

MINUTES
SB 283 CONFERENCE COMMITTEE
May 10, 2004
11:10 PM

TAPES

FCC-04 SB 283 # 2, Side A

CALL TO ORDER

Chair Gary Wilken convened the meeting at approximately 11:10 PM.

PRESENT

Senator Gary Wilken, Chair
Senator Gene Therriault
Senator Lyman Hoffman
Representative Bill Williams
Representative Pete Kott
Representative Reggie Joule

Also Attending: DARWIN PETERSON, Staff to Senator Wilken; JAMES ARMSTRONG, Staff to Representative Williams; ROB CARPENTER, Fiscal Analyst, Division of Legislative Finance

Attending via Teleconference: There were no teleconference participants.

SUMMARY INFORMATION

SB 283-APPROP: CAPITAL/SUPPLEMENTAL/REAPPROP/CBR

The Committee adopted and amended a committee substitute. The bill was reported from Committee.

CS FOR SENATE BILL NO. 283(FIN)

"An Act making an appropriation to reverse the deposit of money available for appropriation in the general fund at the end of fiscal year 2003 into the constitutional budget reserve fund; making an appropriation for investment management fees for the constitutional budget reserve fund; 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."

CS FOR SENATE BILL NO. 283(FIN) am H

"An Act making an appropriation to reverse the deposit of money available for appropriation in the general fund at the end of fiscal year 2003 into the constitutional budget reserve fund; making an appropriation for investment management fees for the constitutional budget reserve fund for fiscal year 2004; making an appropriation for investment management fees for the constitutional budget reserve fund for fiscal year 2005; making appropriations to the Department of Education and Early Development for K-12 educational programs; making appropriations to the University of Alaska and the Alaska Court System; making an appropriation to reverse the deposit of money available for appropriation in the general fund at the end of fiscal year 2004 into the constitutional budget reserve fund; making an appropriation of the amount necessary to balance revenue and general fund appropriations for fiscal years 2004 and 2005; making appropriations for power cost equalization and for grants to municipalities, unincorporated communities, and designated recipients; 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."

Senator Therriault moved to adopt FC SB 283, 23-LS1553\V as a working document.

Without objection the committee substitute was ADOPTED as a working document.

Senator Therriault explained the committee substitute plus the forthcoming amendment reflect a proposal considered and presented in the form of a spreadsheet [copy not provided.] He stated the proposal includes funding for priority maintenance projects for schools as well as funding to hold harmless those school districts that would otherwise receive reduced funding as a result of the changes to the base foundation funding formula. He furthered that funding is included for the People's Learning Center located in Bethel, and for erosion control affecting the school located in Shishmaref.

Representative Joule pointed out that the committee substitute includes \$1.5 million for Shishmaref erosion control, although the intent is to fund the project with \$2 million.

Co-Chair Wilken acknowledged the error and informed it would be corrected.

Amendment #1: This amendment provides appropriations for FY 05 capital projects and subsequently changes the title of the bill to read as follows. [Note: copy of the amendment in its entirety, 23-LS8008\A.102, is on file.]

An Act making, amending, and repealing appropriations, including capital appropriations, supplemental appropriations, reappropriations, and appropriations to capitalize funds; 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.

Senator Therriault moved for adoption.

Co-Chair Wilken noted this amendment includes provisions for the FY 05 capital budget, reappropriations and the FY 04 supplemental appropriation.

Representative Joule expressed concern that the actions of the Committee could be invalid, given the required three-quarter majority vote of the members of both bodies of the legislature to authorize withdrawal from the Constitutional Budget Reserve (CBR) fund.

Senator Therriault detailed a procedure that would be undertaken involving adoption of a concurrent resolution that would provide an opportunity to obtain the necessary majority approval. He assured that the Division of Legal and Research Services has determined the procedure to be acceptable.

Amendment #1a: This amendment to the language of Amendment #1 inserts a new bill section on page 91, following line 18 to read as follows.

Sec. 33. DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT. (a) the sum of \$250,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Craig for boat haul out construction.

(b) The sum of \$314,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Angoon for city dock and boat harbor repair and expansion.

(c) The sum of \$150,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.317 to the Metlakatla Indian Community for a feasibility study of a barge haul out.

(d) the sum of \$125,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Haines for Port Chilkoot dock infrastructure construction.

(e) The sum of \$120,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.317 to the unincorporated community of Klukwan for cultural center planning, engineering, and construction.

(f) The sum of \$65,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Kake for community hall/building renovation.

(g) The sum of \$50,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Hoonah for purchase of fire equipment.

(h) The sum of \$50,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Skagway for construction of a seawall and sea walk.

(i) The sum of \$25,000 is appropriated from the general fund to the decd for payment as a grant under AS 37.05.315 to the City of Craig for fish enhancement hatchery and rearing facility construction.

(j) The sum of \$25,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Cordova for community center construction.

(k) The sum of \$25,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City and Borough of Yakutat for teen center construction.

(l) The sum of \$20,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.317 to the unincorporated community of Naukati West for construction of a fire hall/public safety building.

(m) The sum of \$3,500 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Tenakee Springs for search and rescue equipment.

Senator Therriault moved for adoption.

Chair Wilken objected for an explanation.

Senator Therriault explained this amendment includes appropriations

for the Southeast Community Projects "package", noting the list of projects has been shortened from the original package approved by the House of Representatives in HB 283.

Chair Wilken removed his objection and the amendment to Amendment #1 was ADOPTED.

Amendment #1b: This amendment to the language of Amendment #1 deletes the \$90,000 other funds appropriation to the City of Delta Junction-Arterial Street Paving (ED 12) component and adds a \$90,000 appropriation of federal unrestricted receipts to a new Delta/Greeley School District for Delta Elementary Replacement and Construction (ED 12) component, on page 3, lines 26 and 27 in the Grants to Municipalities (AS 37.05.315) Budget Request Unit (BRU) of Section 1.

Senator Therriault moved for adoption.

Chair Wilken objected for an explanation.

Senator Therriault explained these projects are located in the district represented by himself and Representative Harris. Upon discussion it was determined that the school project, currently under funded, is a higher priority. The amendment has a net zero affect.

Chair Wilken removed his objection and the amendment to Amendment #1 was ADOPTED.

Amendment #1c: This amendment to the language of Amendment #1 inserts a new bill subsection to Section 56. REAPPROPRIATION OF DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES APPROPRIATION., on page 11, following line 15 to read as follows.

(d) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 94, SLA 2002, page 37, line 25 (highways and aviation - \$86,773,100) is reappropriated to the Department of Health and Social Services for an adolescent alcohol prevention program for the fiscal years ending June 30, 2004, and June 30, 2005.

Senator Therriault moved for adoption.

Chair Wilken objected for an explanation.

DARWIN PETERSON, Staff to Senator Wilken, reported this amendment was proposed by the Office of the Governor to utilize approximately \$260,000 in unexpended balances for the adolescent alcohol prevention program. He commented that he had no further information available and deferred to the Office of the Governor to speak to the amendment.

Chair Wilken removed his objection and the amendment to Amendment #1 was ADOPTED.

Amendment #1d: This amendment to the language of Amendment #1 inserts a new bill subsection to Section 28. STATE DEBT AND FUND TRANSFERS., on page 86, following line 13 to read as follows.

(i) The sum of \$8,000,000 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060(a)).

Representative Williams moved for adoption.

JAMES ARMSTRONG, Staff to Representative Williams, outlined the amendment, noting the intent to include an effective date of May 2004.

Representative Williams offered a motion to amend the amendment to Amendment #1. [Note: Under the provisions of Uniform Rules, this motion is improper.]

AT EASE

Representative Williams WITHDREW his motion to adopt the amendment.

Representative Williams clarified the provision of this subsection would take effect May 11, 2004 and again moved for its adoption.

Chair Wilken objected for discussion.

Senator Hoffman asked the total appropriation to the Alaska Marine Highway System fund, including the amount included in this amendment.

Representative Williams answered \$40 million.

Chair Wilken removed his objection and the amendment to Amendment #1 was ADOPTED.

Amendment #1e: This amendment to the language of Amendment #1 inserts a new subsection to Section 18. DEPARTMENT OF FISH AND GAME., on page 66, following line 19, to read as follows.

(d) The sum of \$188,000 is appropriated from revenue generated by the dive fishery management assessment collected under AS 43.76.150 - 43-76.210 in the fiscal year ending June 30, 2002, to the Department of Fish and Game for projects that further the development, enhancement, research, and management of the Southeast Alaska commercial dive fisheries for the fiscal years ending June 30, 2005, June 30, 2006, and June 30,

2007.

This amendment also stipulates that the appropriation made in this subsection lapses June 30, 2007.

Representative Williams moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Mr. Armstrong informed the Southeast Alaska Dive Fisheries Association proposed this amendment. In 2002, the Department of Fish and Game received approximately \$188,000 from the collection of a tax assessed on dive fisheries activities; however, no spending plan was in place to specify that the funds would be utilized to enhance the industry. During discussions with the Department of Fish and Game, Mr. Armstrong learned the Department did not have legal authority to expend the funds but supported use of the funds for industry-related programs. This amendment would allow the expenditure of the revenues collected from this tax for the next three years.

Senator Hoffman asked the reason for the June 30, 2007 lapse date.

Mr. Armstrong was unsure.

Co-Chair Wilken removed his objection and the amendment was ADOPTED.

Amendment #1f: This amendment to the language of Amendment #1 deletes the language in subsection (a) of Section 45. House District 40., on page 101, lines 9 - 23, and inserts new language to read as follows.

Sec. 45. HOUSE DISTRICT 40. (a) The unexpended and unobligated balances of the appropriations made in sec. 100, ch. 123, SLA 1996, page 71, lines 11 - 12 (Anaktuvuk Pass, bed and breakfast - \$25,000); sec. 82, ch. 100, SLA 1997, page 72, lines 18 - 19 (Anaktuvuk Pass, bed and breakfast planning - \$25,000; and sec. 131, ch. 139, SLA 1998, page 89, lines 18 - 19 (Anaktuvuk Pass, bed and breakfast construction - \$25,000) as amended by sec. 65, ch. 61, SLA 2001 (Anaktuvuk Pass, community hall upgrade project) are reappropriated to the Department of Community and Economic Development for payment as a grant under AS 37.06.010 to the City of Anaktuvuk Pass for community facilities and equipment.

Representative Joule moved for adoption.

Chair Wilken objected for an explanation.

Representative Joule stated these funds would be utilized for

certain community facility projects and equipment purchases.

Co-Chair Wilken clarified the funds would be reappropriated within District #40.

Co-Chair Wilken removed his objection and the amendment was ADOPTED.

Amendment #1g: This amendment to the language of Amendment #1 adds a \$200,000 other funds appropriation for the Nenana Boarding School.

Representative Williams added an effective date of May 11, 2004 for this appropriation and moved for adoption.

Chair Wilken objected for discussion purposes.

Representative Williams outlined the amendment.

Chair Wilken removed his objection.

Senator Therriault asked the funding source.

Co-Chair Wilken listed the funding source as FY 04 operating funds.

Without objection the amendment was ADOPTED.

Amendment #1h: This amendment to the language of Amendment #1 on page 31, lines 30 - 33, reduces the appropriation from \$50,000 other funds to \$25,000 to the Ketchikan Area State Parks Advisory Board-Areawide Health, Safety and Maintenance Upgrades (ED 1) component of the Grants to Named Recipients (AS 37.05.316) BRU through the Department of Natural Resources in Section 1.

This amendment also appropriates \$25,000 other funds to the Ketchikan Area Youth Court (ED1).

Representative Williams moved for adoption.

Chair Wilken objected for discussion purposes.

Mr. Armstrong relayed that original discussions with Co-Chair Wilken, Representative Williams requested \$50,000 for Ketchikan Area State Parks. Upon later discussions, it was determined this amount should be reduced and the funds be appropriated to the Ketchikan Area Youth Court. This amendment has a net zero affect.

Co-Chair Wilken removed his objection and the amendment was ADOPTED.

[Note: Amendment #1i is addressed later in the hearing.]

Amendment #1j: This amendment to the language of Amendment #1 deletes Section 59 on page 112, line 11, which repeals Section 87, ch. 1, SSSLA 2002.

Representative Williams moved for adoption.

Chair Wilken objected for an explanation.

Representative Williams stated the deleted language appropriated funding to House District #1 several years prior for the construction of a public safety building. Since that time, the location of the facility has been changed from Saxman and the funds are not necessary.

Co-Chair Wilken removed his objection and the amendment was ADOPTED.

Amendment #1k: This amendment to the language of Amendment #1 on page 4, lines 9 - 12, increases the appropriation from \$117,000 other funds to \$193,000 to the City of Houston-Houston Volunteer Fire Department Replacement Fire Engine (ED 13-16) component of the Grants to Municipalities (AS 37.05.315) BRU through the Department of Community and Economic Development in Section 1.

This amendment also decreases the appropriation on page 6, lines 30 - 32 to the City of Wasilla-Gravel to Asphalt Road Improvements (ED 13-16) component from \$125,000 other funds to \$50,000.

Accompanying explanatory language reads, "Reduces gravel to asphalt program by \$75,000, adds those funds to fire engine replacement."

Representative Williams moved for adoption.

Chair Wilken objected.

Mr. Armstrong explained outlined the amendment, which has a net zero impact and would fully fund the fire department replacement fire engine expense.

Co-Chair Wilken removed his objection and the amendment was ADOPTED.

Amendment #1l: This amendment to the language of Amendment #1 deletes the Grants to Named Recipients (AS 37.05.316) BRU through the Department of Education and Early Development and Yukon-Koyukuk School District - Koyukuk and Ruby Schools - Renovation and Remodeling (ED 6) component and \$50,000 other fund appropriation on page 19, lines 9 - 14 in Section 1.

This amendment also increases the other fund appropriation on page

16, lines 5 - 7 to the Alaska Trailblazers - Equipment Building Construction (ED 6) component Grants to Named Recipients (AS 37.05.316) BRU through the Department of Community and Economic Development in Section 1, from \$25,000 to \$75,000.

Accompanying explanatory language reads, "Adds \$50,000 for the Alaska Trailblazers appropriation. Funding deleted on page 19 is funded in reappropriation on page 95, [sub]section i."

Representative Williams moved for adoption.

Chair Wilken objected for an explanation.

Mr. Armstrong explained this change would fully fund the Alaska Trailblazers need. He stated this amendment has a net zero impact.

Chair Wilken removed his objection and the amendment was ADOPTED.

Amendment #1m: This amendment to the language of Amendment #1 on page 27, lines 28 - 32, changes the funding source of the \$500,000 appropriation to the Vocational Rehabilitation Business Enterprise Program Facility Development and Equipment Replacement (ED 99) component to the Department of Labor and Workforce Development in Section 1, from the 1057-Small Business Revolving Loan Fund account to 1117-Vocational Small Business Program account.

Senator Therriault moved for adoption.

Chair Wilken objected for an explanation.

ROB CARPENTER, Fiscal Analyst, Division of Legislative Finance, explained the error in the original fund source designation submitted by the Office of Management and Budget, which this amendment corrects.

Chair Wilken removed his objection and the amendment was ADOPTED.

Amendment #1n: This amendment to the language of Amendment #1 inserts a new subsection in Section 56. REAPPROPRIATION OF DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES APPROPRIATION., on page 11, following line 15, to read as follows.

(d) The unexpended and unobligated balance of the appropriation made in sec. 100, ch. 2, FSSLA 1999, page 56, line 10, and allocated on lines 11-13 (Anchorage: Minnesota Drive and International Airport Road interchange - \$4,699,351), remaining after the appropriations in (a), (b), and (c) of this section, is appropriated to the Department of Transportation and Public Facilities for construction of the Willow maintenance station.

Chair Wilken moved for adoption and objected for an explanation.

Mr. Peterson stated the Department of Transportation and Public Facilities brought the matter of the reappropriation of funds for the Willow maintenance station to his attention. The balance of the reappropriation for this project would lapse to the general fund without this amendment.

Chair Wilken removed his objection and the amendment was ADOPTED.

Amendment #1i: This conceptual amendment to the language of Amendment #1 relates to the name of the Fairbanks Resource Center for Parents and Children-Stevie's Place Video Equipment Purchase (ED 7-11) component on page 16, line 33 through page 17, line 5, of the Grants to Named Recipients (AS 37.05.316) BRU through the Department of Community and Economic Development in Section 1.

Co-Chair Wilken moved for adoption.

Mr. Peterson established that the amendment was not necessary.

Co-Chair Wilken withdrew his motion and the amendment was WITHDRAWN.

Amendment #1o: This amendment to the language of Amendment #1 deletes Section 58. CONSTITUTIONAL BUDGET RESERVE FUND., on page 111, line 30, through page 112, line 10.

Chair Wilken moved for adoption and stated the exact wording of this section is contained in FC CS SB 283 and is therefore not necessary in Amendment #1.

Representative Williams objected.

Senator Therriault explained that the language in Amendment #1 would replace language existing in the committee substitute that also includes the reverse sweep provisions for FY 03 and FY 04, authorization for a CBR draw for FY 04 and FY 05, and appropriation of management fees of \$125,000 per year for FY 04 and FY 05. The correct language is contained in the committee substitute.

Representative Williams removed his objection and the amendment was ADOPTED.

Amendment #1p: This amendment to the committee substitute, Version "V", increases the appropriation in subsection (e) of Section 4. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT AND DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT., from \$1.5 million to \$2 million. The amended language on page 7, lines 17 - 19 reads as follows.

(e) Subject to (a) of this section, the sum of \$2,000,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Shishmaref for erosion control.

Representative Joule moved for adoption.

Chair Wilken noted this amendment is intended to correct an error.

The amendment was ADOPTED without objection.

AT EASE 11:34 PM / 11:52 PM

Representative Joule moved to rescind the Committee's action in adopting Amendment #1p.

Without objection the Committee's action in adopting the amendment was RESCINDED.

Amendment #1q: This amendment to the language of Amendment #1 deletes Section 62. CONTINGENT EFFECT OF SECTION 10., and Section 63, which provides for an effective date of the provisions of Sections 10 and 62, on page 112, line 29 through page 113, line 6. Section 10 pertains to a loan, or a grant in the event of the formation of a borough, to the City of Delta Junction for payment of the costs of a settlement agreement resulting from litigation regarding the establishment of a private prison. The contingency clause of Section 62 pertains to legislation recommending the Local Boundary Commission institute the formation of specified model boroughs.

Senator Hoffman moved for adoption.

The amendment was ADOPTED without objection.

AT EASE

Amendment #1r: This conceptual amendment to the language of Amendment #1 deletes the reappropriation of certain unexpended and unobligated general fund balances as of June 30, 2004 from Section 51. OFFICE OF THE GOVERNOR for Arctic National Wildlife Refuge oil and gas development and other marketing efforts of Alaska's resources and products on page 106, lines 22 - 30. The balances of the 2003 appropriations are as follows.

Commissions/special offices	\$1,310,500
Executive operations	8,878,100
Office of Management and Budget	1,879,600
Elections	2,031,600

This amendment also creates a new bill section to provide reappropriation of the aforementioned funds to the Office of the Governor for FY 05 operating expenses.

Mr. Peterson outlined this amendment.

Representative Joule asked the total funds in question.

Mr. Peterson answered the amount is between \$300,000 and \$500,000, although the actual amount would not be known until June 30, 2004.

Representative Joule asked if this proposal has been discussed with Arctic Power, as that association would be impacted.

Mr. Peterson replied that this amendment was sponsored by the Chair who determined the funds would be better spent "stateside", within the Office of the Governor given that development of natural resources in the Alaska National Wildlife Refuge (ANWR) is a lower priority in the US Congress during this election year.

The amendment was ADOPTED without objection. [Note: no motion was made to adopt the amendment although the Committee's intent was expressed in the unanimous adoption, as stated by Chair Wilken.]

Co-Chair Wilken removed his objection to the adoption of Amendment #1.

Without objection Amendment #1 as AMENDED was ADOPTED.

Amendment #2: This amendment to the committee substitute, Version "V", increases the appropriation in subsection (e) of Section 4. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT AND DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT., from \$1.5 million to \$2 million. The amended language on page 7, lines 17 - 19 reads as follows.

(e) Subject to (a) of this section, the sum of \$2,000,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Shishmaref for erosion control.

Representative Joule moved for adoption.

There was no objection and the amendment was ADOPTED.

Senator Therriault offered a motion to report FC CS SB 283, 23-LS1553\V, as amended, from Committee.

Without objection FC CS SB 283 MOVED from Committee.

ADJOURNMENT

Chair Gary Wilken adjourned the meeting at 12:00 AM