

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**May 17, 2005**  
**10:10 a.m.**

**CALL TO ORDER**

Co-Chair Green convened the meeting at approximately [10:10:16 AM](#).

**PRESENT**

Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-Chair  
Senator Fred Dyson  
Senator Bert Stedman  
Senator Lyman Hoffman  
Senator Donny Olson

**Also Attending:** GINGER BLAISDELL, Staff to Co-Chair Green

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

**SUMMARY INFORMATION**

SB 46-APPROP: CAPITAL BUDGET

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

SB 97-SUPPLEMENTAL APPROPRIATIONS/CBR

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

#SB46

[10:10:32 AM](#)

CS FOR SENATE BILL NO. 46(FIN) am  
"An Act making and amending appropriations, including capital appropriations, supplemental appropriations, reappropriations, and appropriations to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

This bill had been previously heard and reported out of the Senate Finance Committee. This bill was returned to the Senate Finance Committee for further consideration.

[10:10:41 AM](#)

GINGER BLAISDELL, Staff to Co-Chair Green, explained the proposed committee substitute, Version "P" before the members is "slightly changed" from the version reported from Committee at an earlier hearing. Every item with an FY 06 effective date is included in this committee substitute; every item with an FY 05 effective date is included in a proposed committee substitute to SB 97.

[10:11:35 AM](#)

Ms. Blaisdell reported that all technical corrections have been incorporated into the proposed committee substitute.

[10:11:49 AM](#)

Co-Chair Green noted that school maintenance projects have been removed from this bill and would be included in SB 97. All other capital projects included in the version previously reported from the Senate Finance Committee are included in the proposed committee substitute.

[10:13:06 AM](#)

Ms. Blaisdell affirmed, with one exception. An appropriation for Chitina Dip Net activities was adopted by the full Senate, but withdrawn. That project is included in the proposed committee substitute.

[10:13:24 AM](#)

Co-Chair Green understood this would allow fees to be collected to operate concession and infrastructure necessary for the Chitna fishing program.

[10:14:00 AM](#)

Co-Chair Wilken moved for adoption of CS SB 46, 24-GS 1074\P Amended, as a working document. [Note: handwritten changes were made to the committee substitute before distribution and were included in the motion to adopt this committee substitute.]

There was no objection and the amended committee substitute was

ADOPTED as a working document.

[10:14:24 AM](#)

Amendment #97: This amendment redirects the \$700,000 general fund appropriation for the Chitna Personal Use Dip Net Fishery Access Area (HD 1-40) component from the Department of Natural Resources to the Department of Transportation and Public Facilities, deleting the language from page 43, lines 10 - 20 and reinserting the language on page 49, following line 28. This amendment also adds additional intent language. The complete conditional and intent language for this component reads as follows.

This appropriation shall be made available at the time the Chitna Native Corporation, AHTNA Native Corporation and the State of Alaska enter into a concession area management agreement for the Chitna Personal Use Dip Net Fishery Area.

It is the intent of the Legislature that this appropriation provide for the basic infrastructure to develop the Chitna Personal Use Dip Net Fishery Area to begin the public-private concession program as outlined in the management agreement.

It is the intent of the Legislature that future appropriations for the Chitna Personal Use Dip Net Fishery Area be made available based on program receipts collected for this purpose.

The Department of Transportation and Public Facilities shall have the authority to use the appropriation for the purpose of providing, over a five-year period, access and facilities in support of the Chitina Personal Use Dip Net Fishery and related activities, including the authority to make grants to Chitina Native Corporation and AHTNA Native Corporation.

Accompanying explanatory language reads as follows.

This will move the appropriation for the Department of Natural Resources to the Department of Transportation and Public Facilities.

Co-Chair Wilken moved for adoption.

[10:14:38 AM](#)

Ms. Blaisdell explained the amendment consists of an appropriation to the Chitina fisheries program and intent language.

Co-Chair Green furthered that it was discovered that the funds should be appropriated through the Department of Transportation and Public Facilities rather than the Department of Natural Resources to allow for proper management of the project.

The amendment was ADOPTED without objection.

AT EASE to [10:28:54 AM](#)

[10:28:56 AM](#)

Amendment #98: This amendment inserts a new Academy Charter School Gym Construction (HD 13-16) component and \$2,500,000 general fund appropriation to the Grants to Named Recipients (AS 37.05.316) Budget Request Unit (BRU) on page 4, following line 12.

Co-Chair Wilken moved for adoption.

Co-Chair Green informed that this project was inadvertently excluded from the legislation.

There was no objection and the amendment was ADOPTED.

AT EASE [10:29:35 AM](#) / [10:30:05 AM](#)

Co-Chair Green announced directive to the Division of Legislative Finance to insert an effective date of July 1, 2005. Otherwise the provisions of this legislation would not become effective until 90 days after signature by the governor.

AT EASE

[10:30:57 AM](#)

Co-Chair Wilken offered a motion to report CS SB 46, 24-GS 1074\P Amended, as amended, with individual recommendations.

There was no objection and 2d CS SB 46 (2d FIN) MOVED from Committee.

#SB97

[10:31:27 AM](#)

SENATE BILL NO. 97

"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."

This bill had been previously heard in the Senate Finance Committee.

[10:31:34 AM](#)

GINGER BLAISDELL, Staff to Co-Chair Green, informed this legislation is the original "slow track" FY 05 supplemental appropriation legislation. The version of SB 46 that the Senate Finance Committee initially reported from Committee merged supplemental appropriations with the FY 06 capital budget. The supplemental appropriations have been eliminated from the capital budget legislation and would be addressed separately in this bill. With few exceptions, all provisions of this bill have an FY 05 effective date.

Ms. Blaisdell continued that this bill also includes appropriations for all the school projects originally included in SB 155. The funding source would not be general funds, but rather revenues from bonds issued from the commonly referenced Amerada Hess settlement account included in the Alaska Permanent Fund. She noted that school projects recommended by members of the House of Representatives had been included in the original Senate Finance committee substitute for SB 46, but are not included in this version.

AT EASE [10:33:20 AM](#) / [10:34:35 AM](#)

AT EASE

[11:00:43 AM](#)

Co-Chair Wilken offered a motion to adopt CS SB 97, 24-GS1076\G Amended, as a working document.

[11:01:09 AM](#)

Ms. Blaisdell explained the Section 1 pertains to school and education projects originally included in SB 155 before that bill was amended. These projects are scheduled to be paid from Amerada Hess bond proceeds. She directed attention to the marked out language on page 13, stating this is duplicated language. The maintenance projects were itemized for the benefit of bond purchasers.

[11:02:19 AM](#)

Ms. Blaisdell stated that Section 6 contains the FY 05 supplemental appropriations approved by the Committee in an earlier version of SB 46. No changes have been made to these appropriations with the possible exception of the \$2,693,700 general fund appropriation for fuel costs of the Alaska Marine Highway System.

[11:03:25 AM](#)

Ms. Blaisdell concluded by noting that the language from page 15 through the end of the bill was contained in the version of SB 46 that was originally reported from Committee. This language primarily relates to FY 05 effective dates for other provisions in the bill.

[11:03:52 AM](#)

Co-Chair Green clarified that the school projects would be funded with bond proceeds guaranteed by the Amerada Hess settlement.

[11:03:58 AM](#)

Ms. Blaisdell affirmed.

[11:04:02 AM](#)

Co-Chair Green noted that an amendment [Amendment #2] would be offered to replace the marked out language of Section 9. Alaska Court System., on page 16 lines 22 - 24. That language reads as follows.

Sec. 9. ALASKA COURT SYSTEM. The sum of \$140,000 is appropriated from the general fund to the Alaska Court System, trial courts for the Matanuska-Susitna drug court position for the fiscal years ending June 30, 2005 and June 30, 2006.

There was no objection and the committee substitute was ADOPTED as a working document.

[11:04:26 AM](#)

Amendment #1: This amendment inserts a new subsection to Section 6. DEPARTMENT OF ADMINISTRATION., on page 15, following line 26 to read as follows.

(g) The sum of \$770,000 is appropriated to the Department

of Administration, Public Defender Agency, for the operating costs of the agency for the fiscal year ending June 30, 2005, from the following sources in the amounts stated:

General Fund	\$725,100
General Fund/Program Receipts	24,900
Statutory Designated Program Receipts	20,000

It is the intent of the legislature that the Department of Administration will work with the Alaska Court System to review indigency requirements to ensure that only those that are truly eligible receive public council through the Public Defender Agency or the Office of Public Advocacy. The Department of Administration shall report to the legislature any recommended changes by February 15, 2006.

It is the intent of the legislature that if the Public Defender Agency or the Office of Public Advocacy become aware that a client is not indigent, that they move to withdraw from the case.

Accompanying explanatory language reads as follows.

The increase for the Public Defender Agency is \$250,000 (originally passed as \$520,000 general funds) due to the caseload and the statutory requirement to defend those cases it is assigned by the courts. Reducing supplemental funding could cause the Public Defender Agency to cease operations before the end of the FY 06 fiscal year and be non-compliant within the law.

The intent language provides guidance to the Department of Administration to review the cases assigned to the Public Defender Agency for client asset values and indigency. Currently, approximately 80 % of court cases are tried using public defenders.

Co-Chair Wilken moved for adoption.

[11:04:34 AM](#)

Ms. Blaisdell pointed out subsection (d) of Section 6, on lines 13 - 18 of the committee substitute is identical to the language of this amendment; however, it provides less funding for the Public Defender Agency. This amendment adds \$50,000 general funds. If this increase were not provided, the Agency would be required to significantly reduce or stop providing some services.

[11:05:33 AM](#)

Co-Chair Green offered a motion to amend the amendment to delete Section 6 (d) and replace it with the language of the amendment.

[11:06:53 AM](#)

Ms. Blaisdell read the intent language into the record.

[11:07:38 AM](#)

Co-Chair Green relayed that she has heard reports that some defendants receiving services from the Public Defender Agency did not qualify for those services. This decreases the availability of services to those who do qualify.

There was no objection and the Amendment #1 was AMENDED.

The amendment as amended was ADOPTED without objection.

[11:08:18 AM](#)

Amendment #2: This amendment inserts two subsections to Section 7. Department of Commerce, Community and Economic Development., on page 16, following line 12 to read as follows.

(d) The sum of \$70,000 is appropriated from the general fund to the Department of Commerce, Community and Economic Development, division of community advocacy, for payment as a grant under AS 37.05.315 to the City of Palmer for partial funding for a drug enforcement position for the fiscal years ending June 30, 2005 and June 30, 2006.

(e) The sum of \$70,000 is appropriated from the general fund to the Department of Commerce, Community and Economic Development, division of community advocacy, for payment as a grant under AS 37.05.315 to the City of Wasilla for partial funding for a drug enforcement position for the fiscal years ending June 30, 2005 and June 30, 2006.

Accompanying explanatory language reads as follows.

The appropriation was originally passed in SB 46 as an appropriation to the Alaska Court System but should have been a grant to a municipality under AS 37.05.315.

Co-Chair Wilken moved for adoption.

[11:08:24 AM](#)

Co-Chair Green noted the net zero impact of this amendment, given the deletion of the appropriation contained in Section 9. A misunderstanding was the cause of the original appropriation made to the drug court, rather than drug enforcement positions.

There was no objection and the amendment was ADOPTED.

[11:09:07 AM](#)

Amendment #3: This amendment inserts a new subsection to Section 25. Department of Transportation and Public Facilities., on page 26, following line 18 to read as follows.

(u) The sum of \$62,500,000 is appropriated from the general fund to the Department of Transportation and Public Facilities for the following projects in the amounts stated, subject to reallocation among the projects under AS 37.07.080(e):

PROJECT	AMOUNT
McCarthy Road, major maintenance	\$2,000,000
Denali Borough, Stampede Road Improvements	5,000,000
Fairbanks, Richardson Highway northbound Chena overflow bridge for gas pipeline	3,500,000
DeLong Mountain, port expansion EIS completion	2,000,000
North Slope, Foothills West Road EIS	4,000,000
North Slope, Bullen Point EIS	5,000,000
Dalton Highway, surfacing upgrades	9,000,000
Dalton Highway, Washington Creek Bridge	3,500,000
Richardson Highway, highway passing lanes, Milepost 265-341	7,500,000
Richardson Highway, Shaw Creek Bridge	2,500,000
Kenai Peninsula, Kalifornsky Beach Road rehabilitation	11,000,000
Industrial roads	3,500,000
Cordova: Copper River Highway rehabilitation	4,000,000

Accompanying explanatory language reads as follows.

These projects were originally requested by the Governor for Roads to Resources and were included in SB 46 as funded by AMHESS [Amerada Hess settlement] interest earnings. These projects will now be funded from the FY 05 general fund projected lapse.

Co-Chair Wilken moved for adoption.

[11:09:15 AM](#)

Ms. Blaisdell explained the initial intent to utilize interest earnings to repay bonds guaranteed from the Amerada Hess settlement account of the Alaska Permanent Fund. This amendment proposes utilizing higher than anticipated revenues from FY 05 deposited to the general fund.

Ms. Blaisdell suggested minor changes to the language of this amendment that would assist agencies in undertaking these projects: "or bypass" inserted in the Fairbanks, Richardson Highway northbound Chena overflow bridge for gas pipeline project; and "and community access" inserted in the Industrial roads project. The amended amendment would read as follows.

(u) The sum of \$62,500,000 is appropriated from the general fund to the Department of Transportation and Public Facilities for the following projects in the amounts stated, subject to reallocation among the projects under AS 37.07.080(e):

PROJECT	AMOUNT
McCarthy Road, major maintenance	\$2,000,000
Denali Borough, Stampede Road Improvements	5,000,000
Fairbanks, Richardson Highway northbound Chena overflow or bypass bridge for gas pipeline	3,500,000
DeLong Mountain, port expansion EIS completion	2,000,000
North Slope, Foothills West Road EIS	4,000,000
North Slope, Bullen Point EIS	5,000,000
Dalton Highway, surfacing upgrades	9,000,000
Dalton Highway, Washington Creek Bridge	3,500,000
Richardson Highway, highway passing lanes, Milepost 265-341	7,500,000
Richardson Highway, Shaw Creek Bridge	2,500,000
Kenai Peninsula, Kalifornsky Beach Road rehabilitation	11,000,000
Industrial roads and community access	3,500,000
Cordova: Copper River Highway rehabilitation	4,000,000

[11:12:02 AM](#)

The amendment was AMENDED and ADOPTED without objection.

[11:12:54 AM](#)

Amendment #4: This amendment inserts a new bill section on page 23,

following line 19 to read as follows.

Sec. 20. RURAL ELECTRIFICATION REVOLVING LOAN FUND. Notwithstanding AS 42.45.020(g), the balance of the rural electrification revolving loan fund (AS 42.45.020) on June 30, 2005, estimated to be \$330,000, is appropriated to the Department of Commerce, Community and Economic Development for the electrical emergencies program.

Accompanying explanatory language reads as follows.

This is a supplemental appropriation for FY 05 so it is being moved from SB 46 to SB 97.

Co-Chair Wilken moved for adoption.

[11:12:58 AM](#)

Ms. Blaisdell explained the transfer of this appropriation from the capital budget legislation to this bill is intended to coordinate the effective date.

There was no objection and the amendment was ADOPTED.

Amendment #5: This amendment inserts an Academy Charter School gym Construction - Matanuska-Susitna Borough (HD 13-16) component on page 9, following line 12 and appropriates \$2,500,000 to that component. The funding source was not specified.

This amendment was NOT OFFERED.

[11:13:27 AM](#)

Amendment #6: This amendment inserts a State BRAC (Base Realignment and Closure Commission) Task Force component to the Office of the Governor budget and appropriates \$1,000,000 general fund to that component. Accompanying explanatory language reads as follows.

On May 13, 2005, the Department of Defense recommended to the Base Realignment and Closure Commission (BRAC) that Alaska's Air Force bases (Elmendorf and Eielson) be realigned, that Kulis Air Guard Station be closed and that the Fort Richardson Army Post in Anchorage also be realigned. It is estimated that a loss of 4,700 jobs in the Fairbanks area alone may occur with the realignment of Eielson Air Force Base.

Governor Murkowski has appointed a 15-member State BRAC Task Force to help fight this devastating proposal and to convince

the BRAC to firmly reject the Department of Defense's recommendation. The BRAC will present its final decision to the United States Congress on September 8, 2005. It is imperative that Alaska responds quickly.

Directly impacting communities are planning special meetings to consider similar funding requests at the local level. The Fairbanks North Star Borough is expected to put \$500,000 toward the effort in an emergency meeting to be held this week in Fairbanks.

Co-Chair Wilken moved for adoption.

[11:13:32 AM](#)

Co-Chair Wilken remarked that the recommendation of the closure of the Kulis Air Guard Station was expected; however, the recommended realignments of other military bases in Alaska were not anticipated. He listed the number of jobs that would be eliminated as a result of the proposed changes: 459 related to the closure of the Kulis Air Guard Station; 934 from Elmendorf Air Force Base; 286 from Fort Richardson; 2,940 from Eielson Air Force Base. The Governor and municipalities are "rallying to the cause" to present the State's position to the BRAC Commission. The timeline is limited. He was unsure if \$1 million would be adequate for these efforts, but emphasized that at least \$500,000 would be necessary. [A spreadsheet titled "BRAC Response Effort Budget" listing projected expenditures of this appropriation and a \$500,000 from the Fairbanks North Star Borough, is on file.] He stressed the importance to protect the status of these military bases and prevent the loss of jobs

There was no objection and the amendment was ADOPTED.

[11:16:26 AM](#)

Amendment #7: This amendment inserts a new Dillingham Middle/High School construction and renovation - Dillingham City Schools (HD 37) component on page 9, following line 26 and appropriates \$9,500,000 other funds to this component.

Senator Hoffman moved for adoption.

[11:16:36 AM](#)

Co-Chair Green informed that this project was inadvertently omitted in the transfer of school projects from SB 46 to this bill.

Without objection the amendment was ADOPTED.

[11:16:49 AM](#)

Co-Chair Wilken offered a motion to report CS SB 97, 24-GS1076\G Amended, as amended, from Committee with individual recommendations.

[11:17:12 AM](#)

There was no objection and CS SB 97 (FIN) MOVED from Committee.

#

Recess to Call of the Chair [11:17:33 AM](#) / [5:07:34 PM](#)

### **ADJOURNMENT**

Co-Chair Green adjourned the meeting at 05:07 PM