revenues.
	Ms. Frasca	Replied that was correct. In FY04, the

		amount is \$27.70. Department of Revenue predicts \$24.65 dollars per barrel for FY05.
1325	Co-Chair Williams	Asked how those numbers had been determined.
1338	Ms. Frasca	Stated that the Department of Revenue determines those proposals not Office of Management and Budget (OMB). They are based upon analysis from the previous fiscal year.
1405	Co-Chair Williams	Understood that in the FY04 budget, it was projected \$27 per barrel.
1423	Ms. Frasca	Clarified that was the updated number from last December.
1431	Co-Chair Williams	Thought that was what the FY04 budget had been built upon.
	Ms. Frasca	Reiterated that \$24.28 is today's project amount.
1460	Co-Chair Williams	Inquired the rational for determination of these numbers.
1512	Ms. Frasca	Responded that the Department goes through a long process to determine the prices and evaluating the world price of oil.
1531	Co-Chair Williams	Requested to find out the "rational" used to determine these prices.
1546	Co-Chair Harris	Added that the Department would be testifying regarding the price determinations.
1609	Vice Chair Meyer	Commented that the Iraq situation will influence the supply prices. He agreed that the Department should provide the Committee the updated information.
1638	Co-Chair Harris	Thought that the numbers suggested are reasonable and that if the price averages higher, it will be better for the State of Alaska.
1715	Ms. Frasca	Compared FY04 to FY05, referencing Page 3 of the handout. She noted that the State would be down 402 positions.
1810	Co-Chair Harris	Asked if those positions had been filled.
1819	Ms. Frasca	Commented that 60% were vacant positions.
1833	Ms. Frasca	Some of those positions could move into an already existing position and would not warrant a "pink" slip.
1902	Ms. Frasca	Commented on administrative savings. *Consolidate Human Resources in Administration *Enterprise-wide IT standards, coordination *Consolidate administrative functions within departments

2056	Representative Joule	Asked about the supplemental proposal and if it was for FY04 or FY05.
2115	Ms. Frasca	Responded that it is for FY05. She added that the number for FY04 for \$15 million dollar placeholder.
2145	Representative Hawker	Questioned the \$31 million dollar difference in other state funds on the fiscal summary released on December 15 th , 2003.
2240	Ms. Frasca	Stated that the OMB analysts work with those from Legislative Finance Division; they found category differences. She offered to provide that information to Committee members. There is a January 9 th updated fiscal summary.
2324	Representative Hawker	Stressed that there had been a change in total spending between the two.
2337	JOAN BROWN, CHIEF BUDGET ANALYST, OFFICE OF MANAGEMENT AND BUDGET	Stated that it related to the Permanent Fund adjustment. She offered to investigate that information.
2410	Ms. Frasca	Continued listing the administrative savings: *Reduce layers of mid-management *Eliminate funded, but vacant positions
2540	Representative Hawker	Inquired where the funds in last year's budget had been placed.
2558	Ms. Frasca	Some of the funding was only partially funded. Otherwise, the departments could use those funds for step or PERS increases. They are not allowed to use that money for something outside that appropriation or BRU.
2651	Representative Hawker	Asked if most of those positions were now out of the budget.
2700	Ms. Frasca	Stated that this is the type of "house keeping" used by the Governor.
2719	Ms. Frasca	Listed the last administrative proposed savings: *Maximize charges to grants to cover administrative costs
2739	Ms. Frasca	Referenced the Missions and Measures. *Strategic framework for each department: -Mission -Desired end results -Strategies to achieve end result -Performance targets -Measure of success in achieving target
2835	Co-Chair Harris	Inquired if OMB had all the missions and projected measures for each department. He noted that the legislature is

		"missing" some of those.
2853	Ms. Frasca	Replied that they were all complete. She offered to follow-up on that information.
2915	Ms. Frasca	Acknowledged the value of the process for state services.
2935	Ms. Frasca	Spoke to the Missions & Measures: *Ensures public value *Strategically aligns resources with mission *Sets targets and measure results *Reports accountability to Legislature, citizens *Gives managers information by which program performance can improve
3017	Ms. Frasca	Noted that some departments have requested more broad appropriation authority. As resources get tighter, it is important to question the "results" achieved for the dollars appropriated. "Checks & Balances" for flexibility.
3133	Ms. Frasca	New in this year's budget is the "prioritizing", which is a work in progress.
3212	Co-Chair Harris	Asked what the prioritizing would be based upon. He asked if it would be the value of the service to the public.
3223	Ms. Frasca	Each department determined that individually. Next time, there will be a more integrative process framework addressing that concern.
3257	Ms. Frasca	Referenced the chart provided in the handout on Page 5 - Spending Per Capita in FY05 by category.
3400	Co-Chair Harris	Pointed out that the largest single expenditure for the public in the State is the Permanent Fund dividends and inflation proofing.
3428	Ms. Frasca	Replied it was.
3437	Representative Croft	Referenced the chart regarding the University spending. Discussion between Representative Croft and Ms. Frasca followed regarding that concern. He stressed that the information was misleading.
3548	Representative Hawker	Stressed that these are general funds "plus" the other funds category in the budget. He thought that was important for the University to realize. All revenue generated by the University is included in the "other" category. He thought that was a "distortion". He asked the general fund per capita number.

3743	Ms. Frasca	Responded that is all "public spending" and that it is part of the appropriation bill. She referenced 1975 comparison.
3851	Representative Hawker	Asked if the Governor was still interested in pursuing HB 325 to transfer some of those categories back to general funds.
3941	Ms. Frasca	There will be legislation. She noted that there are other areas where the proposed budget is making "interest" investments: Department of Public Safety *20 troopers, 5 court service officers Located primarily in rural Alaska
4007	Representative Croft	Commented on that budget and the 20 new troopers. He questioned that number.
4028	Ms. Frasca	Stressed that there would be 20 more/new troopers funded in the budget.
4041	Co-Chair Williams	Commented on the 5 court service officers - replacing the State troopers in the rural communities with the court service officers.
4119	Ms. Frasca	There are five troopers currently serving as court service officers. That will "free-up" some money.
4138	Co-Chair Williams	Asked if they would need same level of training as a state trooper.
	Ms. Frasca	Did not know. She stated that the Department would follow up on that information.
4229	Ms. Frasca	Described on the role of the state troopers. There will be federal funds to help with the Village Public Safety Officers (VPSO).
4305	Representative Joule	Commented that State troopers in rural Alaska will cost more than they will in urban Alaska. He stated that there could be 3 VPSO officers per 1 State trooper based on salary. He asked if the troopers would be going to the places that where the VPSO's were last year.
4431	Representative Croft	Asked if the proposed budget had restored the VPSO positions that had been cut last year.
4435	Ms. Frasca	Recalled that two of the areas continue to fund the VPSO's and that one did not. She offered to follow-up on the status of the VPSO's reduced in the current fiscal year budget.
4449	REPRESENTATIVE DAN OGG	Interjected that Kodiak lost six VPSO's last year. The local community picked up grants from other sources to continue funding those positions. The community

		wants those officers, which was clear to the Department. If the VPSO positions are not being funded, he asked the reasoning behind that decision.
4539	Ms. Frasca	Responded that Commissioner Tandeske, Department of Public Safety, would be the best person to speak to the Committee regarding these concerns.
4603	REPRESENTATIVE MARY KAPSNER	Commented on the Public Safety Subcommittee discussions and the losses to the troopers and VPSO's. She hoped that with an increase in troopers, a significant portion would go back to the village safety concerns. She asked about village public health and the possible loss to public health nurses.
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4641	Ms. Frasca	Stated that the Department of Health & Social Services has been aggressive working with other rural agencies for other ways to finance public health. Commissioner Gilbert of the Department should come to the Committee to address the Department's intent with the rural organizations and the level of services.
4528	Representative Joule	Asked what would happen when Senator Stevens was no longer Chairman of the Appropriations Committee.
4438	Ms. Frasca	The Commissioner is working on "earmarked" projects. He is working on existing finance structures & federal programs that allow the State to leverage money.
4409	Representative Joule	Asked if it would be rolled into the federal base.
4351	Ms. Frasca	Correct.
	Ms. Frasca	Noted the addition of six criminal prosecutors in the Department of Law. There will be 14 social workers and 7 associate social workers.
4247	Ms. Frasca	Continued, commenting on the Investment in Education funding level: *K-12 -Fund as provided by law K-12 foundation program School debt Pupil transportation *University 5% (\$10.6 million) for Regent Priorities
4133	Vice Chair Meyer	Commented on the "No Child Left Behind"

		issue. He asked if any additional funds had been suggested to help the local school districts.
4058	Ms. Frasca	There is not additional money to the formula in the proposed budget. The amount of the decrease was \$7.8 million dollars to the foundation formula.
4030	Representative Croft	Asked if there had been an increase required of the local contribution.
3949	Ms. Frasca	Stated that there was not. Anchorage pays 3.5 mils.
3919	Representative Croft	Commented on adequate funding and the impact on the local school districts. The Anchorage School District has had to make substantial cuts, with layoffs. The Administration indicating that they are adequately funding education is a fundamental problem.
3834	Ms. Frasca	Clarified that she did not use the words "fully" or "adequately" funding for education. Education could never be fully funded. It is funded at the level prescribed by State law. The retirement system has added to the burden of the school districts. The Department has had to make priorities. She encouraged discussion with Commissioner Sampson from Department of Education & Early Development regarding "no child left behind".
3719	Representative Croft	Emphasized what would be a higher priority than education.
3648	Ms. Frasca	Replied not much. The Governor's commitment was to provide the University with a 5% increase to the degree that he could. That was not guaranteed. There was a 5% equivalent in the Capital budget and will be made available to the regions. The Administration has gone through a "top down review" of the departments that will be on going. The Administration has not had that same opportunity with the University system.
3538	Representative Croft	Commented on usual capital requests.
3522	Ms. Frasca	Currently, there is an expectation that the University will come to the legislative process to allocate funds.
3510	Representative Croft	Clarified that was a Governor's commitment and not a guaranteed commitment.
3454	Ms. Frasca	Reiterated that this will be a difficult determination and that it cannot be

		guaranteed
3434	Co-Chair Harris	Asked the last time was when the per student amount was researched to determine statewide accurate. He remembered the cost differential study done a couple years ago
	Ms. Frasca	Did not know. She offered to check with the Department.
3334	Co-Chair Harris	Commented that it is important to know that number with facts and knowledge of the real numbers.
3310	Representative Joule	Referenced the other post secondary institutions other than University of Alaska. He asked if there would be an increase for those places.
3234	Ms. Frasca	Did not believe that they are scheduled for an increase.
3217	Representative Joule	Emphasized that there are a host of other postsecondary institutions that play an equally important roll in getting Alaskans trained and putting them to work. It is an issue of parity.
3151	Ms. Frasca	Responded that was correct. There have been increased dollars in capital budget for maintenance of the facilities. There have also been federal funds for those programs.
3056	Representative Joule	Commented that time spent on the paperwork for federal funds takes additional manpower. He encouraged that if the funds are being allocated for the University, the Administration should consider making funds available to the other institutions.
3009	Co-Chair Williams	Commented on the pupil transportation concerns.
2950	Ms. Frasca	Commented that last legislative session, there was grant approval for additional \$500.0 thousand for concerns. Little concern has been voiced regarding pupil transportation. She offered to check with Eddy Jeans regarding how the school districts were doing.
2850	Co-Chair Williams	Asked about the exit exam and the costs associated with management of that.
	Ms. Frasca	Understood that there was one contract to manage that for \$1.5 million dollars for the entire state.
2835	Representative Stoltze	Commented that his school district is adapting to the fiscal constraints of the budget in creative ways.
2759	Ms. Frasca	Spoke to the Investment in Resource

		<p>Development: Natural Resources</p> <ul style="list-style-type: none"> -Oil & Gas Division new positions <ul style="list-style-type: none"> Alaska Peninsula oil and gas lease Gas pipeline NPR-A -Coastal Management "Permit Portal"
2710	Co-Chair Harris	Asked if it was fair to assume that the Governor supported the Senate's \$2 million dollar request for the pipeline authority.
2646	Ms. Frasca	Stated that the Administration had asked the Authority to provide a work plan. It has not yet been received.
2621	Representative Fate	Referenced the NPR-A impact litigation. He asked about the revenue that the State "might" derive and lease sale costs.
2559	Ms. Frasca	At this point, there is no revenue projected. She offered to ask the Department regarding that concern.
2538	Co-Chair Harris	Commented on the severance tax credits on the new wells. He asked if there was any new money projected from that in the proposed budget.
2517	Ms. Frasca	Did not believe that there were any of those funds in the budget because of timing issues. The Department of Natural Resources budget has two positions in it associated with that.
2442	Ms. Frasca	Addressed the Capital Budget: *\$1.4 billion in all funds \$124 million higher than FY 04 \$1.3 million Federal funds *\$216 million FF for Juneau Access *\$million for Gravina Island Crossing
2400	Co-Chair Harris	Asked if federal funds are provided for the Juneau access, what would the timeline be.
2341	Ms. Frasca	Explained that it would be a few years out.
2327	Representative Croft	Corrected the amount provided referenced by Ms. Frasca. She corrected that it would be \$1.3 million higher. The State portion would be \$100 million general fund dollars.
2254	Ms. Frasca	Responded that it would be \$40 million dollars.
2140	Representative Croft	Asked the "pure" general funds. He asked if the \$40 million would come from selling buildings to Alaska Housing Finance Corporation (AHFC).

2129	Ms. Frasca	Offered to provide that information.
2120	Representative Croft	Asked where the \$60 million dollars would come from.
2117	Ms. Frasca	Dividends, student loan program, which will cover capital and principal on the debt. In response to Representative Croft' query, she noted that the Administration is still sorting the information out regarding the percentages.
2102	Ms. Frasca	Referenced a slide was not included in the handout addressing the Capital Investment proposed Capital budget by category.
2029	Representative Croft	Asked what the discretionary capital budget was being spent on.
2013	Ms. Frasca	Offered to provide that report. She noted that there was a "priority setting process" to identify what to spend it on.
1959	Co-Chair Williams	Asked how the priorities of the capital budget had been established.
1942	Ms. Frasca	Transportation; limit of dollars for deferred maintenance needs were also addressed. She reinforced that there are not a "lot of dollars to spread around".
1900	Co-Chair Williams	Asked about the Juneau Access Road money-\$129 million dollars.
1852	Ms. Frasca	The figures were based on what the Department of Transportation & Public Facilities learned from Congressman Young's Committee. She offered to provide the bases for that amount.
1818	Co-Chair Williams	Commented that many amounts have been proposed for these projects. He voiced his concerns regarding the priorities as determined by the Congressional delegation.
1706	Ms. Frasca	Stated that she would confer with the Governor regarding the priority rankings.
1630	Co-Chair Williams	Agreed the conversation needs to happen in the Administration and within the local scene. He spoke to the Juneau Access controversy. He commented on the political "fight" within in Juneau regarding the concern. The people have voted it on; Ketchikan has voted in favor. He did not think that amount requested would be sufficient.
1528	Ms. Frasca	Acknowledged that those considerations will be considered.
1500	Representative Fate	Asked if the Capital would be affected by the matching that the State may have to

		provide.
1431	Ms. Frasca	Stated it would not.
1419	Co-Chair Harris	Asked what will happen if the bond issue does not materialize.
1353	Ms. Frasca	Responded what was the legislative back-up plan.
1341	Ms. Frasca	It has not been considered with those thoughts. There would be a reprioritization with making more reductions in the process.
1325	Co-Chair Harris	Asked if there was another revenue source consideration.
1223	Ms. Frasca	Stated that there are other considerations that are being discussed but the Administration is not yet ready to provide that information. Referenced the Capital Budget handout: *Leverage state dollars with bond proceeds: Alaska Student Loan Corporation AHFC
1048	Ms. Frasca	*Way for ASLC to repay state for initial investment *Multi-year plan \$75 million in year one \$100 million in year two \$85 million in year three *No impact to student loan programs *Future loan repayments pay debt No draw on state's general treasury
1007	Representative Croft	Questioned the AHFC bond proposals for another \$25 & \$40 million dollars.
946	Ms. Frasca	General Obligation debt authority. She addressed the current cost of debt. *Road, highway, ferry, airport projects \$977 million in Federal funds *Water, sewer, solid waste projects \$79 million for VSW projects State's share financed by AHFC bonds
922	Ms. Frasca	The future debt service will be paid from AHFC up to 15-20 years. Currently, the cost of debt is about \$50 million dollars.
849	Representative Croft	The State will be paying \$2 million per year in debt service. He asked why that was a "good idea".
825	Ms. Frasca	Responded that it was a matter of leveraging State dollars, knowing that there will be savings. The State will realize a savings of \$30 million dollars. Current revenue is not sufficient to cover the State's cost needs.

733	Representative Croft	Questioned if that was a good idea. He asked why the Administration did not choose to use a General Obligation (GO) bond run through AHFC rather than a vote of the people.
707	Ms. Frasca	The Governor's office does not believe that it could get a piece of legislation passed for a bill that is that narrow in scope.
552	Ms. Frasca	Commented on options available such as selling State land. This will depend on the nature of the deals. Discussion followed with Representative Croft regarding possibilities of reducing payments in the future.
425	Ms. Frasca	Admitted that she did not know the specifics and asked that the Committee wait until there were proposals submitted. Discussion followed on the Atwood Building.
356	Ms. Frasca	Added that regarding the inclusion of the "other \$40 million dollars". The Governor is working on other ideas for providing the amount needed. She identified a "transient accommodation tax" could generate \$32 million dollars.
242	Ms. Frasca	The Administration is continuing to work on other ideas. She listed the proposed \$1 dollar per pack tobacco tax; cruise ship gambling tax; pull-tabs revised proposal; & shore side guided activity tax.
126	Co-Chair Williams	Referenced "cruise ship gambling tax" and referenced his legislation introduced five years ago addressing that issue. He understood that the cruise ships cannot gamble within State waters, 3 miles offshore.
22	Ms. Frasca	The ships cannot gamble within 3 miles of the port.
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019	Co-Chair Williams	Asserted that there should be gambling in the State to help with the current budget shortfall. Ms. Frasca clarified that the gambling referenced on the chart is currently taking place and is not new gambling.
110	Vice Chair Meyer	Asked about the tobacco tax and whether the State would continue at current funding levels for nonprofits for tobacco programs, at 20% of the tobacco settlement.

148	Ms. Frasca	Responded [the tobacco settlement] is different than the tax and that Department of Health & Social Services has targeted about \$500 thousand to community health grants that can be used for tobacco cessation education efforts in the rural areas.
218	Vice Chair Meyer	Expressed his desire to raise that amount if the tobacco tax passes.
246	Representative Croft	Questioned if the "transient accommodation" statewide bed tax made to a cruise ship would already be a bed tax. Ms. Frasca responded it would and that it is set at 5% of whatever is charged on that route. Representative Croft asked if the cruise portion would be a per day amount.
332	Ms. Frasca	Reiterated that it would be a \$5 per day per head tax.
414	Representative Croft	Asked if a dollar addition to the existing tax would make Alaska's tax on tobacco the highest in the nation. Ms. Frasca explained that New Jersey is the highest at \$2.05 dollars per pack; the proposed tax would bring Alaska's tax to \$2.00 per pack. Representative Croft asked Ms. Frasca about cruise ship gambling and pull-tabs.
428	Ms. Frasca	Explained that the pull-tab tax would increase from 3% to 6% the ideal net, from 78% to 77%.
457	Representative Croft	Continued questioning Ms. Frasca on Unrestricted GF Revenues, specifically asking about shore-side guided tour activities. Ms. Frasca responded that it would be a proposed 5% tax on, for example, guided kayak or fly-in fishing trips.
529	Co-Chair Williams	Inquired about taxes affecting the cruise ship industry, how they relate to the law Congressman Young passed, and what kinds of services the cruise lines will receive in return.
606	Ms. Frasca	Responded that the State treasury, local citizens' property and sales taxes contribute far more to the infrastructure of the ports and harbors and parks and roads, which benefit cruise ship passengers than the revenue expected from taxing that industry.
647	Co-Chair Williams	Requested that Ms. Frasca to get back to the Committee regarding a bill which

		relates to the industry tax.
712	Representative Joule	Asked the breakdown in the bed tax between revenues generated from visitors coming into the State versus Alaskan's traveling around the State. Ms. Frasca did not know if those figures exist but that she would ask.
1051	Co-Chair Williams	Expressed agreement over the innovative proposed management of State money in the capital budget.
1159	Co-Chair Harris	asked why the budget does not reflect on-going labor negotiations and increased costs. He asked if a budget amendment would be added later. Ms. Frasca stated that increased costs were included and that the departments are making other reductions to cover those.
1256	Co-Chair Harris	Thanked Ms. Frasca for the presentation.
1418	<u>ADJOURNMENT</u>	The meeting was adjourned at 3:25 P.M.