

HOUSE FINANCE COMMITTEE
March 21, 2006
1:42 p.m.

CALL TO ORDER

Co-Chair Chenault called the House Finance Committee meeting to order at [1:42:03 PM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Sharon Kelly, Staff, Co-Chair Chenault; Representative Mark Newman; Mike Black, Director, Division of Community Advocacy, Department of Commerce and Economic Development; Nico Bus, Acting Director, Division of Administrative Services, Department of Natural Resources; Sue Stancliff, Staff, Representative Kelly; Dan Spencer, Director, Division of Administrative Services, Department of Public Safety; Chris Christensen, Staff Counsel, Alaska Court System

PRESENT VIA TELECONFERENCE

None

SUMMARY

CSSB 232(FIN)

"An Act making appropriations, supplemental appropriations, and capital appropriations; amending appropriations and funding sources; making appropriations to capitalize funds; and providing for an effective date."

CSSB 232 (FIN) was HEARD and HELD in committee for further consideration.

HB 365 "An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HB 365 was heard and HELD in Committee for further consideration.

HB 366 "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."

HB was heard and HELD in Committee for further consideration.

AMENDMENTS:

Corrections

Department of Natural Resources

Public Safety

Alaska Court System

Legislature

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CS FOR SENATE BILL NO. 232(FIN)

"An Act making appropriations, supplemental appropriations, and capital appropriations; amending appropriations and funding sources; making appropriations to capitalize funds; and providing for an effective date."

Co-Chair Meyer MOVED to ADOPT work draft 24-GS2068\C, Bailey, 3/20/06, as the version of the bill before the committee. There being NO OBJECTION, it was so ordered.

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SHARON KELLY, STAFF, CO-CHAIR CHENAULT, highlighted the differences between CSSB 232 the new House CS. She referred to a document called "Multi-year Agency Summary" (copy on file), which lists changes by department. She noted that the final "Total" column on the right lists an addition of \$1 million to the Department of Administration for the telephone system replacement and stabilization, phase one. Under the Department of Commerce, Community and Economic Development, \$250,000 has been added to the Arctic Winter Games. There have been no changes to the Department of Corrections. The Department of Education and Early Development had funds removed for Susitna Valley High School

repairs, pending further discussion by the committee. There have been no changes to Department of Fish and Game or to the Office of the Governor. In the Department of Law there is a \$700 change due to a typing error.

Ms. Kelly related that there were no changes to the Department of Military and Veterans Affairs, the Department of Natural Resources, the Department of Transportation and Public Facilities, or to the Department of Revenue. Under Fund Capitalization, \$301 million has been added, of which \$300 million is to go to Alaska Housing Finance Corporation and \$1 million is for the fund capitalization for the telephone system. Under the Public Education Fund, \$350 million has been added with \$300 million going to the Public Education Fund and about \$50 million for a sweep from the general fund into the Public Education Fund at the end of the year.

Ms. Kelly referred to two other documents for further detail, the "Transaction Comparison - FY 2007 Operating Budget - Senate Structure" and the "Project Detail by Agency - FY 2007 Capital Budget" (copies on file.)

Ms. Kelly noted two other technical Fund Source Changes (Section 11) in HCS CSSB 232. Commercial Fisheries Entry Commission Receipts are substituted for the generic RSS code in the Department of Fish and Game, and Special Vehicle Registration Receipts are substituted for RSS in a DNR capital project.

Ms. Kelly addressed several tracking changes regarding Vehicle Rental Tax Receipts, a new fund code, which are replacing certain General Funds.

Co-Chair Meyer reported that half of the savings have been taken "off the table": \$300 million has been put toward the Alaska Housing Fund (AHFC), and \$300 million to the Public Education Fund, with the remaining \$50-\$80 million to be swept into the Public Education Fund.

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Co-Chair Chenault spoke of the intent of taking \$600 million off the table as savings for future budgets and capital projects. He emphasized the responsibility the legislature has to the citizens of Alaska if oil revenue decreases in future years.

Representative Joule asked about the \$300 million going into AHFC rather than into the Constitutional Budget Reserve (CBR). Co-Chair Meyer replied that the CBR was discussed as an option, but AHFC allows for more flexibility. The interest rates earned are about the same in AHFC as in the

CBR. AHFC proposes to get a higher rate. The hope is to save money.

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Representative Joule asked how the legislature could access those funds at a future date. Co-Chair Meyer replied it is set up as a sub-corporation within AHFC and, like any other fund, can be accessed. Representative Joule pointed out that funds drawn from the CBR allow for a discussion by the whole legislature about how the money gets spent.

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Representative Stoltze MOVED to ADOPT Amendment A, 24-GS2068\S.1, Bailey, 3/20/06:

Page 9, following line 13:

Insert a new subsection to read:

"(d) The sum of \$3,850,000 is appropriated from the general fund to the major maintenance grant fund (AS 14.11.007) for payment as a grant under AS 14.11.015 for Susitna Valley High School roof replacement and structural and safety repairs."

Co-Chair Meyer OBJECTED.

Representative Stoltze explained that Amendment A is for \$3.85 million for a roof replacement for Susitna Valley High School. He termed it a safety issue. The requested amount is 70 percent of the amount originally requested.

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REPRESENTATIVE MARK NEWMAN, discussed the architect/engineer's report regarding the roof of Susitna Valley High School, which showed violations of code requirements, and ventilation and asbestos problems. The dollar amount requested is a reduction from the original \$5.5 million proposed in the governor's budget. The matter is urgent and the work needs to start the day school is out, due to the short building season. He reported strong community support for this project. He spoke of the high expense to shovel the roof of the school. He termed it a savings to the state in the long run.

Co-Chair Chenault noted that it costs about \$3,000 a time to shovel the roof. Co-Chair Meyer added that it is closer to \$3,600, each time, to shovel the roof. He did the math to show savings by not replacing the roof. He spoke of the 70/30 split on maintenance projects. He said he feels more apt to support this request now that this project is at 70 percent of the original amount requested. Representative

Newman spoke of the damage heavy snows or an earthquake could cause.

Co-Chair Meyer asked for assurance that the original architect or engineer not be used on this project. Representative Newman assured the co-chair that would not happen.

Representative Foster spoke of his experience shoveling the roof of his school. Representative Newman described the slope of the roof and its bad design. He reiterated it is a time issue with the short construction season.

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Representative Hawker said he would have been against the amendment if it had asked for 100 percent funding. He asked for assurance that the community would come up with the 30 percent still needed. Representative Newman spoke to the commitment made by his community. He noted problems with past bond proposals. He addressed up-coming ballot proposals.

Representative Hawker asked for assurance for evidence of a public commitment before the bill reaches the House Floor. Representative Newman said he would try to get that information from the Mat-Su Assembly.

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Representative Weyhrauch asked about the bond issues mentioned by Representative Newman. Representative Newman responded that last fall there were many proposals and that was overwhelming to voters.

Representative Joule wondered if the project was on the Department of Education and Early Development's major maintenance list. Representative Newman replied that he contacted Department of Education and Early Development to see if it could be included. It did not meet the standards for emergency funding. They did approve 70 percent funding.

Co-Chair Meyer said he was assured by comments made during the discussion and was convinced by Representative Newman's arguments. He WITHDREW his OBJECTION to adopt Amendment A. There being NO further OBJECTION, it was so ordered.

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Co-Chair Chenault MOVED to ADOPT Amendment B, 24-GS2068\C.1, Bailey, 3/21/06:

Page 7, line 22, following "appropriated":
Insert "from the general fund"

Page 7, line 25, following "appropriate":
Insert "from the general fund"

Representative Stoltze OBJECTED. Co-Chair Chenault stated that the amendment corrects a drafting error.

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

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Co-Chair Chenault MOVED to ADOPT Amendment C, 24-GS2068\C.2, Bailey, 3/21/06:

Page 12, line 8, following "projects":
Insert ",including financing expenses"
Page 12, following line 22:
Insert a new subsection to read:
"(c) The appropriation made by sec. 12 of this Act lapses on June 30, 2016."

Representative Stoltze OBJECTED.

Ms. Kelly described the two changes in Amendment C. The first broadens a clause on page five to include financing expenses, which is the money that is being transferred to AHFC. The second change is to insert a lapse date on page 12.

Representative Joule asked for a definition of lapse date. Ms. Kelly said that Department of Law recommended the change. Representative Joule asked what the affect would be. Ms. Kelly replied that the money would go back to the general fund on the lapse date. Representative Joule summarized that if these funds are not used, they would transfer back to the general fund in ten years.

Representative Stoltze WITHDREW his objection. There being NO further OBJECTION, it was so ordered.

[2:14:39 PM](#)

Representative Joule MOVED to ADOPT Amendment 1, which would add a new section:

POWER COST EQUALIZATION. (a) The sum of %5,459,900 is appropriated from the general fund to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

(b) The sum of \$5,817,900 is appropriated from the power cost equalization and rural electric capitalization fund (AS 42.45.100) to the Department of Commerce, Community, and Economic Development, Alaska

Energy Authority power cost equalization, for full payment of power cost equalization under AS 42.45.110 for the fiscal year ending June 30, 2006.

Representative Joule noted that rural Alaska is struggling with high fuel costs. He requested that this amount be restored and power cost equalization be fully funded.

Co-Chair Chenault agreed that fuel costs have increased throughout Alaska, not just in rural Alaska. He brought up equity issues. He spoke against Amendment 1 and suggested that other methods would better address this issue.

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Representative Hawker stated that he would vote against any amendment that deals with dedicating money for energy needs. He emphasized that he wants pressure to stay on the legislative body to put into place a community dividend or revenue sharing program to deal with this issue. He requested programs that would provide the maximum possible local control dominion over how the money might be spent. He spoke against Amendment 1 and in favor of "sharing of our vast resource wealth with communities".

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Representative Kelly spoke as a former utility representative. He agreed that there is a problem and a need for energy assistance. He voiced concern that the supplemental budgets now look like budgets and are out of control. He related that funding for PCE was set last session with an awareness to high costs. This year's unsustainable supplemental makes last year's budgeting process meaningless. He spoke against Amendment 1.

Representative Joule commented on the high kilowatt rates and low employment opportunities in rural areas. He maintained that Amendment 1 is needed until that changes.

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

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

The MOTION FAILED (4-7).

[2:25:03 PM](#)

Representative Joule MOVED to ADOPT Amendment 2, which would add a new section:

The sum of \$250.0 is appropriated from the general fund to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.315 to the City of Kaktovik for the participation of the city in support of the education efforts and promotion of opening the coastal plain of the Arctic National Wildlife Refuge (ANWR) for oil and gas exploration and development.

Representative Stoltze OBJECTED.

Representative Joule MOVED to AMEND Amendment 2 to change \$250,000 to \$40,000. There being NO OBJECTION, it was so ordered.

Representative Joule spoke to Amendment 2. He noted that the city of Kaktovik serves as the gateway to ANWR and is critical in assuring policy makers that local residents support the opening of ANWR to responsible oil and gas development. The community has requested this amount for reimbursement for expenses.

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Co-Chair Meyer asked how much was budgeted for this last year. Representative Joule responded about \$100,000 split between Kaktovik city and native village.

Representative Kelly commented in favor of Amendment 2. He stated appreciation for Kaktovik's support.

Representative Foster spoke in favor of Amendment 2. He thanked Representative Joule for bringing forth the amendment to help this village.

Co-Chair Chenault WITHDREW his OBJECTION to adopting Amendment 2. There being NO further OBJECTION, it was so ordered.

[2:30:07 PM](#)

Representative Joule MOVED to ADOPT Amendment 3, which would add a new section:

The sum of \$8,800.0 general funds is appropriated to the Department of Health and Social Services, Division of Public Assistance, Energy Assistance Program for the fiscal years ending June 30, 2006 and June 30, 2007.

Representative Chenault OBJECTED.

Representative Joule explained that Amendment 3 would provide funds to low-income households throughout Alaska to offset the high costs of home heating. He presented

statistics regarding the elderly and the poor. He shared that 26 states are providing this type of aid. He related how the increase in fuel costs and the decrease in buying power have changed significantly. He shared information about high costs in Kotzebue. He urged support for Amendment 3.

Co-Chair Chenault MAINTAINED his OBJECTION.

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

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

The MOTION FAILED (4-7).

[2:35:40 PM](#)

Representative Joule MOVED to ADOPT Amendment 4, which would add a new section:

*Sec.____. BULK FUEL LOANS. The sum of \$500,000 is appropriated from the general fund to the Department of Commerce, community and Economic Development, community advocacy, for emergency bulk fuel loans to small communities for the fiscal year ending June 30, 2006.

Representative Stoltze OBJECTED.

Representative Joule explained how the money would provide emergency bulk fuel loans to small communities. He shared statistics about the high costs of fuel in rural areas. He maintained that this is not a "give away", but rather a loan. He urged the committee to adopt the amendment.

Representative Stoltze MAINTAINED his OBJECTION to the motion to adopt Amendment 3.

Representative Joule spoke of revenue sharing for this year, not next year. He emphasized that this amendment is needed for FY 06.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-7).

[2:41:19 PM](#)

Representative Joule MOVED to ADOPT Amendment #5, which would add a new section:

SMALL MUNICIPALITY ENERGY ASSISTANCE PROGRAM. The sum of \$6,405,208.55 is appropriated from the general fund to the Department of Commerce, community, and Economic Development, Division of Community Advocacy, for grants under the small municipality energy assistance program, for the fiscal years ending June 30, 2006 and June 30, 2007, to the following cities and boroughs, for the repayment of any indebtedness of the city or borough to the bulk fuel revolving loan fund (AS 43.25) and for the purchase of fuel; the grants are to be in the amounts stated, based upon 2004 population, with cities and boroughs with up to 99 residents to receive \$22,395,83, cities and boroughs with 100-600 residents to receive \$44,791.67 and cities and boroughs with 601-2,499 residents to receive \$67,187.50.

Representative Stoltze OBJECTED.

Representative Joule explained that the amendment is a small municipal energy assistance program that provides grants for the repayment of any indebtedness to the bulk fuel revolving loan fund, and for purchasing fuel.

Responding to a question by Co-Chair Chenault, Representative Joule clarified that these communities cannot apply for the bulk fuel program. Co-Chair Chenault asked how they then could have a debt to the bulk fuel revolving loan fund.

MIKE BLACK, DIRECTOR, DIVISION OF COMMUNITY ADVOCACY, DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, explained that the small municipality energy assistance program pertained only to municipalities and is a grant program. Amendment 4 applies to both municipalities and unincorporated communities and is a loan program.

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Co-Chair Chenault still sought clarification about whether a municipality could borrow from one loan program and repay with the grant.

Mr. Black noted that part of the conditions of the grant program last year were that outstanding loan balances would be retired to the Alaska Energy Authority revolving fuel oil loan. That condition is still in this proposal. He pointed out that that the revolving fuel loan is separate from the bulk fuel bridge loan program, and only applicable for communities not eligible for the other program.

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A Roll Call Vote was taken on Amendment 5:

Favor: Moses, Foster, Joule, Kerttula

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

The MOTION FAILED (4-7).

HCS SB 232 was heard and HELD in Committee for further consideration.

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AT EASE.

[3:08:57 PM](#)

HOUSE BILL NO. 365

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 366

"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."

Co-Chair Chenault noted that public testimony had been previously completed. He announced that today the Committee would take up amendments from the departments of Corrections, Natural Resources, Public Safety, Alaska Court System, and the Legislature.

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Before the Committee were work drafts for HB 365 and HB 366, labeled 24-GH2033\I, and 24-GH2035\G, Bailey, 3\13\06, and adopted by the Committee on March 14, 2006.

Representative Kelly MOVED to ADOPT DNR Amendment 1:

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: RS 2477/Navigability Assertions and
Litigation Support

DELETE: [\$100,000]

FUNDING SOURCE: General Funds

EXPLANATION:

I believe DNR needs to dial up the desire to assert and protect and defend the Alaskan life style, when they do then I'll support funding.

In the meantime, I feel that the Legislative Budget and Audit (LBA) committee has done a good job of contracting with DNR and will support moving the money to LBA.

Representative Stoltze OBJECTED.

Representative Kelly explained that the amendment deletes \$100,000 from DNR's general fund, reduces it to \$70,000, and transfers it to Legislative Budget and Audit (LB&A). He noted that LB&A had been providing oversight of RS 2477, in regarding rights of way for state and federal lands. He pointed out that the land was not being utilized in the Department of Natural Resources, while commending the department for their work, but proposed that LB&A would better use these funds.

Representative Kerttula asked whether this group had completed the RS 2477 in the past, with whom LB&A had been working.

NICO BUS, ACTING DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF NATURAL RESOURCES, responded that the \$100,000 was intended to pay for processing fees for reporting features, as well as for archeology to provide historical evidence in court to support claims.

Representative Kerttula noted that LB&A had not completed actual filing. Mr. Bus reported that the LB&A was given the appropriation and contracted with DNR to do the work. He noted that the funds are needed to complete the project, and if it came through LB&A, the process would be quicker and require less oversight.

Representative Stoltze asked if Nancy Welch headed the project in Anchorage. Mr. Bus noted that Ms. Welch does not work for the department.

Representative Hawker commented that legislative oversight seemed to function well in this circumstance.

Representative Stoltze asked who was running the project. Mr. Bus noted that Dick Mylius, Acting Director of the

Division of Mining Land and Water, is overseeing the project.

Representative Stoltze WITHDREW his OBJECTION . There being NO further OBJECTION, DNR Amendment 1 was adopted.

Representative Kelly MOVED to ADOPT DNR Amendment 2:

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Agricultural Development

ADD: \$50,000

FUNDING SOURCE: General Funds

EXPLANATION:

Amendment provides minimal financial support for the Agricultural Export Research and Testing Project at the University of Alaska Fairbanks. Alaska seed potatoes (lab-tested, disease-free) have been exported to Taiwan since 1996. Since 1995, Alaska Agricultural Development & Marketing, Inc. (AADAM) has worked and achieved a stable market for Alaska seed potatoes in Taiwan. Except for one year following a political change in Taiwan, AADAM has sold from one to three 20-ton containers of seed potatoes from the 2005 Alaska crop.

Subcommittee started with the Adjusted Base of \$58.2 million
The Governor's request for this department was \$62.7 million
We were given a target of \$60.4 million (asking us to reduce GF spending by \$2.3 million)
The subcommittee exceeded its target by reducing GF to \$60.1 million
This amount is \$2.6 less than Governor's request

Co-Chair Chenault OBJECTED.

SUE STANCLIFF, STAFF, REPRESENTATIVE KELLY, spoke to the Amendment.

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Ms. Stancliff noted that since 1994, the Agricultural Export Research and Testing Project has been very actively promoting the sale of the Alaska virus-free seed potato to the Taiwanese government. She noted their successes in past years. She also pointed out that an increment for this project was contained in the governor's budget.

Representative Kerttula asked for clarification as to the purpose of the \$50,000 of funding. She asked if \$532,800 in inter-agency receipts was coming from the university to support another project in Palmer.

Ms. Stancliff stated that the projects were not related.

Representative Kerttula asked if capital budget monies were also directed toward the project. Ms. Stancliff responded that the amount was \$250,000. She noted that the \$50,000 was an amount for operating expenses.

Co-Chair Meyer asked whether the project would require this funding every year, and whether it belonged in the Department of Natural Resources. Ms. Stancliff responded that she was not sure if the project would be continued the following year. She also noted that the project had previously been under the Department of Commerce and Economic Development, and had been housed at the university.

Co-Chair Meyer suggested that perhaps the project ought to be funded on its own, or be contained in the capital budget.

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Representative Kelly agreed that if the amendment did not succeed, perhaps it might be considered in the capital budget.

A Roll Call Vote was taken on the motion to ADOPT DNR Amendment 2:

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

The MOTION PASSED (6-5).

Co-Chair Chenault called a brief at ease.

Representative Kerttula MOVED to ADOPT DNR Amendment 3:

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Agricultural Development

ADD: \$50.0

FUNDING SOURCE: General Fund code 1004

EXPLANATION:

This amendment restores the fifty thousand dollars cut from the budget for virus free seed potato funding for

the Alaska Plant Materials Center (PMC) in Palmer. The Alaska Plant Materials Center produces clean seed stock free of the diseases and pests common to other parts of North America. The PMC provides the seed to growers who wish to try new varieties in order to discourage importation of seed from outside the state. Maintaining a stockpile of disease and pest free potato seeds is crucial to the health of potato crops in Alaska.

Co-Chair Chenault OBJECTED.

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Responding to a question by Representative Kerttula, Mr. Bus stated that he was not sure that the work on the virus free seed potato would be included in funding from inter-agency receipts. He commented that he would provide further information to the committee.

Representative Kerttula noted that distributing seed potatoes to the state was also an important portion of the project. She stated a desire to see future money fund the Alaska Plant Materials Center in Palmer.

Representative Kerttula WITHDREW DNR Amendment 3.

Representative Kerttula MOVED to ADOPT DNR Amendment 4:

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Alaska Coastal Management Program

ADD: \$133.0

FUNDING SOURCE: General Fund

EXPLANATION:

The Alaska Coastal Management Districts are still in the process of revising their new plans. Additional revisions are still needed. The increment of 133.0 is needed to allow the districts to continue their work that includes printing and distribution of the proposed new plans as well as consultant fees.

Co-Chair Chenault OBJECTED.

Representative Kerttula recalled the battle over the Alaska Coastal Management Program two years ago, which completely revised the program for 30 districts around the state. She clarified that the money does not go to the districts, but rather to DNR to review and approve the plans. She stated

that without the funding the districts and state would have difficulty implementing the plans.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-6).

Representative Stoltze MOVED to ADOPT DPS Amendment 1:

Insert a new section

Sec. DEPARTMENT OF PUBLIC SAFETY. (a) The sum of \$1,393,200 is appropriated from the general fund to the Department of Public Safety, division of Alaska State Troopers, narcotics task force, for drug and alcohol enforcement efforts during the fiscal year ending June 30, 2007.

(b) If the amount of federal receipts received by the department from the Justice Assistance Grant program for drug and alcohol enforcement efforts exceeds \$1,289,100, the appropriation in (a) of this section is reduced by the equivalent amount.

EXPLANATION: Fully fund drug enforcement efforts

The committee substitute for HB 365 eliminates general fund increments totaling \$1,393,200 to replace lost federal funding. The committee substitute also restores a related reduction in federal receipts; the federal receipt authority was reduced because there is no expectation that the department will receive that level of finding from federal grants

This amendment restores full funding for drug enforcement efforts by appropriating general funds to replace lost federal funding. The amendment leaves in place the "empty" federal receipts authority added by the subcommittee. If future federal funding for this program is unexpectedly increased, then this extra federal receipts authority will be used and a corresponding amount of general funds will be reduced from the appropriation

A discussion of the implications of not fully funding this program follows.

Narcotics Task Force (958.9):

Addressing drug and illegal alcohol trafficking and use

across Alaska is one of the six core missions of the Alaska State Troopers. The loss of funding would have a devastating effect on the drug and alcohol operations. Because of the importance to the overall safety and quality of life and the progress that the department has made in the past three years, it is important for the department to continue drug and alcohol investigative activities. If this funding is not restored, the department would reallocate funding to efforts outside the core missions, with reduced funding most likely to urban patrol operations. Given that the urban patrol functions (Mat-Su, Fairbanks, Soldotna/Kenai, Girdwood) are stretched exceedingly thin, the department most likely would reduce services policies for minor crimes such as misdemeanor theft and vandalisms.

Narcotics Task Force-Cooperative Operations with Municipalities (300.0) The department has striven to provide the maximum amount of existing federal funding to municipal partners to promote viable drug unit partnerships. While the department cannot speak for the municipal partners, it is likely that, without this funding, some of the joint drug units will cease to exist. Once disbanded, the units are difficult to reconstitute both in terms of agency commitment and expertise. To attempt to maintain at least the same level of operations, the department would need to back fill the lost municipal positions with troopers, which only exacerbates the effects described above.

Records and Identification (88.5)

This funding will be provided to the Records and Identification unit (via a reimbursable services agreement) to continue to fully fund two positions that are essential to ensuring compliance with state and federal law. Without these positions, the data quality in the state and national criminal history, wanted person, missing person, vehicle protection order and sex offender registry files will decline. The department is currently already suffering backlogs in virtually every section of the repository.

Records and Identification (45.8):

This funding will be provided to the state crime lab (via a reimbursable services agreement) to continue to fully fund a latent fingerprint examiner position. When these scientific analyses of evidence are not performed

in a timely manner, cases cannot proceed. Without these funds, the lab will need to lay off or leave vacant a position somewhere in the crime lab. Which position would be affected depends on which backlogs have the least priority at that time.

Co-Chair Meyer OBJECTED.

Representative Stoltze said that after conversations between the committee, Office of Budget and Management, and Commissioner William Tandeske, Commissioner, Department of Public Safety, the decision was made to replace the money to fully fund drug enforcement efforts.

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DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, confirmed that federal funding has declined, including a year when it was zeroed out. He explained that the amendment would provide for funds if federal funding increases this year and would be returned to the General Fund.

Co-Chair Meyer WITHDREW his OBJECTION to adopt DPS Amendment 1. There being NO further OBJECTION, it was so ordered.

[3:32:13 PM](#)

Representative Joule MOVED to ADOPT DPS Amendment 2:

DEPARTMENT: Department of Public Safety
APPROPRIATION: Council on Domestic Violence and Sexual Assault
ALLOCATION: Council on Domestic Violence and Sexual Assault
ADD: \$100.0
FUNDING SOURCE: TANF

EXPLANATION:

Last year the center received \$350,000 in funding through the Department of Health and Social Services. This year the center applied for funding through the Council on Domestic Violence and Sexual Assault and unfortunately received no funding for their operations for the next fiscal year. Therefore, we are requesting that the center receive an additional \$100,000 in funding to fully fund the program. Funding the center in this manner will insure that the vital services they provide to the region can continue unhampered

Co-Chair Chenault OBJECTED.

Representative Joule spoke to the amendment. He recounted experiences in Kotzebue with the Family Crisis Center, when it was determined it should run out of Public Safety. He noted that the Center had received \$350,000 last year. He pointed out that the Center has been operating since 1979, providing services to women and children in need of protection and shelter from domestic violence. He requested that the committee fund their needed operating expenses.

A roll call vote was taken on the motion.

IN FAVOR: Foster, Joule, Kerttula, Moses
OPPOSED: Hawker, Holm, Kelly, Stoltze, Wehyrauch, Meyer,
Chenault

The MOTION FAILED (4-7).

Representative Joule MOVED to ADOPT DPS Amendment 3:

DEPARTMENT: Public Safety
APPROPRIATION: Alaska State Troopers
ALLOCATION: AK Bureau of Wildlife Enforcement, Aircraft
Section, and Marine Enforcement

ADD INTENT LANGUAGE:

It is the intent of the legislature that the funding source change in these allocations from Fish and Game Fines (Fish and Game Fund) to direct appropriation of General Funds will not result in reduction of the department's fish and wildlife enforcement efforts.

EXPLANATION:

Currently, certain fines for fish and wildlife violations are appropriated into the Fish and Game Fund and then used as a funding source for portions of the Public Safety Budget. Since funds generated by fines are actually General Fund, this year's budget proposes to skip the extra steps of appropriating those funds into the Fish and Game Fund and then back out to Public Safety. The legislature wants to ensure that this loss of one motivation for generating fines does not reduce the department's emphasis on enforcing fish and wildlife laws and regulations.

Representative Weyhrauch OBJECTED.

Representative Joule pointed out that no funding was attached to the amendment. He stressed that it was

necessary to ensure that adequate game management was present at certain "hot spots". He concluded that the intention of the amendment is to ensure continued emphasis by the Department on enforcement of fish and wildlife protection.

Mr. Spencer said that the Department does not object to Amendment 3, or the underlying fund source change. It is possible that the change could make more money available. He assured the committee that overall enforcement would not be affected, regardless of the funding source.

[3:38:05 PM](#)

Representative Weyhrauch WITHDREW his OBJECTION to the motion to adopt DPS Amendment 3. There being NO further OBJECTION, it was so ordered.

Representative Kerttula MOVED to ADOPT Court Amendment 1:

DEPARTMENT: Alaska Court System
APPROPRIATION: Alaska Court System
ALLOCATION: Trial Courts, Bethel Court Security System

ADD: \$75,000 (restore to \$150,000 funding)

FUNDING SOURCE: General Fund

EXPLANATION:

The courts subcommittee funded half of the \$150,000 requested by the court system. However, half the requested funds will not allow security at the Bethel courthouse to be adequately upgraded. This will ensure the safety of the Bethel courthouse to the same extent as other state courthouses.

Co-Chair Chenault OBJECTED.

Representative Kerttula explained that the original amount requested for security at the Bethel courthouse was \$150,000. The request now is for \$75,000.

CHRIS CHRISTENSEN, STAFF COUNSEL, ALASKA COURT SYSTEM related that the court system has more people coming through its doors every day than any other governmental institution, except for public schools. A large percentage of those people are violent and emotional. He maintained that the court system has a duty to ensure the safety of its employees, jurors, witnesses, and others ordered to appear. Over the last ten years, screening stations have been provided in some courthouses. Bethel is next on the list to receive this protection. Bethel is one of the largest court

facilities in the state and has a disproportionate number of violent felonies being tried. The courts subcommittee funded half of the amount needed. The equipment has already been purchased, but security guards are needed to operate the equipment.

[3:41:14 PM](#)

Co-Chair Chenault asked why it costs twice as much in Bethel as in Kenai or Anchorage.

Mr. Christensen pointed out that it is also more expensive in Juneau. There are contract security companies in the larger cities, which makes it cheaper.

[3:42:24 PM](#)

Representative Kelly asked if there have been problems with security in Bethel. Mr. Christensen reported that there have been a number of minor incidents. He noted that one of the main issues is failure to show up for court duty. There is a need to protect those who are subpoenaed to court. He pointed out that 85 percent of the court system's non-judicial employees are female, and they are constantly dealing with threats.

Co-Chair Chenault MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-7).

[3:45:14 PM](#)

Representative Kerttula MOVED to ADOPT Court Amendment 2:

DEPARTMENT: Alaska Court System
APPROPRIATION: Alaska Court System
ALLOCATION: Administration and Support, expand court salary schedule to include "G" step.

ADD: \$109,500

FUNDING SOURCE: General Fund

ALLOCATION: Appellate Courts, expand court salary schedule to include "G" step.

ADD: \$39,500

FUNDING SOURCE: General Fund

ALLOCATION: Trial Courts, expand court salary schedule to include "G" step.

ADD: \$426,000

FUNDING SOURCE: General Fund

EXPLANATION:

This amendment would allow court employees to attain a "G" step, like the GGU executive branch employees have. The additional step would help the court system retain experienced non-judicial employees. The retention of these employees is very important for the administration of justice, because the current turnover for court clerical employees is 50% after five years, an unacceptably high rate. Such a high turnover dramatically increases the cost of training and the number of supervisors. It also leads to greater inefficiency.

Co-Chair Chenault OBJECTED.

Representative Kerttula explained that this amendment would allow court employees to attain a "G" step like the GGU executive branch employees. Its purpose is to aid retention of experienced non-judicial employees. The current turnover for court clerical employees is 50 percent after five years, which is unacceptable.

Mr. Christensen referred to a statute in Title 22, which deals with court employee salaries. They must be compared to those in the executive branch. He suggested that court employees are very aware of what is going on with salaries in the executive branch. He related inequities between the two systems. He explained that the amendment is in the interest of fairness. He mentioned the high turnover rate and excessive costs related to low pay.

Representative Kerttula noted that these are the people behind the counter. She argued that a whole body of knowledge is lost when they quit. She asked for support for the amendment.

Co-Chair Chenault MAINTAINED his OBJECTION.

Representative Kelly asked if there is another way of solving this problem and if this is a bandaid approach. Representative Kerttula said that 25 years ago it was a good

salary, however court salaries have been held static. This amendment should change it.

Representative Kelly referred to other areas that are having problems retaining employees. He questioned whether this would solve the problem.

[3:51:27 PM](#)

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

There was a brief at-ease.

[3:53:06 PM](#)

Representative Kerttula WITHDREW Court Amendment 3.

Representative Kerttula MOVED to ADOPT Court Amendment 4:

DEPARTMENT: Alaska Court System
APPROPRIATION: Judicial Council
ALLOCATION: Judicial Council, evaluation of retired judges serving pro tem and surveys of the performance of magistrates and standing masters.

ADD: \$40,500

FUNDING SOURCE: General Fund

EXPLANATION:

Under Alaska Administrative Rule of Court 23, retired judges can be appointed temporarily (pro tem) to hear motions, hold settlement conferences, and conduct trials. This relieves court congestion by utilizing highly experienced judges. Some pro tem judges sit regularly. Currently they are not evaluated like other judges. This appropriation will allow them to be evaluated by the bench and bar to ensure that future pro tem appointments are made from the most qualified retired judges.

Magistrates and standing masters, like judges, should be periodically evaluated. Magistrates are the only judicial officers throughout much of the Bush. Standing (permanent full-time) masters handle many

interim family law motions and hearings, as well as most probate matters in urban courts. Unlike judges, they are not now evaluated. The bench and bar have no formal process to review their performance. This amendment will allow such a review, so the presiding judges and the Supreme Court can adequately review how well they are performing.

Co-Chair Chenault OBJECTED.

Representative Kerttula explained that the amendment is for a small amount, but would have a significant impact. The Alaska Judicial Council does the analysis for the evaluation of judges. They currently do not evaluate magistrates or retired judges acting as pro tems. This amendment allows for funds for an evaluation of retired judges serving pro tem and surveys of the performance of magistrates and standing masters. She argued that it results in excellent studies about judge retention.

Mr. Christensen pointed out that this is something that the Supreme Court would like the Judicial Council to do. Judges have extensive reviews done of their work and so should magistrates, pro tems, and standing masters.

[3:57:45 PM](#)

Representative Weyhrauch asked if the evaluations would be required. He asked for assurances that they would be done. Mr. Christensen thought that the Judicial Council is asking that the money would be used specifically for this purpose. Representative Kerttula agreed.

Representative Kelly noted that reviewing judges is a difficult task. He wanted to be clear that the money will be used to review those permissions.

Representative Kerttula said this group is very motivated and organized and would do the reports. That is what the money is to be used for. Representative Kelly clarified that the reviews need to be done. Representative Kerttula assured the committee of the sincerity of the group.

Mr. Christensen repeated that the Supreme Court is requesting this information. He assured the committee that it would get done and be used.

Co-Chair Chenault WITHDREW his OBJECTION to the motion to adopt Court Amendment 4. There being NO further OBJECTION, it was so ordered.

[4:01:42 PM](#)

Representative Kelly MOVED to ADOPT Legislature Amendment 1:

DEPARTMENT: Legislature
APPROPRIATION: Legislative Budget and Audit Committee
ALLOCATION: Committee Expenses

ADD: \$70,000

FUNDING SOURCE: General Funds

EXPLANATION:

This increment shall be used for contracts with the Department of Natural Resources for the purpose of gathering and preparing data regarding potential navigable water and RS 2477 rights-of-way.

There being NO OBJECTION, it was so ordered.

CSHB 365 (FIN) and CSHB 366 (FIN) were heard and HELD in Committee for further consideration.

ADJOURNMENT

The meeting was adjourned at 4:02 PM.