

**MINUTES**  
**HB 375 & HB 377 CONFERENCE COMMITTEE**  
**May 07, 2004**  
**7:09 AM**

**TAPES**

CC-04 # 2, Side A  
CC-04 # 2, Side B

**CALL TO ORDER**

Co-Chair Lyda Green convened the meeting at approximately 7:09 AM.

**PRESENT**

Senator Lyda Green, Chair  
Senator Gary Wilken  
Senator Lyman Hoffman  
Representative John Harris, Vice Chair  
Representative Bill Williams  
Representative Eric Croft

**Also Attending:** DAVID TEAL, Director, Division of Legislative Finance; KATHRYN DAUGHHETEE, Director Division of Administrative Services, Department of Law; NICO BUS, Administrative Services Manager, Division of Support Services, Department of Natural Resources;

**Attending via Teleconference:** There were no teleconference participants.

**SUMMARY INFORMATION**

HB 375-APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 377-APPROP:MENTAL HEALTH BUDGET

The Committee addressed conferrable items from the Department of Administration, Department of Environmental Conservation, Department of Fish and Game, the Department of Law, ///

CS FOR HOUSE BILL NO. 375(FIN) am  
"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 375(FIN) am S(brf sup maj fld S)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

AND

CS FOR HOUSE BILL NO. 377(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 377(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[Note: Items refer to motion sheets (copies on file). "House" and "Senate" refer to the committee substitute version passed by each body. "Amount" refers to the change to the amount proposed in the Governor's Amended budget request.]

Department of Administration

Item: # 1

Appropriation: Centralized Administrative Services

Allocation: Finance

Description: Reduce general funds by 5%

Version: House plus \$135,100

Amount: -\$100,000 general funds

Representative Harris moved for adoption and it was ADOPTED without objection.

Item: # 2

Appropriation: Centralized Administrative Services

Allocation: Finance

Description: Add statutory designated program receipts (SDPR) for additional startup costs of Central Travel Office

Version: House

Amount: \$0

Item: # 3

Appropriation: Centralized Administrative Services

Allocation: Labor Relations

Description: Reduce general funds by 10%

Version: House

Amount: -\$96,100 general funds

Item: #4

Appropriation: Centralized Administrative Services

Allocation: Purchasing

Description: Reduce overall total budget to FY 03 Actual level

Version: House

Amount: -\$18,800 general funds

Item: #5

Appropriation: Centralized Administrative Services

Allocation: Retirement and Benefits

Description: Reduce Travel and Commodities

Version: House

Amount: -\$68,300 Group Ben

-126,900 P/E Retire

-48,800 Teach Ret

Item: #6

Appropriation: Centralized Administrative Services

Allocation: Group Health Insurance

Description: Eliminate Travel Authorization

Version: House

Amount: -\$22,200 Group Ben

Representative Harris moved for adoption and items 2 through 6 were ADOPTED without objection.

Item: #7

Appropriation: Leases

Allocation: Leases

Description: Add general fund to fund additional leasing costs at \$2 million level

Version: House minus \$385,900

Amount: \$385,900 general funds

Note: The House position is intended to avoid and FY 05 supplemental appropriation and allow the transfer of lease funding to agencies in order to encourage actions to reduce lease costs. See items 14 and 15.

Representative Harris moved for adoption.

Senator Hoffman asked if a FY 05 supplemental appropriation would be anticipated.

Representative Harris responded that the Department does not anticipate such, but qualified the situation could change.

The item was ADOPTED without objection.

Item: #8  
Appropriation: Leases  
Allocation: Lease Administration  
Description: Reduce Lease Administration to FY 03 Total level  
Version: House  
Amount: -\$31,900 general funds

Item: #9  
Appropriation: Legal and Advocacy Services  
Allocation: Office of Public Advocacy  
Description: Decrease for prioritization and correction of  
billing and payment issues  
Version: House  
Amount: -\$50,000 general funds

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #10  
Appropriation: Legal and Advocacy Services  
Allocation: Office of Public Advocacy  
Description: Establish full funding for a Social Services  
Specialist II for the Anchorage Wellness Court  
Version: Senate  
Amount: \$0

Item: #11  
Appropriation: Legal and Advocacy Services  
Allocation: Public Defender Agency  
Description: Cut Governor's request for \$810,000 for projected  
caseload increase by approximately 20%  
Version: Senate  
Amount: \$0

Item: #12  
Appropriation: Violent Crimes Compensation Board  
Allocation: Violent Crimes Compensation Board  
Description: Add general fund grants to compensate for the  
loss of PFD Fund and PFD Crim funding sources  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption.

Representative Croft objected to the adoption of Items #10 and #12.  
He emphasized the importance of the Wellness Court and the

significant progress made to the program over the past five years. The Violent Crimes Compensation Board is also vital and would not receive \$152,000 under the motion.

Co-Chair Green reminded that the motions would appropriate the amounts requested by the Governor. The House amounts would increase funding. The Administration has indicated the programs could be operated within the existing budget.

Representative Croft countered that the loss of Permanent Fund Dividends funds would reduce overall funding to the Violent Crimes Compensation Board. The House version would restore the loss of funds utilizing general funds.

Representative Harris moved to accept Item #11 and leave Items #10 and #12 open.

There was no objection and Item #11 was ADOPTED.

Item: #13

Appropriation: Agencywide

Description: Salary and benefit adjustments for employees of Labor, Trades, and Crafts Unit (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches

Version: Senate

Amount: \$62,300 general funds

1,100 Fed Rcpts

31,300 Other funds

Note: \$200 of general funds appropriated for salary adjustments in DMV [Division of Motor Vehicles] is a technical error. Source should be RSS [Receipt Supported Services]. Acceptance of correction implied.

Representative Harris moved for adoption.

DAVID TEAL, Director, Division of Legislative Finance, explained the technical error to the funding sources. The Office of Management and Budget submitted allocation recommendations that would have exceeded the amount of funds available in some funding sources.

Co-Chair Green noted this was based on information received by the Senate after the House of Representatives had considered the budget.

The item was ADOPTED without objection.

Item: #14  
Appropriation: Leases  
Allocation: Leases  
Description: Conditional Language  
Version: House  
Language: The money appropriated by this appropriation may be distributed to state departments and agencies to pay the cost of leasing space occupied by the department or agency.  
Note: See items #7 and #15

Item: #15  
Appropriation: Leases  
Allocation: Leases  
Description: Intent  
Version: House  
Language: It is the intent of the legislature that the department transfer funding for all leases to occupying agencies during FY 05.  
Note: See items #7 and #14

Representative Harris moved for adoption and the items were ADOPTED without objection.

The Department of Administration budget was therefore closed with the exception of Items #10 and #12.

Department of Environmental Conservation

Item: #1  
Appropriation: Administration  
Allocation: Office of the Commissioner  
Description: Restore decrement for additional travel savings  
Version: House  
Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #2  
Appropriation: Administration  
Allocation: Information and Administrative Services  
Description: Restore Homeland Security Position  
Version: Senate  
Amount: \$80,500 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #3

Appropriation: Administration  
Allocation: Information and Administrative Services  
Description: Restore decrement for travel  
Version: House  
Amount: \$0

Item: #4  
Appropriation: Environmental Health  
Allocation: Environmental Health Director  
Description: Restore decrement for travel  
Version: House  
Amount: \$0

Item: #5  
Appropriation: Environmental Health  
Allocation: Laboratory Services  
Description: Restore decrement for additional travel savings  
Version: House  
Amount: \$0

Item: #6  
Appropriation: Environmental Health  
Allocation: Drinking Water  
Description: Begin phase-out of Drinking Water Class C Program  
Version: House  
Amount: -\$45,900 general funds

Item: #7  
Appropriation: Environmental Health  
Allocation: Solid Waste Management  
Description: Begin phase-out of Solid Waste Class 3 Program  
Version: House  
Amount: -\$75,000 general funds

Item: #8  
Appropriation: Environmental Health  
Allocation: Air Director  
Description: Restore decrement for travel  
Version: House  
Amount: \$0

Item: #9  
Appropriation: Environmental Health  
Allocation: Air Quality  
Description: Restore decrement for additional travel savings  
Version: House  
Amount: \$0

Item: #11  
Appropriation: Water  
Allocation: Facility Construction  
Description: Restore decrement for additional travel savings  
Version: House  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #10  
Appropriation: Water  
Allocation: Water Quality  
Description: Cut Governor's "Raindrops to Oceans" increment  
Version: Senate  
Amount: -\$50,000 general funds

Representative Harris moved for adoption.

Representative Williams stated support for this action.

Representative Croft asked if this motion would restore funding to the program.

Co-Chair Green replied the funding would be restored.

The item was ADOPTED without objection.

Item: #12  
Appropriation: Agencywide  
Description: Salary and benefit adjustments for employees of Labor, Trades and Crafts Unit (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches.  
Version: Senate  
Amount: \$3,500 general funds  
          1,400 Fed Rcpts  
          2,800 Other funds

Representative Harris moved for adoption.

Co-Chair Green informed that this reflects information received in by the Senate after the House of Representatives had passed the appropriation legislation.

Without objection the item was ADOPTED.

All conference items for the Department of Environmental

Conservation were CLOSED.

Department of Fish and Game

Item: #1  
Appropriation: Commercial Fisheries  
Allocation: Southeast Region Fisheries Management  
Description: Deny Governor's general fund decrement and PCNs  
Version: Senate  
Amount: \$0

Item: #2  
Appropriation: Commercial Fisheries  
Allocation: Southeast Region Fisheries Management  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$167,900 Cm Fish Ln

Item: #3  
Appropriation: Commercial Fisheries  
Allocation: Southeast Region Fisheries Management  
Description: Replace general funds with CFRLF [Commercial Fisheries Revolving Loan Fund]  
Version: Senate  
Amount: -\$149,600 general funds  
          \$149,600 Cm Fish Ln

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #4  
Appropriation: Commercial Fisheries  
Allocation: Southeast Region Fisheries  
Description: Decrement Test Fish Receipts  
Version: House  
Amount: -\$102,800 Test Fish

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #5  
Appropriation: Commercial Fisheries  
Allocation: Central Region Fisheries Management  
Description: Deny Governor's general fund decrement and PCNs  
Version: Senate  
Amount: \$0

Item: #6

Appropriation: Commercial Fisheries  
Allocation: Central Region Fisheries Management  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$206,100 Cm Fish Ln

Item: #7  
Appropriation: Commercial Fisheries  
Allocation: Central Region Fisheries Management  
Description: Replace general funds with CFRLF  
Version: Senate  
Amount: -\$191,900 general funds  
          \$191,900 Cm Fish Ln

Representative Harris moved for adoption and these items were ADOPTED without objection.

Item: #8  
Appropriation: Commercial Fisheries  
Allocation: Central Region Fisheries Management  
Description: Decrement Test Fish Receipts  
Version: House  
Amount: -\$71,300 Test Fish

Representative Harris moved for adoption and this item was ADOPTED without objection.

Item: #9  
Appropriation: Commercial Fisheries  
Allocation: AYK Region Fisheries Management  
Description: Deny Governor's general fund decrement and PCNs  
Version: Senate  
Amount: \$0

Item: #10  
Appropriation: Commercial Fisheries  
Allocation: AYK Region Fisheries Management  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$140,000 Cm Fish Ln

Item: #11  
Appropriation: Commercial Fisheries  
Allocation: AYK Region Fisheries Management  
Description: Add CFRLF from DEC & DCED (\$184,400 & \$196,800) & I/A [inter-agency receipts] funding from Sport Fish  
Version: Senate  
Amount: \$0

Item: #12  
Appropriation: Commercial Fisheries  
Allocation: AYK Region Fisheries Management  
Description: Replace general funds with CFRLF  
Version: Senate  
Amount: -\$144,500 general fund  
          \$144,500 Cm Fish Ln

Item: #13  
Appropriation: Commercial Fisheries  
Allocation: AYK Region Fisheries Management  
Description: Add general funds to purchase and operate SONAR  
in the Porcupine River  
Version: Senate  
Amount: \$0

Item: #14  
Appropriation: Commercial Fisheries  
Allocation: Westward Region Fisheries Management  
Description: Deny Governor's general fund decrement and PCNs  
Version: Senate  
Amount: \$0

Item: #15  
Appropriation: Commercial Fisheries  
Allocation: Westward Region Fisheries Management  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$223,800 Cm Fish Ln

Item: #16  
Appropriation: Commercial Fisheries  
Allocation: Westward Region Fisheries Management  
Description: Replace general funds with CFRLF  
Version: Senate  
Amount: -\$189,000 general funds  
          \$189,000 Cm Fish Ln

Representative Harris moved for adoption and the items were ADOPTED  
without objection.

Item: #17  
Appropriation: Commercial Fisheries  
Allocation: Westward Region Fisheries Management  
Description: Decrement Test Fish Receipts  
Version: House

Amount: -\$173,000 Test Fish

Representative Harris moved for adoption.

Representative Croft noted this is the third decrement of Test Fish receipts and asked how the decrements differ.

Mr. Teal explained that Test Fish receipts are funds generated from the contracting of commercial fishers to provide samples and other survey information.

Representative Croft asked why three decrements are necessary, rather than one decrement to make the reduction.

Co-Chair Green explained the accounting separations for each regional office.

Mr. Teal affirmed.

The item was ADOPTED without objection.

Item: #18

Appropriation: Commercial Fisheries

Allocation: Headquarters Fisheries Management

Description: Deny Governor's general fund decrement and PCNs

Version: Senate

Amount: \$0

Item: #19

Appropriation: Commercial Fisheries

Allocation: Headquarters Fisheries Management

Description: Fully fund PERS increase

Version: Senate

Amount: \$81,100 Cm Fish Ln

Item: #20

Appropriation: Commercial Fisheries

Allocation: Headquarters Fisheries Management

Description: Replace general funds with CFRLF

Version: Senate

Amount: -\$73,600 general funds

\$73,600 Cm Fish Ln

Item: #21

Appropriation: Commercial Fisheries

Allocation: Headquarters Fisheries Management

Description: Fund change to free up RSS to fully fund the PERS increase in the Commercial Fish Entry Commission appropriation

Version: Senate  
Amount: -\$120,000 Cm Fish Ln  
          \$120,000 Rcpt Services

Item: #22  
Appropriation: Commercial Fisheries  
Allocation: Fisheries Development  
Description: Deny Governor's general fund decrement and PCNs  
Version: Senate  
Amount: \$0

Item: #23  
Appropriation: Commercial Fisheries  
Allocation: Fisheries Development  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$96,500 Cm Fish Ln

Item: #24  
Appropriation: Commercial Fisheries  
Allocation: Fisheries Development  
Description: Replace general funds with CFRLF  
Version: Senate  
Amount: -\$81,900 general funds  
          \$81,900 Cm Fish Ln

Item: #25  
Appropriation: Sport Fisheries  
Allocation: Sport Fisheries  
Description: Increase F&G funding to correspond with an  
increase in I/A in Commercial Fisheries/AYK Region Fisheries  
Management  
Version: Senate  
Amount: \$0

Item: #26  
Appropriation: Sport Fisheries  
Allocation: Sport Fisheries Habitat  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$5,900 Cm Fish Ln

Item: #27  
Appropriation: Administration and Support  
Allocation: Commissioner's Office  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$18,000 Cm Fish Ln

Item: #28  
Appropriation: Administration and Support  
Allocation: Administrative Services  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$45,500 Cm Fish Ln

Item: #29  
Appropriation: Administration and Support  
Allocation: Boards of Fisheries and Game  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$21,000 Cm Fish Ln

Item: #30  
Appropriation: Administration and Support  
Allocation: Advisory Committees  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$10,700 Cm Fish Ln

Item: #31  
Appropriation: Administration and Support  
Allocation: State Subsistence  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$9,300 Cm Fish Ln

Item: #32  
Appropriation: Administration and Support  
Allocation: EVOS [Exxon Valdez Oil Spill] Trustee Council  
Description: Fund the Gulf Ecosystem Monitoring Program  
(\$742,100) & increase FY 05 Fed Auth by \$148,300  
Version: Senate  
Amount: \$890,400 general funds

Item: #33  
Appropriation: Commercial Fisheries Entry Commission  
Allocation: Commercial Fisheries Entry Commission  
Description: Fully fund PERS increase  
Version: Senate  
Amount: \$120,000 Rcpt Svcs

Item: #34  
Appropriation: Agencywide  
Description: Salary  
Description: Salary and benefit adjustments for employees of

Labor, Trades and Crafts Unit (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches.

Version: Senate

Amount: \$3,900 general funds

4,000 Fed Rcpts

23,000 Other funds

Representative Harris moved for adoption and these items were ADOPTED without objection.

Item: #35

Appropriation: Commercial Fisheries

Allocation: Headquarters Fisheries Management

Description: Conditional Language

Version: Senate

Language: The amount allocated for Headquarters Fisheries Management includes the unexpended and unobligated balance on June 30, 2004, of the Department of Fish and Game, Commercial Fisheries Entry Commission, program receipts from licenses, permits and other fees.

Item: #36

Appropriation: Administration and Support

Allocation: Fish and Game State Facilities Rent

Description: Conditional Language

Version: Senate

Language: The amount allocated for Fish and Game State Facilities Rent includes the unexpended and unobligated balance on June 30, 2004, of the Department of Fish and Game, Commercial Fisheries Entry Commission, program receipts from licenses, permits and other fees.

Item: #37

Appropriation: Commercial Fisheries Entry Commission

Allocation: Commercial Fisheries Entry Commission

Description: Conditional Language

Version: Senate

Language: The amount allocated for Fish and Game State Facilities Rent includes the unexpended and unobligated balance on June 30, 2004, of the Department of Fish and Game, Commercial Fisheries Entry Commission, program receipts from licenses, permits and other fees.

Item: #38

Appropriation: Sport Fisheries

Allocation: Assert/Protect State's Rights

Description: Structure Change

Version: Senate

Note: Senate moved Assert/Protect State's Rights allocation to Sport Fisheries Appropriation

Representative Harris moved for adoption and the items were ADOPTED without objection.

All conference items for the Department of Fish and Game were CLOSED.

Senator Hoffman commented that the Conference Committee "did a fairly decent job on Fish and Game."

Department of Law

Item: #1

Appropriation: Criminal Division

Allocation: First Judicial District

Description: Allow 80% of general funds requested for changes to retirement and other personal services rates

Version: Senate

Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #2

Appropriation: Criminal Division

Allocation: First Judicial District

Description: Reduce travel by 25%

Version: House plus \$12,000

Amount: -\$12,000 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #3

Appropriation: Criminal Division

Allocation: Second Judicial District

Description: Allow 80% of general funds requested for changes to retirement and other personal services rates

Version: Senate

Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #4

Appropriation: Criminal Division  
Allocation: Second Judicial District  
Description: Reduce travel by 25%  
Version: House plus \$8,900  
Amount: -\$8,800 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #5  
Appropriation: Criminal Division  
Allocation: Third Judicial District: Anchorage  
Description: Deny Victims for Justice increment request  
Version: House  
Amount: -\$125,000 general funds

Representative Harris moved for adoption.

Representative Croft objected and noted this is another instance of reducing funding for victims of violent crimes. The amount of funding involved is insignificant, but would be leveraged "for a huge impact on the lives of victims". The Court Watch program ensures that the judicial system adequately recognizes the constitutional rights of victims. The Conference Committee should not be "singling out victims".

Co-Chair Green countered that no one is singling out victims. The Senate approved appropriations in the amounts requested by the Governor. The Departments have attested these programs could be "fully operated to the extent necessary".

Representative Harris clarified that adoption of the House of Representatives allocation, as proposed in the motion, would reduce the amount requested by the Governor by \$25,000.

Additional clarification ensued.

Co-Chair Green indicated she did not object to the adoption of the House appropriation amount.

The motion to adopt Item #5 was withdrawn and the item was LEFT OPEN.

Item: #6  
Appropriation: Criminal Division  
Allocation: Third Judicial District: Anchorage  
Description: Deny 3 new Prosecutors - Violent Crimes, Special Assault, Property Crimes Units

Version: Senate  
Amount: \$0

Item: #7  
Appropriation: Criminal Division  
Allocation: Third Judicial District: Anchorage  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED.

Co-Chair Green commented this is a significant amount of funding to the Department to "shore up" the budget and improve programs. She was convinced that the Department could address the functions of all the auxiliary programs within the "confines of their budget" through the adoption of this item.

Representative Harris furthered that the House of Representatives had denied \$383,600 to Item #6 and \$37,600 to Item #7.

Item: #8  
Appropriation: Criminal Division  
Allocation: Third Judicial District: Anchorage  
Description: Reduce travel by 25%  
Version: House plus \$11,000  
Amount: -\$11,100 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #9  
Appropriation: Criminal Division  
Allocation: Third Judicial District: Anchorage  
Description: AMD: Juvenile Delinquency positions and funding from Human Services to Criminal Division (3rd Jud: Anc and 4th Jud)  
Version: Senate  
Amount: \$236,000 general funds  
Note: If 9=S, then 38=S

Item: #10  
Appropriation: Criminal Division  
Allocation: Third Judicial District: Outside Anchorage  
Description: Deny 1 new Kenai Prosecutor  
Version: Senate

Amount: \$0

Item: #11

Appropriation: Criminal Division

Allocation: Third Judicial District: Outside Anchorage

Description: Allow 80% of general funds requested for changes to retirement and other personal services rates

Version: Senate

Amount: \$0

Representative Harris moved for adoption

Representative Harris relayed that the Attorney General "was strong-arming me for a long period of time."

The items were ADOPTED without objection.

Item: #12

Appropriation: Criminal Division

Allocation: Third Judicial District: Outside Anchorage

Description: Reduce travel by 25%

Version: House plus \$14,500

Amount: -\$14,600 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #13

Appropriation: Criminal Division

Allocation: Fourth Judicial District

Description: Allow 80% of general funds requested for changes to retirement and other personal services rates

Version: Senate

Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #14

Appropriation: Criminal Division

Allocation: Fourth Judicial District

Description: Reduce travel by 25%

Version: House plus \$28,600

Amount: -\$28,700 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #15  
Appropriation: Criminal Division  
Allocation: Fourth Judicial District  
Description: AMD: Juvenile Delinquency positions and funding from Human Services to Criminal Division (3rd Jud: Anc and 4th Jud)  
Version: Senate  
Amount: \$150,400 general funds

Item: #16  
Appropriation: Criminal Division  
Allocation: Criminal Justice Litigation  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Representative Croft asked the Division of Legislative Finance the cumulative impact of the restored funding to the Department of Law.

Mr. Teal directed attention to the top row of the Department of Law motion spreadsheet [copy on file], listing the total funding change to the Governor's budget request of all items. He listed the net reduction as \$28,700. He qualified this figure represents the amounts agreed upon by the House and Senate, but did not include the travel expense reductions. He was unable to state the total increase to the Department. The amount would be nearer to the amount requested by the Governor.

Representative Croft commented to the appearance of a restoration of significant funding, yet the total is a reduction.

Co-Chair Green informed that time would be allowed to review the net funding changes.

Without objection the items were ADOPTED.

Item: #17  
Appropriation: Criminal Division  
Allocation: Criminal Justice Litigation  
Description: Reduce travel by 25%  
Version: House plus \$12,600  
Amount: -\$12,600 general funds

Representative Harris moved for adoption and the item was ADOPTED

without objection.

Item: #18  
Appropriation: Criminal Division  
Allocation: Criminal Appeals/Special Litigation Component  
Description: Deny 1 Misdemeanor Appeals Attorney, 1 Post Conviction Relief Attorney  
Version: Senate  
Amount: \$0

Item: #19  
Appropriation: Criminal Division  
Allocation: Criminal Appeals/Special Litigation Component  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #20  
Appropriation: Criminal Division  
Allocation: Criminal Appeals/Special Litigation Component  
Description: Reduce travel by 25%  
Version: House plus \$10,500  
Amount: -\$10,400 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #21  
Appropriation: Civil Division  
Allocation: Deputy Attorney General's Office  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #22  
Appropriation: Civil Division  
Allocation: Deputy Attorney General's Office  
Description: Reduce travel by 25%  
Version: House plus \$3,500  
Amount: -\$3,500 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #23  
Appropriation: Civil Division  
Allocation: Deputy Attorney General's Office  
Description: Delete portion of personal services funding  
Version: Senate  
Amount: \$0

Item: #24  
Appropriation: Civil Division  
Allocation: Collections and Support  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Item: #25  
Appropriation: Civil Division  
Allocation: Collections and Support  
Description: Reduce general fund amount used for section head reorganization  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #26  
Appropriation: Civil Division  
Allocation: Collections and Support  
Description: Reduce travel by 25%  
Version: House plus \$3,000  
Amount: -\$2,900 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #27  
Appropriation: Civil Division  
Allocation: Commercial and Fair Business  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Item: #28  
Appropriation: Civil Division  
Allocation: Commercial and Fair Business  
Description: Reduce general fund amount used for section head reorganization  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #29  
Appropriation: Civil Division  
Allocation: Commercial and Fair Business  
Description: Reduce travel by 25%  
Version: House plus \$4,300  
Amount: -\$4,200 general fund

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #30  
Appropriation: Civil Division  
Allocation: Environmental Law  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Item: #31  
Appropriation: Civil Division  
Allocation: Environmental Law  
Description: Reduce general fund amount used for section head reorganization  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #30  
Appropriation: Civil Division  
Allocation: Environmental Law  
Description: Reduce travel by 25%  
Version: House plus \$5,500  
Amount: -\$5,500 general funds

Representative Harris moved for adoption and the item was ADOPTED

without objection.

Item: #33  
Appropriation: Civil Division  
Allocation: Human Services Section  
Description: Allow 1 new CINA paralegal in Fairbanks and deny other costs added into original increment request  
Version: Senate  
Amount: \$0

Item: #34  
Appropriation: Civil Division  
Allocation: Human Services Section  
Description: Deny 1 new Juvenile Delinquency Attorney  
Version: Senate  
Amount: \$0

Item: #35  
Appropriation: Civil Division  
Allocation: Human Services Section  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Item: #36  
Appropriation: Civil Division  
Allocation: Human Services Section  
Description: Reduce general fund amount used for section head reorganization  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption

Representative Croft objected and asked if the intent of Item #34 is to hire another attorney position.

Co-Chair Green affirmed, and listed these components would fund a new paralegal position located in Fairbanks, a new Juvenile Delinquency Attorney and to restore funding for retirement and other personal services rates. This would reduce funding for the Department's reorganization process.

Representative Croft commented to the number of new attorney positions added. He requested a list of the number of new attorneys would be hired as a result of Conference Committee action.

Co-Chair Green estimated that funding for a total of 20 attorneys and six personal positions were included in the Governor's original budget request.

KATHRYN DAUGHHETEE, Director, Division of Administrative Services, Department of Law, testified that the Department requested 16 new attorney positions for both the Criminal and Civil divisions.

Representative Croft asked for clarification that funding for all 16 positions was "conferencable".

Ms. Daughheteer replied that the proposed Conference Committee actions would restore funding for the positions; however, the potential of an unallocated reduction could impact the ability to fully fund all the requests included in the Governor's proposed budget. The reduction in funding for travel could be a factor.

Representative Harris suggested he could offer a motion to adopt the House of Representatives allocation for these items, which would eliminate the funding approved by the Senate.

Representative Croft questioned the cumulative impact of the addition of 16 attorney positions represents a "fairly dramatic reversal", although the increments are small.

Representative Harris understood that most of the new attorney positions are to address children's issues.

The items were ADOPTED without objection.

Item: #37  
Appropriation: Civil Division  
Allocation: Human Services Section  
Description: Reduce travel by 25%  
Version: House plus \$6,500  
Amount: -\$6,500 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #38  
Appropriation: Civil Division  
Allocation: Human Services Section  
Description: AMD: Juvenile Delinquency positions and funding from Human Services to Criminal Division (3rd Jud: Anc and 4th Jud)  
Version: Senate  
Amount: -\$236,000 general funds

Note: If 38=S, then 9=S

Item: #39

Appropriation: Civil Division

Allocation: Human Services Section

Description: AMD: Juvenile Delinquency positions and funding from Human Services to Criminal Division (3rd Jud: Anc and 4th Jud)

Version: Senate

Amount: -\$150,400 general funds

Note: If 39=S, then 15=S

Item: #40

Appropriation: Civil Division

Allocation: Labor and State Affairs

Description: Deny 2 new Labor and State Affairs Attorneys

Version: Senate

Amount: \$0

Item: #41

Appropriation: Civil Division

Allocation: Labor and State Affairs

Description: Allow 80% general funds requested for changes to retirement and other personal services rates

Version: Senate

Amount: \$0

Item: #42

Appropriation: Civil Division

Allocation: Labor and State Affairs

Description: Reduce general fund amount used for section head reorganization

Version: Senate

Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #43

Appropriation: Civil Division

Allocation: Labor and State Affairs

Description: Reduce travel by 25%

Version: House plus \$1,900

Amount: -\$1,800 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #44  
Appropriation: Civil Division  
Allocation: Natural Resources  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #45  
Appropriation: Civil Division  
Allocation: Natural Resources  
Description: Reduce travel by 25%  
Version: House plus \$2,800  
Amount: -\$2,800 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #46  
Appropriation: Civil Division  
Allocation: Oil, Gas and Mining  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Item: #47  
Appropriation: Civil Division  
Allocation: Oil, Gas and Mining  
Description: Reduce general fund amount used for section head reorganization  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #48  
Appropriation: Civil Division  
Allocation: Oil, Gas and Mining  
Description: Reduce travel by 25%  
Version: House plus \$11,300  
Amount: -\$11,300 general funds

Representative Harris moved for adoption and the item was ADOPTED

without objection.

Item: #49  
Appropriation: Civil Division  
Allocation: Opinions, Appeals and Ethics  
Description: Deny 1 new attorney - Indian Law  
Version: Senate  
Amount: \$0

Item: #50  
Appropriation: Civil Division  
Allocation: Opinions, Appeals and Ethics  
Description: Deny 1 new attorney - Human Services Appeals  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption.

Senator Hoffman asked the intent of the new attorney for Indian Law.

Representative Harris deferred to the Department of Law.

Representative Croft had the same question for the proposed human services appeals attorney position in Item #50.

Ms. Daughhetea replied that some functions within the Opinions, Appeals and Ethics Section of the Department are related to Indian law and other functions are related to the State Ethics Act. Issues involving ethics surface regularly; agencies require advice in complying with the Act. Additional attorneys are necessary to address both functions.

Senator Hoffman asked which area of the State the additional attorney would serve.

Ms. Daughhetea stressed the matter is not a regional issue whatsoever.

Representative Croft asked what duties the Human Services Appeal attorney position would assume.

Ms. Daughhetea replied this attorney would handle, on a statewide basis, "child in need of aid" (CINA) cases raised to the appellate level through the Human Services Section. The appellate process for CINA cases is significantly different than the regular workload and an attorney with appellate experience better handles those cases that are appealed.

Representative Croft questioned the \$135,600 cost of hiring an attorney for Human Services appeals, compared to the cost of \$112,000 to hire an attorney for Indian Law.

Ms. Daughhete explained that the different funding requests reflect the staggered hire dates anticipated. Some positions would be filled October first, and others July first.

Representative Croft objected to the adoption of Items #49 and #50.

Senator Hoffman requested that Item #49 be left open for further consideration.

Representative Harris moved to leave open Item #49 and Item #50, and the items were LEFT OPEN without objection.

Item: #51  
Appropriation: Civil Division  
Allocation: Opinions, Appeals and Ethics  
Description: Reduce travel by 25%  
Version: House plus \$3,100  
Amount: -\$3,200 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #52  
Appropriation: Civil Division  
Allocation: Statehood Defense  
Description: Allow 80% of general funds requested for change to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Item: #53  
Appropriation: Civil Division  
Allocation: Statehood Defense  
Description: Reduce general fund amount used for section head reorganization  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #54  
Appropriation: Civil Division

Allocation: Statehood Defense  
Description: Reduce travel by 25%  
Version: House plus \$1,100  
Amount: -\$1,000 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #55  
Appropriation: Administration and Support  
Allocation: Office of the Attorney General  
Description: Remove funding for Associate Attorney II/Press Secretary  
Version: House  
Amount: -\$61,700 general funds

Representative Harris moved for adoption.

Representative Croft objected for an explanation. He asked if the proposal would add or remove the requested press secretary position.

Representative Harris replied the requested position would be removed.

Representative Croft removed his objection.

The item was ADOPTED without objection.

Item: #56  
Appropriation: Administration and Support  
Allocation: Office of the Attorney General  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Item: #57  
Appropriation: Administration and Support  
Allocation: Office of the Attorney General  
Description: Reduce general funds amount used for section head reorganization  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #58  
Appropriation: Administration and Support  
Allocation: Office of the Attorney General  
Description: Reduce travel by 25%  
Version: House plus \$3,000  
Amount: -\$2,900 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #59  
Appropriation: Administration and Support  
Allocation: Administrative Services  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #60  
Appropriation: Administration and Support  
Allocation: Administrative Services  
Description: Reduce travel by 25%  
Version: House plus \$1,000  
Amount: -\$1,000 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #61  
Appropriation: Administration and Support  
Allocation: Legislation/Regulations  
Description: Deny 1 new Legislation and Regulations Attorney  
Version: Senate  
Amount: \$0

Item: #62  
Appropriation: Administration and Support  
Allocation: Legislation/Regulations  
Description: Allow 80% of general funds requested for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption.

Representative Croft objected and asked for an explanation of the need for the requested new position.

Ms. Daughhetea responded this new position would assist the Department with the high volume of the Section. Currently only one attorney undertakes all the duties. The volume is too much for Deborah Behr, the existing attorney.

Representative Croft asked for clarification that this position handles the legislation drafted by legislators.

Ms. Daughhetea corrected that this position drafts legislation proposed by the administration. This attorney also reviews legislation drafted by the legislature.

Representative Croft asked if a staggered hire dates for this position are a factor in the differing funding amounts requested for the new attorney positions.

Ms. Daughhetea affirmed the anticipated hire date is July 1.

Representative Croft pointed out that the legislature is not in session in July, and suggested the Human Resources Attorney could be hired in July and this position could be filled later in the year.

Ms. Daughhetea relayed the Attorney General's opinion that this position must be filled in July because only one attorney assumes the entire workload for this section. Other sections have several staff and the addition of three new staff at once would be difficult to accomplish.

Representative Croft maintained his objection.

Senator Hoffman asked for clarification that currently one attorney position exists in the Legislation/Regulations Section.

Ms. Daughhetea corrected that Deborah Behr is the lead attorney and that one other attorney position is in the Section.

Senator Hoffman clarified that two attorneys currently operate in the Section and that the Department anticipates a caseload increase of one-third.

Ms. Daughhetea affirmed.

Co-Chair Green noted that pending legislation would require overview of several "major components" because the regulations are outdated. This is very time consuming. Other legislation would be primarily regulatory overview and would implement new systems. In

discussion with the Department, she learned that the likelihood that all 16 new attorney positions would be filled by a certain date is uncertain. Rather the intent is to hire 16 new attorneys within the next year. She was "delighted" that the Department as well as the Alaska State Troopers are making efforts to "get a handle on some of the issues." She therefore did not question this funding request.

Representative Croft asked if the Chair intended to hold the item open for further consideration.

Co-Chair Green answered, "no".

Representative Croft commented that the 16 new positions would add approximately \$1.5 million to the budget. This particular item would cost \$150,000 and would not be for prosecution activities, but rather to increase services for the legislature. Providing this funding for the Victims for Justice program would save money. He was unsure why the Department prioritized the needs in this manner, but suggested the needs should be prioritized differently.

A roll call was taken on the motion.

IN FAVOR: Representative Williams, Senator Wilken, Representative Harris, Chair Green

OPPOSED: Representative Croft, Senator Hoffman

The motion PASSED (4-2)

The items were ADOPTED.

CC-04 # 2, Side B 7:56 AM

Item: #63  
Appropriation: Administration and Support  
Allocation: Legislation/Regulations  
Description: Reduce travel by 25%  
Version: House plus \$1,400  
Amount: -\$1,400 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #64  
Appropriation: Agency-wide Unallocated Reduction  
Allocation: Agency-wide Unallocated Reduction

Description: Agency-wide unallocated reduction  
Version: Senate  
Amount: -\$100,000 general funds

Item: #65  
Appropriation: Agencywide  
Description: Salary and benefit adjustments for employees of Labor, Trades and Crafts Unit (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches  
Version: Senate  
Amount: \$79,000 general funds  
          300 Fed Rcpts  
          43,400 Other funds

Representative Harris moved for adoption and the items were ADOPTED without objection.

This closed all conference items for the Department of Law except Items #5, #49 and #50.

#### Department of Military and Veterans Affairs

Item: #1  
Appropriation: Agencywide  
Description: Salary and benefits adjustment for employees of Labor, Trades Crafts Unit (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches  
Version: Senate  
Amount: \$12,300 general funds  
          14,900 Fed Rcpts  
          6,300 Other funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

All conference items for the Department of Military and Veterans Affairs were CLOSED.

#### Department of Natural Resources

Item: #1  
Appropriation: Resource Development  
Allocation: Commissioner's Office  
Description: Deny funding for Deputy Commissioner Position  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #2  
Appropriation: Resource Development  
Allocation: Administrative Services  
Description: Reduce Administrative Services approx 10%  
Version: House  
Amount: -\$56,000 general funds

Item: #3  
Appropriation: Resource Development  
Allocation: Information Resource Management  
Description: Reduce Information Resource Management approx 10%  
Version: House  
Amount: -\$80,000 general funds

Item: #4  
Appropriation: Resource Development  
Allocation: Oil & Gas Development  
Description: Advance the State's oil and gas initiatives  
Version: House  
Amount: -\$566,800 general funds  
          \$566,800 Pfund Rcpt

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #5  
Appropriation: Resource Development  
Allocation: Alaska Coastal Management Program  
Description: Deny initiative for coordination and expedited permit reviews for resource development projects  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #6  
Appropriation: Resource Development  
Allocation: Large Project Permitting  
Description: Switch funding support for Large Project Permitting (general funds to LDIF)  
Version: House  
Amount: -\$102,300 general funds  
          \$102,300 State Land funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #7  
Appropriation: Resource Development  
Allocation: Office of Habitat Management and Permitting  
Description: AMD Replace unrealized I/A receipts and SDPR  
Authorization to fulfill workload requirements  
Version: Senate  
Amount: \$637,800 general funds  
          -445,800 I/A Rcpts  
          -192,000 Stat Desig

Representative Harris moved for adoption.

Senator Hoffman asked for an explanation.

Mr. Teal reminded that the habitat functions were transferred from the Department of Fish and Game to the Department of Natural Resources, and that a number of funding sources could be reallocated within the Department of Fish and Game, but would be "troublesome" to reallocate to a different agency. Fish and Game funds and other funding sources are limited to fish and game activities. Therefore, the Department of Natural Resources did not "inherit" all the funding necessary to perform the duties of the habitat functions. This item would replace the funding that did not transfer with the functions.

Senator Hoffman understood that if the Division of Habitat had remained within the Department of Fish and Game, this extra expense would not be incurred.

Mr. Teal affirmed.

Senator Hoffman furthered that the transfer from the Department of Fish and Game to the Department of Natural Resources would cost the State \$640,000 in FY 05.

Co-Chair Green commented that the funding reallocated within the Department of Fish and Game serves a purpose.

The item was ADOPTED without objection.

Item: #8  
Appropriation: Resource Development  
Allocation: Claims, Permits & Leases  
Description: Reduce claims, permits and leases approx 10%

Version: House  
Amount: -\$271,000 general funds  
271,000 Pfund Rcpt

Representative Harris moved for adoption.

Representative Croft objected. Asked for clarification of the use of permanent fund receipts for this item and Item #4.

Mr. Teal explained that the funding source would more properly be classified as permanent fund revenue, the receipts from the earnings of the Fund. The funds would be allocated to these items before the dividends are calculated.

Representative Croft asked if the funds are the earnings reserve account or the corporate account.

Mr. Teal replied these are the same monies used to fund the operations of the Permanent Fund Corporation.

Representative Croft understood the funds are taken from the earnings of the Fund, "but sort of one removed".

Mr. Teal affirmed the funds are removed from the revenue account before net income of the Fund is computed for the purposes of determining dividend amounts.

Representative Croft asked the rationale for appropriating \$270,000 for this purpose.

Representative Harris responded that the legislature appropriated 25 percent of the royalties from oil development. The Claims, Permits and Leases, and the Oil and Gas Development allocations are intended to increase oil development.

Representative Croft totaled the Permanent Fund Receipts appropriation to Items #4 and #8 at between \$830,000 and \$850,000.

Mr. Teal affirmed.

Representative Croft remarked he should have objected to the adoption of Item #4. The functions are more appropriately funded with general funds.

Representative Harris informed that funds have been appropriated from the Permanent Fund Receipts account for this purpose for "years".

Co-Chair Green furthered this would be a continuation of previous funding methods for the "expansion, attention to, and hopeful increase of monies deposited into the Permanent Fund". It has been determined that this is an appropriate use of the funds.

Representative Croft commented that with concern, he witnessed this process start and then expand, and that it should "at least slow down or stop". He recalled the initial arguments supporting the process of utilizing Permanent Fund revenues for oil and gas development activities, but disagreed it should be continued.

Co-Chair Green charged that Representative Croft's position is contrary to previous discussions he has had with regard to the continued expansion and attention paid to resource development.

Senator Hoffman asked Mr. Teal if Claims, Permits and Leases was funded with Permanent Fund revenues in the FY 04 budget.

Mr. Teal responded that the allocations of both Item #4 and Item #8 utilized Permanent Fund receipts; however, these motions would increase the amount. He would advise as the total amount of Permanent Fund receipts appropriated to the Department of Natural Resources in FY 04.

Co-Chair Green ordered Item #8 HELD OPEN. She understood the allowable allocation of Permanent Fund revenues is 25 percent of the effort.

Item: #9  
Appropriation: Resource Development  
Allocation: Title Acquisition & Defense  
Description: Reduce Title Acquisition and Defense approx 10%  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #10  
Appropriation: Resource Development  
Allocation: Water Development  
Description: Switch funding support for Water Development (General funds to RSS)  
Version: House  
Amount: -\$300,000 general funds  
300,000 Rcpt Svcs

Representative Harris moved for adoption and the item was ADOPTED

without objection.

Item: #11  
Appropriation: Resource Development  
Allocation: Geological Development  
Description: Reduce Geological Development by approx 10%  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #12  
Appropriation: Resource Development  
Allocation: Agricultural Development  
Description: Delete funding for virus free seed potato project  
Version: House plus \$50,000  
Amount: -\$70,000 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #13  
Appropriation: Resource Development  
Allocation: Agricultural Development  
Description: Fund change to general funds for operations  
Version: House  
Amount: \$619,600 general funds  
-619,600 Agric RLF

Representative Harris moved for adoption.

Representative Croft asked if this is a funding change to the Agricultural Revolving Loan Fund.

Representative Harris clarified the funds would be changed from the loan fund and replace with general funds. This is an attempt to avoid depleting the revolving fund and allow it to stabilize.

Representative Croft supported the change.

The item was ADOPTED without objection.

Item: #14  
Appropriation: Resource Development  
Allocation: Agricultural Development  
Description: Increase personal services authorization for the Organic program

Version: Senate  
Amount: \$60,000 Agric RLF

Item: #15  
Appropriation: Resource Development  
Allocation: Agricultural Development  
Description: Increase activities for Alaska Grown marketing  
Version: Senate  
Amount: \$150,000 Agric RLF

Item: #16  
Appropriation: Resource Development  
Allocation: Agricultural Revolving Loan Program Administration  
Description: Spend ARLF on Mt. McKinley Meat Plant  
Version: Senate  
Amount: \$1,500,000 Agric RLF  
Note: Senate position includes correction of technical error;  
moves appropriation from agricultural development allocation

Representative Harris moved for adoption.

Representative Croft clarified that the funding source change of Item #13 "returned" funds to the Agricultural Revolving Loan Fund and these three items would appropriate additional funds.

Representative Harris replied that the funds allocated in Item #16 would return to the revolving loan fund through receipts from the operations of the Plant.

Co-Chair Green informed that the McKinley Meat Plant had been overseen by the Department of Corrections for approximately six year. Within the past seven months, the function has been returned to the Department of Natural Resources, Division of Agriculture. This transfer did not include a provision to allow the Division to make transactions of the sales of products and purchase of products. This item would allow for this. This is a technical transaction.

Representative Croft clarified the funds would be withdrawn from the revolving loan fund for operation costs, then restored to the fund through income generated by the Plant.

Co-Chair Green affirmed.

Representative Croft did not object to the adoption of this item.

Representative Harris informed that this item is the request of the director of the Division of Agriculture.

The item was ADOPTED without objection.

Item: #17  
Appropriation: Resource Development  
Allocation: Development - Special Projects  
Description: AMD: Scientific Assessments for resource development  
Version: House  
Amount: \$0

Item: #18  
Appropriation: Fire Suppression  
Allocation: Fire Suppression Preparedness  
Description: Deny funding to restore Heavy Air Tanker contract  
Version: House  
Amount: -\$250,000 general funds

Representative Harris moved for adoption.

Co-Chair Wilken objected and asked for an explanation of scientific assessments for resource development in Item #17.

NICO BUS, Administrative Services Manager, Division of Support Services, Department of Natural Resources, testified the \$150,000 would be utilized for studies on the North Slope for the development of a natural gas pipeline, the National Petroleum Reserve-Alaska (NPR-A), and other subjects.

Co-Chair Wilken asked if this allocation is in addition to the \$10 million appropriated in the FY 04 supplemental budget.

Mr. Bus answered this is a separate item.

Representative Harris suggested the two appropriations could be combined.

Mr. Bus replied that the other project would be reduced if the projects were combined.

Representative Harris asked what the assessments would study.

Mr. Bus responded the projects would study the impacts of a natural gas pipeline would have on wildlife.

Representative Harris asserted such studies have been undertaken for the past 20 years.

Mr. Bus continued the projects are in coordination with the North Slope Borough with the intent to support development activities and address the federal Endangered Species Act, caribou crossings and timber issues. He had additional information available.

AT EASE 8:09 AM / 8:10 AM

Co-Chair Wilken requested no action be taken on Item #17 at this time to allow for further review.

There was no objection and the item was LEFT OPEN.

Representative Croft asked if the result of Item #18, as proposed, would restore or eliminate funding for the project.

Representative Harris responded the House of Representatives version would provide the amount requested by the Governor. The Senate version would have provided an additional \$250,000.

Item #18 was ADOPTED without objection.

Item: #19

Appropriation: Agencywide

Description: Salary and benefit adjustments for employees of Labor, Trades and Crafts Unit (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches

Version: Senate

Amount: \$13,600 general funds

4,300 Fed Rcpts

27,100 Other funds

Representative Harris moved for adoption.

Co-Chair Green reiterated this reflects information that was not available until after the House of Representatives approved a budget.

Item: #8 (continued)

Appropriation: Resource Development

Allocation: Claims, Permits & Leases

Description: Reduce Claims, Permits, and Leases approx 10%

Version: House

Amount: -\$271,000 general funds

271,000 Pfund Rcpt

[Note: This item was considered earlier in the meeting and held open.]

Mr. Teal answered the earlier query, explaining that the Department of Natural Resources utilized \$2.8 million Permanent Fund corporate receipts in FY 04. Both Items #4 and #8 utilized these receipts, and the items would incur an increase of \$837,000 for FY 05.

Senator Hoffman asked the amount expended in FY 04 the amount anticipated would be expended in FY 05.

Mr. Teal responded that in FY 04, \$54.7 million of Permanent Fund Corporate receipts were expended. This includes approximately \$50 million for Permanent Fund operations. Items #4 and #8 would increase the amount by \$837,000.

Co-Chair Green remarked upon the increased effort in developing oil and gas resources this year, which most legislators have been supported of.

Representative Croft asked the consequences of adopting the Senate version in funding these items. He did not want to hamper the efforts of the natural gas pipeline project.

Mr. Teal replied the Senate version would provide the same amount of funding utilizing general funds rather than Permanent Fund receipts.

Representative Croft commented on the "creep" of the use of the Permanent Fund earnings. Most Alaskans are unaware this occurs. "This is an addiction we need to wean ourselves of, or at least slow down on."

Representative Harris asked if Representative Croft recommended that all the earnings of the Fund should be utilized for dividends and cease allocating the constitutionally allowed 25 percent allotted to fund development activities.

Representative Croft offered to hold debate on the subject.

Representative Harris declined but asserted that some of the Permanent Fund earnings should be used to increase development of oil and gas.

Representative Croft agreed but countered that the earnings of the Permanent Fund should not be used for government functions without "that political decision being made".

Co-Chair Green asserted that a thorough debate on the appropriateness of utilizing Permanent Fund receipts for "a very

discreet function" has occurred in the committee process. The use of these funds as "served us very well." Utilizing these funds to increase the amounts contributed directly to the Permanent Fund should be undertaken. She announced that debate on whether the use of these funds for development activities would not continue. All efforts should be made to balance the budget "with an array" of funding sources, and this use of funds conveys the legislature's intent to expand development.

Senator Hoffman asked if a specific function could be identified in which the increased Permanent Fund receipts allocation would be used.

Mr. Teal deferred to Mr. Bus.

Senator Hoffman repeated his question asking what functions the increment would be used to fund, and whether the use of the funds and the functions would be clear to the public.

Mr. Bus replied that the Permanent Fund receipts would be utilized to fund "all the activities that generate the revenue", although not a specific position or increment. The efforts of existing staff positions generate receipts, 25 percent of which is deposited into the Permanent Fund. To fund those staff positions, a portion of the earnings of the Permanent Fund are allocated to the Department to pay administrative costs.

Representative Croft expressed concern that the process of allocating Fund receipts began with the funding of the Permanent Fund Corporation, a decision he supported, and expanded to fund the dividend program, which he partially supported. However, the receipts are now used to fund general "obligations" of the Department of Natural Resources, which he questioned.

A roll call was taken on the motion to adopt Item #8.

IN FAVOR: Representative Williams, Senator Wilken, Representative Harris, Chair Green

OPPOSED: Representative Croft, Senator Hoffman

The motion PASSED (2-4)

The item was ADOPTED.

All conference items for the Department of Natural Resources except Item #17 were closed.

Department of Revenue

Item: #1  
Appropriation: Agencywide  
Description: Salary and benefit adjustments for employees of Labor, Trades and Crafts Unit (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches  
Version: Senate  
Amount: \$3,500 general funds  
          86,900 Fed Rcpts  
          101,000 Other funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #2  
Appropriation: Permanent Fund Corporation  
Description: Conditional Language

Co-Chair Green announced this item would be HELD OPEN.

Item #1 for the Department of Revenue was CLOSED.

Department of Transportation and Public Facilities

Item: #1  
Appropriation: Appropriation  
Allocation: Allocation  
Description: Appropriation Structure  
Version: Senate  
Amount: \$0  
Note: House - 3 Appropriations: Highways, Aviation & Facilities; International Airports; Marine Highway System  
Senate - 5 Appropriations: Administration & Support; Design, Engineering & Construction; Highways, Aviation & Facilities; International Airports; Marine Highway System

Representative Harris moved for adoption.

Representative Croft requested clarification.

Co-Chair Green explained this relates to the structure of the budget and the motion is to adopt the Senate version, which contains five appropriations, rather than the three proposed in the House version.

Representative Croft asked the rationale for five appropriations

instead of three.

Co-Chair Green replied this would categorize appropriations by functions, as well as three main categories. The Department stated this method would be simpler to manage for its purposes.

Representative Croft clarified this is a recommendation of the Department.

Co-Chair Green affirmed and detailed.

Representative Croft removed his objection.

The item was ADOPTED without objection.

Item: #2  
Appropriation: Agencywide  
Description: Salary and benefit adjustments for employees of Labor, Trades and Crafts (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches  
Version: Senate  
Amount: \$196,500 general funds  
          11,400 Fed Rcpts  
          479,200 Other funds

Representative Harris moved for adoption.

Co-Chair Green reiterated this reflects information received when the Senate considered the operating budget.

Without objection the item was ADOPTED.

All conference items for the Department of Transportation and Public Facilities were CLOSED.

#### Alaska Court System

Item: #1  
Appropriation: Alaska Court System  
Allocation: Appellate Courts  
Description: Deny increase for JRS, PERS, and Benefit rate increase  
Version: Senate  
Amount: \$0

Item: #2  
Appropriation: Alaska Court System

Allocation: Trial Courts  
Description: Deny increase for JRS, PERS, and Benefit rate increase  
Version: Senate  
Amount: \$0

Item: #3  
Appropriation: Alaska Court System  
Allocation: Trial Courts  
Description: Delete costs for 1 judgeship due to sunset provision at the end of FY 04 (judge, secretary, 3 clerks)  
Version: Senate  
Amount: \$0

Item: #4  
Appropriation: Alaska Court System  
Allocation: Trial Courts  
Description: Court Coordinated Resources Project  
Version: Senate  
Amount: \$0

Item: #5  
Appropriation: Alaska Court System  
Allocation: Trial Courts  
Description: Restore first 2 months of FY 05 for 1 judgeship (judge, secretary, 3 clerks)  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #6  
Appropriation: Alaska Court System  
Allocation: Trial Courts  
Description: Allow increased lease expense for Unalaska  
Version: House  
Amount: \$100,000 general funds

Item: #7  
Appropriation: Alaska Court System  
Allocation: Trial Courts  
Description: Allow Fairbanks Courthouse 5th floor operations  
Version: House  
Amount: \$65,000 general funds

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #8  
Appropriation: Alaska Court System  
Allocation: Trial Courts  
Description: Court Coordinated Resources Project  
Version: Senate  
Amount: \$148,500 GF/MH  
122,100 MHTAAR

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #9  
Appropriation: Alaska Court System  
Allocation: Trial Courts  
Description: To address anticipated caseload  
Version: Senate minus \$200,000  
Amount: \$1,000,000 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #10  
Appropriation: Alaska Court System  
Allocation: Administration and Support  
Description: Deny increase for JRS, PERS, and Benefit rate increase  
Version: Senate  
Amount: \$0

Item: #11  
Appropriation: Commission on Judicial Conduct  
Allocation: Commission on Judicial Conduct  
Description: Deny increase for changes to retirement and other personal services rates  
Version: Senate  
Amount: \$0

Item: #12  
Appropriation: Commission on Judicial Conduct  
Allocation: Commission on Judicial Conduct  
Description: Allow office space rent increase  
Version: Senate  
Amount: \$0

Item: #13  
Appropriation: Commission on Judicial Conduct  
Allocation: Commission on Judicial Conduct

Description: Allow vacancy rate funding for 2-person office  
Version: Senate  
Amount: \$0

Representative Harris moved for adoption and the items were ADOPTED without objection.

Item: #14  
Appropriation: Judicial Council  
Allocation: Judicial Council  
Description: Cost efficiency reduction of executive staff and associated overall budget  
Version: House  
Amount: -\$80,600 general funds

Representative Harris moved for adoption and the item was ADOPTED without objection.

Item: #15  
Appropriation: Agencywide  
Description: Salary and benefit adjustments for employees of Labor, Trades and Crafts Unit (Local 71); PSEA for Correctional Officers Unit; PSEA for State Troopers; non-covered Executive, Legislative and Judicial Branches  
Version: Senate  
Amount: \$315,700 general funds

Representative Harris moved for adoption and the item was ADOPTED.

All conference items of the Alaska Court System were CLOSED.

**ADJOURNMENT**

Co-Chair Lyda Green adjourned the meeting at 08:24 AM