

HOUSE FINANCE COMMITTEE
May 18, 2005
4:02 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [4:02:39 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Eric Croft
Representative Richard Foster
Representative Mike Hawker
Representative Jim Holm
Representative Reggie Joule
Representative Mike Kelly
Representative Carl Moses
Representative Bruce Weyhrauch

MEMBERS ABSENT

None

ALSO PRESENT

Representative Carl Gatto; Representative Mary Kapsner;
Representative Les Gara; Representative Mark Newman;
Representative Vic Kohring, Representative Beth Kerttula;
Representative Woodie Salmon; Representative Kurt Olson;
Representative Bill Thomas; Representative Peggy Wilson;
Representative Jay Ramras; Representative Sharon Cissna;
Representative Paul Seaton; Pete Ecklund, Staff,
Representative Kevin Meyer; Cheryl Frasca, Director,
Division of Management & Budget, Office of the Governor;
John MacKinnon, Deputy Director, Department of
Transportation and Public Facilities; Pete Kelly, Director,
State Relations, University of Alaska.

PRESENT VIA TELECONFERENCE

There were no teleconference testifiers.

SUMMARY

2d CSSB 46(2d FIN) am

"An Act making appropriations, including capital appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of

Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HCS CSSB 46 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

CSSB 97(FIN) am

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

CSSB 97(FIN) am was heard and HELD in Committee for further consideration.

#sb46

2d CS FOR SENATE BILL NO. 46(2d FIN) am

"An Act making appropriations, including capital appropriations; 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. 97(FIN) am

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

Representative Meyer provided members with a proposed committee substitute: 24-GS1074\B, Kurtz, 5/18/05 (copy on file). He noted that the Senate passed four bills pertaining to the capital budget: SB 121, SB 122, SB 46 and SB 97. The committee substitute incorporated SB 96 into SB 46, but did not include SB 121 and SB 122, which dealt with Amerada Hess funding. He observed that SB 46 included the Governor's agency requests, roads, village safe water and other similar projects. Senate Bill 97 included new school construction and maintenance, university funding, supplemental and reappropriations and was similar to HB 155. The House capital budget was also incorporated into SB 46. He discussed the major difference between the House Finance Committee (HFC) and Senate capital plans. There is approximately a \$50 million dollar difference between the HFC and Senate approaches to school major maintenance. The Senate included the whole [Department of Education and Early

Development] major maintenance list, to item 72; while the HFC version took the list to item #43, for \$98 million out of \$144 million on the list. Schools eligible for the 70/30 debt reimbursements were taken out of the HFC legislation. The intent is to allow these communities to hold elections and participate in the 70/30 [state reimbursement] program. Most of the rural schools, which were not eligible for debt reimbursement, were retained. This reduced the cost of the legislation by a further \$50 million. The Science and Technical Center at the University of Anchorage was funded at the Phase I (\$21 million) amount, instead of the \$71 million contained in the Senate plan. A Kodiak facility, which would have cost another \$10 million, was removed. There is approximately an \$150 - \$175 million-dollar difference between the Senate and HFC versions.

[4:08:15 PM](#)

Vice-Chair Meyer observed that Amerada Hess earnings were used instead of the bonding mechanism. The HFC plan would use Amerada Hess earnings: \$30 million of FY 05 and \$30 million in FY 06. This \$60 million would be spent primarily for roads. He estimated that of the total capital budget: \$200 million would be spent for roads; \$200 million for school maintenance and new schools; and \$200 million for various agencies. The total HFC capital appropriation would be about \$210 million below the Senate's. He acknowledged that the Senate's proposal would spend less in general funds, since it would include \$340 million in Amerada Hess bonding. The HFC general fund appropriation would be \$50 - \$75 million greater than the Senate's.

[4:10:55 PM](#)

Representative Chenault MOVED to ADOPT the proposed committee substitute: 24-GS1074\B, Kurtz, 5/18/05. There being NO OBJECTION, it was so ordered.

[4:11:45 PM](#)

Representative Meyer MOVED to ADOPT Amendment 1:

(A) Department of Education and Early Development

Add:

Preliminary Design for Museum, Archives and
Library Building Expansion
(HO 3-4)
\$1,400,000 - General Funds

Add:

Grants to Named Recipients (AS 37.05.3 16)
Delta Elementary School completion - REAA 15,

Delta/Greely School District
\$1,300,000 – General Funds

(B) pg. 33, line 25
Delete - \$100,000 General Funds
Insert - \$2,000,000 General Funds

(C) pg 97, line 13-15

DELETE: all material

ADD:

Page 21, line 4

Kenal Peninsula Borough (HD33-35)

Equipment Grants to Schools

\$290,000 – General Funds

Net zero amendment. Moves project to Grants to Municipalities in Commerce.

(D) pg 32, lines 30-31: Delete all material and insert:
"Chugiak Volunteer Fire Department Station Site
Acquisition (RD 17-32)"

(E) pg 134, line 5: Delete all material

(F) pg 96, lines 10-15: Delete all material

(G) ADD new subsection to Section 25 to read:

Section 16(b), ch. 159, SLA 2004, is amended to read:

(b) The sum of \$100,000 of the unappropriated and unobligated balance of income accrued on or before June 30, 2004, in the fund described in (a)(2) of this section is appropriated to the Department of Law for the fiscal years ending June 30, 2004, [AND] June 30, 2005, and June 30, 2006, for the purposes of restoring, replacing, or enhancing resources or services injured or lost as a result of the Exxon Valdez oil spill through analysis of continuing injury from the oil spill and development of restoration options.

(H) pg 96 line 33 and pg 97 line 3-5:
Delete all material.

Sec. 26(a) amend:

The federal receipts authorized by RPL 09-5-001 are appropriated to the Military and Veterans Affairs for the Alaska aviation safety project [effective June 30, 2005].

Add a new subsection to Section 14:

(d) The sum of \$275,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for the fiscal years ending June 30, 2005, and June 30, 2006, for payment as a grant under AS 37.05.316 to the Atwood Foundation to assist with the review of the CDQ program including state regulations.

Add a new subsection to Section 25:

(d) The sum of \$1,000,000 is appropriated from the general fund to the Office of the Governor for the state base realignment and closure commission (BRAC) task force for the fiscal years ending June 30, 2005, and June 30, 2006.

Representative Stoltze OBJECTED for the purpose of discussion.

PETE ECKLUND, STAFF, REPRESENTATIVE KEVIN MEYER, discussed Amendment 1. He reviewed the committee substitute, which would:

- Add \$1.4 million for design of the Museum, Archives and Library Building Expansion in Fairbanks;
- Appropriate a total of \$2 million for the Harry J McDonald Memorial Center Expansion in Anchorage;
- Move a \$290 thousand grant to the Kenai Peninsula Borough from the Department of Education and Early Development to the Department of Commerce, Community and Economic Development;
- Clarify the title of "Chugiak Volunteer Fire Department Station Site Acquisition (RD 17-32)"; deleted \$4 million for the Cordova, Copper River Highway rehabilitation;
- Delete \$2.7 million for the Municipality of Anchorage, Glenn Highway Hightower Lighting/Veterans Parkway Interchange to South Birchwood Loop Road; add language to allow the Department of Law to carry forward EVOSS funding;
- Delete the Glennallen Elementary grant of \$10,858,662; extend authorization for RPL 09-5-0001;
- Add \$275 thousand to the Department of Commerce, Community and Economic Development for CDQ assistance; and
- Add \$1 million for the State Base Realignment and Closure Commission Task Force.

[4:16:12 PM](#)

Representative Croft summarized that the net result would be a reduction of approximately \$11 - \$12 million. He observed that a rural school was deleted from the legislation.

Representative Meyer acknowledged that a school was deleted [from the Department of Education and Early Development, School Construction Grant section] and emphasized the intent to reduce total expenditures, since the funds included in HB 1 might need to be incorporated into the capital budget. He observed that the [Glennallen Elementary] school, which is being deleted, is a rural school that is 98 percent funded by the state.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, observed that the total reduction would be approximately \$10.4 million in total funds: \$6 million in general funds and \$4 in Amerada Hess funds.

There being NO OBJECTION, the committee substitute was adopted.

[4:19:10 PM](#)

Representative Foster MOVED to ADOPT Amendment 2, which would add \$385 thousand General Fund to the Office of the Governor for emergency bulk fuel energy loans to small communities.

CHERYL FRASCA, DIRECTOR, DIVISION OF MANAGEMENT & BUDGET, OFFICE OF THE GOVERNOR, spoke in support of Amendment 2. She explained that the amendment would reimburse the Governor's Office for bulk fuel energy loans that were offered. The leadership had indicated that they would be supportive. The loans have gone out to communities with the intent to be repaid.

Representative Stoltze WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

[4:20:47 PM](#)

Representative Stoltze MOVED to ADOPT Amendment 3, which would add \$2.5 million to the Mat-Su Borough-Academy Charter School for gym construction.

Representative Meyer OBJECTED for the purpose of discussion.

Representative Stoltze noted that the amendment was in the Senate version of the bill and would fund the gym construction at \$2.5 million. He noted wide support and

emphasized that the community would also benefit from the gym. He estimated that more than 5,000 residents would benefit from the gym construction.

Representative Meyer suggested the amendment would assist the Mat-Su in its overcrowding.

Representative Meyer WITHDREW his OBJECTION.

Representative Hawker OBJECTED. He noted that he had agreed not to bring forward needs in his district in an interest to balance the budget. He agreed that it is a good project, but emphasized that there are projects in his district that have an equal need. He maintained that a line needed to be drawn.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Stoltze, Croft, Foster, Joule, Meyer
OPPOSED: Kelly, Weyrauch, Hawker, Holm, Chenault

The MOTION PASSED (6-5).

[4:25:39 PM](#)

Representative Joule MOVED to ADOPT Amendment 3b, which would add \$71,189 to the City of Bethel for emergency dock repairs.

Representative Chenault OBJECTED. He acknowledged the need, but questioned if the appropriation should be included in a supplemental, when the actual costs are known.

REPRESENTATIVE MARY KAPSNER spoke in support of the amendment and noted that the funding would go directly to the City of Bethel, not through the Department of Transportation and Public Facilities. She stressed that a delay in the funding would create difficulty for the city.

JOHN MACKINNON, DEPUTY DIRECTOR, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained that the dock is owned by the city of Bethel. The damage was due to heavy spring runoff. The city did the repairs. He thought that the project had been completed. The funds would reimburse the repairs.

Representative Chenault WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[4:30:16 PM](#)

Representative Croft MOVED to ADOPT Amendment 4, which would fully fund the Anchorage Museum of History and Art Expansion at \$15 million.

Representative Stoltze OBJECTED.

Representative Croft explained that the amendment would provide an additional \$10 million for the Anchorage Museum of History and Art Expansion. He noted the support of private funding.

[4:32:15 PM](#)

Representative Meyer suggested that only \$5 million is needed immediately; \$15 million is needed to complete the project. Representative Croft clarified that \$15 million represents the state's total need. He spoke in support of the amendment.

Representative Hawker spoke in support of the project, but held reservations about the amount. He suggested the amount be reduced to \$10 million.

Representative Croft stressed that he would prefer the amendment be adopted at \$15 million, but that he would support an amendment to the amendment if it would help it get adopted.

[4:34:55 PM](#)

Representative Stoltze noted that while he supports the museum, his district did not support the ballot measure.

Representative Joule spoke in support of the amendment.

[4:36:17 PM](#)

Representative Meyer felt that \$5 million would be adequate for the current year and that it would allow them to leverage private funds.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Hawker, Joule

OPPOSED: Stoltze, Weyrauch, Foster, Holm, Kelly, Chenault,
Meyer

The MOTION FAILED (4-7).

[4:37:41 PM](#)

Representative Croft MOVED to ADOPT Amendment 5, which would add \$1 million to the Lower Kuskokwim School District for The People's Learning Center.

Representative Meyer OBJECTED for the purpose of discussion.

Representative Croft spoke in support of the amendment and stressed that it would combine public and private money for job training in an area with high unemployment.

Representative Joule added his support to the amendment. He emphasized that there is a shortage of qualified workers in the villages.

[4:41:19 PM](#)

Representative Meyer noted that the funds would be used for housing, not the Center itself and that local and private money is being sought. He maintained that the school and school maintenance is of higher priority.

Representative Mary Kapsner agreed that part of the money would go to the dorm. The amendment focuses on health care, aviation, construction and early childhood development jobs. She emphasized that it would be difficult for students to enter the program if they do not have a place to live or a place to leave their children.

Representative Meyer acknowledged the need, but stressed the intent to equalize funding.

Representative Croft spoke in support of the amendment and stressed that job training is needed in Western Alaska and that it should not be faulted because of the level of need. The community has provided support.

[4:45:27 PM](#)

Representative Meyer questioned how much the state of Alaska has already contributed. Representative Kapsner thought that the state contribution totaled approximately \$2 million and noted that private contributions have been ten times that level.

[4:46:30 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Croft, Foster, Joule, Moses

OPPOSED: Stoltze, Weyhrauch, Hawker, Holm, Kelly, Meyer, Chenault

The MOTION FAILED (4-7).

[4:46:43 PM](#)

Representative Croft MOVED to ADOPT Amendment 6, would add \$300 thousand for the Anchorage Pioneer Home, Emergency Generator.

Representative Kelly OBJECTED for the purpose of discussion.

Representative Croft spoke in support of the amendment, he noted that the home has undergone work on its heating and ventilation systems, but that the generator has failed. He stressed that funding should not come out of the operations of the homes.

Vice-Chair Meyer observed that the Office of the Governor offered the deletion and indicated that the money was not needed.

Mr. Ecklund agreed that the Office of Management and Budget indicated that the funding could be reduced.

Representative Croft thought that it was still needed.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Joule, Moses

OPPOSED: Weyrauch, Foster, Hawker, Holm, Kelly, Stoltze, Chenault, Meyer

The MOTION FAILED (3-8).

[4:49:38 PM](#)

Representative Joule MOVED to ADOPT Amendment 7, which would appropriate \$1,258,377 to the Department of Education and Early Development.

Representative Stoltze OBJECTED.

Representative Joule noted that the amendment would address the eroding floor for education and the TRS and PERS issue.

Representative Chenault agreed with the need, but felt that the time was not right for the amendment. He noted that there would be a task force over the summer. He recognized the need in his and Representative Joule's districts, as well as others. He felt that it would be unfair to recognize some districts while others around the state are in need. He stated that he would press for a cost-differential in the next year.

[4:53:08 PM](#)

Representative Joule appreciated the Co-Chair's remarks, but stressed that small school districts have been fighting the issue of high PERS/TRS costs for many years.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Joule, Moses, Chenault

OPPOSED: Weyrauch, Foster, Hawker, Holm, Kelly, Stoltze,
Meyer

The MOTION FAILED (4-7).

[4:56:24 PM](#)

Representative Joule MOVED to ADOPT Amendment 8: which would add \$8,285 million for the Northwest Arctic Borough, Airport Safety Relocation Project.

Representative Stoltze OBJECTED.

Representative Joule spoke in support of the amendment. He noted that the airstrip is jeopardizing the school, which is 280 percent overcapacity. The Northwest Arctic Borough has the ability to bond.

Representative Meyer asked if the school is on the Department of Environmental Conservation list for new construction. Representative Joule noted that it was not on the list.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Foster, Joule, Moses

OPPOSED: Weyrauch, Hawker, Holm, Kelly, Stoltze, Chenault,
Meyer

The MOTION FAILED (4-7).

[4:59:43 PM](#)

Representative Joule MOVED to ADOPT Amendment 9, which amendment would replace a City Hall for the City of Nulato that was destroyed at the cost of \$350 thousand.

Representative Meyer OBJECTED for the purpose of discussion.

Representative Joule noted that the hall was destroyed in a fire and stressed that the amendment would help the community get back on its feet. He acknowledged that the city did not have insurance, but emphasized that with the loss of municipal assistance and revenue sharing many communities cannot afford insurance.

Representative Hawker asked if the city has a revenue base. Representative Joule noted that there is a population of 380 without a tax base.

Representative Holms asked about the city's finances and if the Denali Commission might be able to fund some of the projects. Representative Joule noted that the Denali

Commission funding is earmarked for fuel tanks and did not think it could be stretched to cover the city hall.

A roll call vote was taken on the motion.

IN FAVOR: Holm, Joule, Kelly, Moses, Stoltze, Croft, Foster,
Hawker,
OPPOSED: Weyhrauch, Meyer, Chenault

The MOTION PASSED (8-3).

[5:05:09 PM](#)

Representative Joule MOVED to ADOPT Amendment 10, which would provide \$10,592,146.00 for Arctic Village K-12 School Replacement.

Representative Meyer OBJECTED.

Representative Joule spoke in support of the amendment. He noted that the project is number 12 on the Department of Education and Early Development's list. The planning and design phase has been completed. The project is eligible for 90 percent state reimbursement.

Representative Hawker asked if the request should be amended to \$10.3 million, which represents the state share. Vice-Chair Meyer noted that the remainder would be the local match.

Representative Hawker MOVED to AMEND Amendment 10 to: \$10,338,026. There being NO OBJECTION, it was so ordered.

Representative Hawker acknowledged the need, but spoke in support of maintaining the priority of the Department of Education and Early Development's list, which provides planned sustained capital growth.

Representative Joule understood the concern, but emphasized that school districts have to justify their numbers on the list every year.

[5:11:23 PM](#)

Representative Meyer agreed with the need, but emphasized the priority of the list.

Representative Kelly stressed that the development of ANWR would help provide support for the project.

Representative Meyer questioned if NPR-A money could be used for schools. Representative Joule did not think NPR-A funds could be used for schools. He observed that other North

Slope Borough projects are not in the capital budget; they are funded through NPR-A.

Representative Croft stressed that the needs of children in the village should not be punished for the decisions of their parents regarding ANWR.

[5:15:34 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Joule, Moses

OPPOSED: Weyrauch, Croft, Foster, Hawker, Holm, Kelly, Stoltze, Chenault, Meyer

The MOTION FAILED (2-9).

[5:17:45 PM](#)

Representative Joule MOVED to ADOPT Amendment 11, which would add \$50 thousand for the Chitina Volunteer Fire Department Station House.

Representative Stoltze OBJECTED.

Representative Joule noted that the amendment would restore an item that was adopted in the Senate version. The funds would go towards a new volunteer fire department building.

Representative Meyer stressed the intent to even out appropriations [among districts]. He did not feel that the request was crucial.

Representative Joule spoke in support of the amendment.

[5:20:50 PM](#)

REPRESENTATIVE WOODIE SALMON spoke in support of the amendment. He did not know if the community currently has an operating fire station.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Foster, Joule, Moses

OPPOSED: Weyrauch, Hawker, Holm, Kelly, Stoltze, Chenault, Meyer

The MOTION FAILED (4-7).

[5:23:02 PM](#)

Representative Joule MOVED to ADOPT Amendment 12, would add \$50 thousand for the Gakona Multipurpose Community Health Facility.

Representative Stoltze OBJECTED.

Representative Salmon noted that there is no existing facility.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Foster, Joule, Moses

OPPOSED: Weyrauch, Hawker, Holm, Kelly, Stoltze, Chenault,
Meyer

The MOTION FAILED (4-7).

[5:25:02 PM](#)

Representative Joule MOVED to ADOPT Amendment 13, would add \$50 for a community hall in Eagle Village.

Representative Meyer OBJECTED.

Representative Salmon spoke in support of the amendment. The project would be an expansion of the community hall.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Foster, Joule, Moses

OPPOSED: Weyrauch, Hawker, Holm, Kelly, Stoltze, Chenault,
Meyer

The MOTION FAILED (4-7).

[5:27:01 PM](#)

Amendment 14 was WITHDRAWN.

Representative Joule MOVED to ADOPT Amendment 15, which would add \$200 for the city of Eek - New Landfill.

Representative Stoltze OBJECTED.

Representative Joule spoke in support of the amendment. He noted that the item was included in the Senate version. He stressed the importance of the project.

In response to a question by Representative Meyer, Representative Stoltze thought that the Denali Commission could assist with the landfill.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Foster, Joule, Moses

OPPOSED: Weyrauch, Hawker, Holm, Kelly, Stoltze, Chenault,
Meyer

The MOTION FAILED (4-7).

[5:29:38 PM](#)

Representative Joule MOVED to ADOPT Amendment 15, which would add \$30 million for State Revenue Sharing and Safe Communities.

Representative Meyer OBJECTED.

Representative Joule spoke in support of Amendment 16. He stressed the need and felt that it would be appropriate to use Amerada Hess earnings for the program. He emphasized that 10 communities went "under" in the current year and that 25 more are estimated to [dissolve] in the next year. He maintained that communities are hurting badly. He stressed that, if the state fails to share the wealth of its resources, communities will dissolve and only tribes will remain, which the legislature has chosen not to recognize.

[5:34:03 PM](#)

Representative Meyer noted that the intent of the House was to use the Amerada Hess funds for roads. He suggested the money could be used for municipal sharing in future years. He acknowledged the need, but stressed that revenue sharing is being achieved through increased state support for school maintenance.

Representative Joule agreed that a total of \$60 million in Amerada Hess funding has been appropriated from FY 05 and FY 06 for road maintenance, but suggested that \$30 million of that be shifted to another fund source. He acknowledged the increased school funding, but emphasized that it will not help communities take care of their infrastructure, such as water and sewer. He maintained that they are two different issues and that the amendment would provide the best way to distribute the funds.

[5:37:58 PM](#)

Representative Hawker noted that the funding from Amerada Hess has been committed. He stated that he would support the decisions of the Chair in their budget structure but also felt that the use of the funds for a community dividend would be the best use.

He spoke in support of changing the funding source to the earnings reserve of the Permanent Fund.

[5:40:24 PM](#)

Representative Hawker MOVED to AMEND Amendment 16: change the funding source to the Earnings Reserve of the Permanent Fund.

Representative Croft OBJECTED. He spoke in support of funding for municipalities, but did not support the fund source change. He felt that the amendment to the amendment would create further problems.

Representative Hawker spoke in support of the amendment to the amendment. He felt that the amendment would lead toward committing Amerada Hess funds to municipalities in the future. He stressed the need for a community view.

A roll call vote was taken on the motion.

IN FAVOR: Hawker, Joule, Moses
OPPOSED: Croft, Foster, Holm, Kelly, Stoltze, Weyhrauch, Chenault, Meyer

The MOTION FAILED (3-8).

[5:46:02 PM](#)

Representative Meyer noted that Amerada Hess funds are being used to fund roads and would assist the communities.

A roll call vote was taken on the motion.

IN FAVOR: Joule, Moses
OPPOSED: Foster, Hawker, Holm, Kelly, Stoltze, Weyhrauch, Croft, Meyer, Chenault

The MOTION FAILED (2-9).

RECESSED: [5:47:19 PM](#)
RECONVENED: [6:18:50 PM](#)

Representative Croft MOVED to ADOPT Amendment 17, which would delete \$5 million for the Stampede Road Improvements and add \$2.9 million for Cantwell Trail and Road Improvements.

Representative Meyer OBJECTED.

Representative Croft spoke in support of the amendment. He maintained that there has been little public input regarding the Stampede Road access to Denali Park. He did not think the road access was ready for construction. The Cantwell Trail and Road improvement has wide support. The amendment would allow access to historic surroundings and save the state money.

[6:20:59 PM](#)

Representative Hawker spoke in support of the amendment. He noted that residents in the Stampede Road area have asked for a slower and more deliberate process. He suggested that more time is needed to study the issue.

[6:21:55 PM](#)

JOHN MACKINNON, DEPUTY DIRECTOR, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, provided information. He noted that the Stampede Road is an existing road in Denali Park. He observed that there is support in the Fairbanks area and that establishing an additional access to the park is a priority of the Administration. The road is improved to 8 miles, the funding would add another 5-10 miles. It would be the first phase. There has not been a detailed estimation to determine exactly how many miles would be improved.

[6:24:40 PM](#)

Representative Hawker asked if the construction is ready. Mr. MacKinnon stated that there would be minor issues in preparation of the construction. He did not think it would be a major wetland issue. The existing road is currently accessible by jeep or four-wheel drive.

Representative Holms ascertained that the project would improve the RS 2477 route.

[6:26:14 PM](#)

Representative Kelly spoke against the amendment. He spoke in support of the Stampede Road improvement.

[6:26:57 PM](#)

Representative Stoltze spoke in support of deleting the deletion.

Representative Croft MOVED to Divide the Question:

Amendment 17 A - Delete Stampede Road Improvements of \$5 million; and

Amendment 17 B - Insert \$2.9 million for Cantwell Trail and Road Improvements.

There being NO OBJECTION, it was so ordered.

[6:30:09 PM](#)

Representative Croft MOVED to ADOPT Amendment 17 A.

Representative Kelly OBJECTED.

Representative Croft spoke in support of the Amendment 17 A. He felt that it did not make sense to fund the project while it is still being studied. Mr. MacKinnon spoke against the amendment. He observed that alternative access routes, such as by rail or trail, are being studied, but in the meantime there is an existing road that the Administration would like to improve to create more access. He noted that impacts have been studied.

Representative Meyer spoke against the amendment and noted the support of tourism.

[6:31:31 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Croft, Joule

OPPOSED: Weyrauch, Foster, Hawker, Holm, Kelly, Moses, Stoltze, Chenault, Meyer

The MOTION FAILED (2-9).

Representative Croft MOVED to ADOPT Amendment 17 B.

Representative Joule commented noted that the community supports the project.

Representative Kelly spoke against the amendment and stated that he was not aware of the need.

Representative Holms noted that access to the park is restricted and the people of Alaska should have the ability to appreciate its beauty. He noted the opportunities for mining.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Joule, Moses

OPPOSED: Weyrauch, Foster, Hawker, Holm, Kelly, Stoltze, Chenault, Meyer

The MOTION FAILED (3-8).

[6:35:54 PM](#)

Representative Joule MOVED to ADOPT Amendment 18, which would appropriate \$37,544,859 in general funds to support PERS and TRS increases in 18 communities.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Joule, Moses

OPPOSED: Weyhrauch, Foster, Hawker, Holm, Kelly, Stoltze,
Meyer

Representative Chenault was absent from the vote.

The MOTION FAILED (2-8).

[6:37:59 PM](#)

Representative Hawker MOVED to ADOPT Amendment 19, which would add \$2 million for the Girdwood Community Center and Library.

Vice-Chair Meyer OBJECTED for the purpose of discussion.

Representative Hawker spoke in support of the amendment and noted the support in Girdwood. The community is making an effort to develop the infrastructure needed to be an all season destination. The \$2 million appropriation is matching money for a \$3 million investment by the municipality and community. The project would be eligible for Denali funding, but needs to have other funds in place to be considered. He noted the benefits of the center and its use: classroom space for EMS and fire training, a command center for emergencies and search and rescue operations, meeting space, and a library for the Girdwood school. The community has asked the city and borough of Anchorage for bonding authority. He stressed that alternative funding sources would be available from the state match. He noted that Girdwood is a major tourism and recreation destination.

[6:43:28 PM](#)

Representative Meyer clarified that the total cost is \$5 million. Representative Hawker felt that there would be some funding from the Denali Commission and the city of Anchorage. The Rasmussen foundation has shown interest in working on the services aspect of the project, but has indicated that they would prefer to work on the educational and historical portion.

Representative Meyer observed that the project is worthwhile and supported by the Municipality of Anchorage. He suggested the amendment be reduced to \$1 million.

Representative Hawker requested that the funding be available beyond a year to allow the community to put together its resources.

Mr. Teal clarified that capital projects do not lapse. The funds would remain as long as the project is alive.

Representative Hawker spoke in support of an increase to \$1.5 million. Representative Meyer was not inclined to support the higher level.

[6:47:27 PM](#)

In response to a question by Representative Holms, Representative Hawker explained that there is a \$40 million congressional appropriation to the Denali Commission for public infrastructure projects. The facility would also house a public health clinic and would qualify for Denali Commission funding.

Representative Stoltze spoke in support of the main amendment and noted the difficulty in obtaining municipal funds for outlying areas.

[6:50:12 PM](#)

Representative Hawker acknowledged that Senator Ted Stevens has succeeded in securing a \$10 million road and drainage grant for the community in the area of where the facility would be built. He pointed out that the community has not received school or road funding [in the current capital budget]. Girdwood with a population of over 3,000 people is currently only receiving \$48 thousand in the capital budget. He maintained that it is an issue of parity. He noted that he represents rural and urban districts.

[6:54:05 PM](#)

Representative Meyer stressed that the intent is to keep the downward pressure on the budget. He stated that he would support \$1 million and revisit the issue in the next year.

Representative Meyer MOVED to AMEND Amendment insert "\$1" million and delete "\$2" million. There being NO OBJECTION, it was so ordered.

There being NO OBJECTION, Amendment 19 was adopted.

[6:56:08 PM](#)

Representative Croft MOVED to ADOPT Amendment 20, which would appropriate \$38,510,739 to support school funding and address PERS and TRS costs.

Representative Meyer OBJECTED.

Representative Croft discussed the amendment. He noted that even with an increased in the ADM [average daily membership] amount, most school districts would need to make staff cuts to cover PERS and TRS increases. If the amendment were placed in the base it would rise [the ADM] to \$5,100 [per

pupil]. The funding would not be placed in the base, but would be one-time funding. He did not think that funding for education contained in HB 1 was sufficient given the retirement cost issue.

Representative Joule spoke in opposition to the amendment. He noted that discussions of the addition to the ADM included discussions of PERS and TRS. He maintained that municipalities have still not been taken care of. He noted the need, but felt conflicted over the issue of municipal assistance and safe communities.

[6:59:41 PM](#)

Representative Meyer asked if the amendment would add \$38 million over the increase in HB 1.

Representative Croft clarified that the \$70 million contained in HB 1 would address the foundation formula. The amendment would be a one-time appropriation for PERS and TRS costs. The funds would be distributed based on personnel costs in terms of PERS and TRS. The effect is per employee dollar.

[7:02:08 PM](#)

Representative Chenault acknowledged the need and summarized that if the funds were added to the foundation formula it would take the increase to \$5,120. He stated that he could not support the amendment at this time.

Representative Hawker stated he would be in support if it were in lieu of the funds on HB 1.

Representative Meyer felt that the funding in HB 1 would be achieved in some manner.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft

OPPOSED: Weyrauch, Foster, Joule, Hawker, Holm, Kelly, Stoltze, Chenault, Meyer

The MOTION FAILED (2-9).

[7:05:18 PM](#)

Representative Meyer MOVED to ADOPT Amendment 21, which would add \$700 thousand in general funds for Chitina Personal Use Dip Net Fisheries Access Area.

Representative Chenault OBJECTED for the purpose of discussion.

Mr. Ecklund explained that the amendment would move the appropriation to the Department of Transportation and Public Facilities from the Department of Natural Resources and reduce the appropriation by \$50 thousand. The Department of Transportation and Public Facilities is also given authorization to use the appropriation for the purpose of providing support to the fisheries and to make grants to the Chitina Native Corporation and AHTNA Corporation.

Representative Chenault WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[7:07:19 PM](#)

Representative Holms MOVED to ADOPT Amendment 22, which would add \$3.5 million general funds for the Fairbanks, Wickersham Street upgrade.

Representative Meyer OBJECTED for the purpose of discussion.

Representative Holms noted that the funds would be switched from the Cartwright Road in Fairbanks and save \$150 thousand.

There being NO OBJECTION, it was so ordered.

[7:09:46 PM](#)

Representative Foster MOVED to ADOPT Amendment 23, which would add \$150 thousand for the Haines American Legion Post #12.

Representative Meyer OBJECTED for the purpose of discussion.

Representative Kelly noted that the project would replace a larger one.

Representative Meyer WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[7:11:30 PM](#)

Representative Meyer MOVED to ADOPT Amendment 24, consolidate appropriations to the University of Alaska.

Mr. Ecklund explained that the University requested the amendment. It would combine five appropriations in an attempt to provide greater flexibility.

[7:12:48 PM](#)

Representative Chenault expressed concern that the amendment not be used to redistribute funds in his district.

PETE KELLY, DIRECTOR, STATE RELATIONS, UNIVERSITY OF ALASKA, explained that the amendment would combine administrative lines for administrative equipment, code and safety, major renewal and repair, and instructional science equipment; and would not be used to reduce project funding.

Mr. Ecklund reiterated that the amendment would take four existing appropriations and combined them into one, with allocations amongst the appropriation.

AT EASE: [7:14:57 PM](#)

RECONVENED: [7:17:52 PM](#)

Mr. Ecklund reiterated that the amendment would combine into one, the four existing appropriations: administrative information technology equipment and upgrade, instructional science laboratory equipment, life safety and code compliance, and UAF campus major renewal and renovation.

Representative Hawker clarified that the deletion would be line 18-20 on page 85. The appropriation would be titled UA Priority Projects.

Representative Meyer clarified that the Legislative Finance Division would have the latitude to make any necessary technical amendments to the amendment.

[7:21:07 PM](#)

Representative Croft observed that most of the appropriations are general across the system, and felt that the amendment would be justified in these areas. He observed that the new funding of \$13 million, which was limited to the University of Fairbanks, could now be spent system wide.

Mr. Kelly noted that the majority of needs are at the Fairbanks campus. The problem is that they had \$2 million for code and safety, while the Regent's request was for \$10 million. He noted that the last maintenance funding received by the University was in 2001. The amendment would provide flexibility and allow the University to prioritize its needs.

[7:23:38 PM](#)

Representative Stoltze observed that K-12 funding was not included and expressed the desire to see further funding in that area.

There being NO OBJECTION, it was so ordered.

[7:25:20 PM](#)

Mr. Ecklund requested that Legislative Finance and Legislative legal have permission to make any necessary technical changes.

[7:25:45 PM](#)

Representative Chenault explained the supplemental was added to the capital budget and begins in Section 6. Elements of the supplemental includes requests from the Administration to fund overruns for FY 05. Sections 6 - 12 cover debt retirement, federal programs receipts, NPR-A funding, and intent language. Sections 13 - 33 cover FY 05 requests from departments. Section 34 covers ratifications for FY 04 expenditures. Section 35 - - 38 cover reappropriations by district. Section 59 - 63 cover standard budget language for the Constitutional Budget Reserve retroactivity, lapse and effective dates.

Representative Chenault observed that supplemental appropriations totals are: \$103.1 million general funds for FY 05; and FY 06 funds are \$5.6 million. The major items included are: \$40 fire suppression; \$22 million for a gas pipeline; \$16 million for the Information Services Fund; \$24 million in Medicaid overruns; \$12 million for the Department of Transportation and Public Facilities; and \$8.5 million for other projects.

AT EASE: [7:28:49 PM](#)
RECONVENE: [7:33:02 PM](#)

Representative Foster MOVED to REPORT HCS CS SB 46 (FIN) out of Committee with individual recommendations. There being NO OBJECTION, it was ordered.

[7:33:45 PM](#)

Representative Meyer requested an overview of the budget.

[7:33:59 PM](#)

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, provided an overview of the House Capital and Slow Track Supplemental Appropriations and Reappropriations (Copy on File). He observed that the numbers on the spreadsheet would change according the action of the Committee in adopting the previous amendments.

Mr. Teal discussed the House Finance Committee proposed legislation. There would be \$3.44 billion in FY 05 authorized general funds. He observed that the Department of Revenue's latest forecast for FY 05 is \$43.46 a barrel of oil. The original surplus for FY 05 was \$728 million, which was reduced by:

- \$400 million for the Public Education Fund,
- \$100 million for the fast track supplemental,
- \$85 million for capital projects
- \$100.6 million for the slow track supplemental (\$103.1 million reduced by \$2.5 million in the proceeding amendments).

The net surplus for FY 05 would be \$42 million, which would be scoped into the Public Education Fund. The current revenue forecast for FY 06 is \$3.064 billion. The legislation contains \$392 million for capital appropriations. He noted that a placeholder of \$11.4 was included for new legislation as attached to the operating budget. The legislation also contains a \$60 million placeholder for FY 06 supplemental costs. He estimated that there would also be a surplus in FY 06 and no CBR draw for either FY 05 or FY 06. The total general fund portion would be \$580 million: \$188 million for FY 05 and \$392 for FY 06. Federal and other spending is \$1.7 billion for a total expenditure of \$2,284.3 billion.

[7:37:52 PM](#)

Mr. Teal reviewed proposed Senate capital expenditures [Page 2 of the handout]. He observed that the Senate would not spend general funds for the [fast track] supplemental or capital projects, but would spend \$163 million in the slow track supplemental for a total FY 05 surplus of \$64 million. In FY 06, the surplus would be approximately \$60 million [under the Senate plan].

[7:38:40 PM](#)

Mr. Teal compared general funds expenditures. In FY 06, the House would spend \$580 million and the Senate would spend \$512 million. In other funds, the House is at \$1.7 billion and the Senate is at \$2 billion. He noted that the big difference is due to bonding. The Senate would spend \$325 million as Amerada Hess bonds. The total funds would be: Senate \$2.5 billion, and House \$2.28 billion. The House would be \$218 million below the Senate in all funds.

[7:39:16 PM](#)

Mr. Teal observed that the net action taken by the Committee [in adopting the previous amendments] was -\$2.5 million.

Representative Meyer asked about the Amerada Hess spending. Mr. Teal clarified that the Senate would use \$335.6 million in Amerada Hess bonding.

[7:39:55 PM](#) [7:39:55 PM](#)

Representative Croft clarified that the House would spend \$44 million more than the Senate in FY 06. Mr. Teal reiterated that the Senate would have used \$335 million in Amerada Hess bond appropriations.

Representative Croft asked if there was back up including "other funds". He thought that the bond placement masked certain monies being spent, since it spends a lot like general funds.

[7:41:30 PM](#)

Mr. Teal agreed, but did not have the additional backup showing other (not federal) funds. Full fiscal summaries are not generally done until after the session concludes. He explained that the general fund information relates to the CBR draw amount. Federal revenue is equal to federal appropriations. The assumption is that those monies are coming in.

Representative Croft observed that no Constitutional Budget Reserve draw is projected in FY 06 and that the margin of error is \$15 million. He asked what change would have to occur to require an additional \$15 million. Mr. Teal responded that a change of \$.25 would result in an additional \$15 million.

AT EASE: [7:43:27 PM](#)
RECONVENE: [7:44:00 PM](#)

Representative Hawker commented on the size of the budget and the need of fiscal planning in the future.

Representative Meyer observed that a placeholder of \$60 million was included for the next year. He voiced his appreciation for all the work done on the bill.

[7:45:52 PM](#)

There being NO OBJECTION, it was so ordered HCS CS SB 46 (FIN) was reported out of Committee with a "do pass" recommendation.

#

ADJOURNMENT

The meeting was adjourned at 7:46 P.M.