

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**May 1, 2006**  
**6:40 p.m.**

**CALL TO ORDER**

Co-Chair Lyda Green convened the meeting at approximately [6:40:31 PM](#).

**PRESENT**

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

**Also Attending:** SENATOR TOM WAGONER; JOHN MACKINNON, Deputy Commissioner of Highways and Public Facilities, Department of Transportation and Public Facilities; JOAN BROWN, Chief Budget Analyst, Office of Management and Budget, Office of the Governor; CHERYL FRASCA, Director, Office of Management and Budget, Office of the Governor; CHRIS CHRISTENSEN, Deputy Administrative Director, Alaska Court System;

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

**SUMMARY INFORMATION**

SB 231-BUDGET: CAPITAL & OTHER APPROPRIATIONS

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

#SB231  
[6:40:50 PM](#)

SENATE BILL NO. 231

"An Act making appropriations, including capital appropriations and appropriations to capitalize funds; and providing for an effective date."

This was the sixth hearing for this bill in the Senate Finance Committee. At the previous hearing a motion was made to adopt CS SB 231, 24-GS2034\I, and an objection was made to that motion. No further action was taken on the motion.

Co-Chair Green noted a new proposed committee substitute was distributed to correct errors and omissions discovered since the previous committee substitute was presented.

Co-Chair Wilken offered a motion to adopt CS SB 231, 24-GS2034\L, as a working document.

Co-Chair Green objected for discussion purposes.

[NOTE: No further action was taken on this motion; it was assumed that the committee substitute was adopted as a working document.]

[NOTE: Unless otherwise noted, the following amendments were offered to the previously offered committee substitute, Version "I".]

[6:42:16 PM](#)

Department of Administration

ADMIN #1: This amendment to committee substitute Version "L", increases from \$1,518,000 to \$2,568,000, the general fund appropriation to the Legal and Advocacy Services Budget Request Unit (BRU), Office of Public Advocacy component on page 97, line 18. Accompanying explanatory language reads as follows.

This amendment restores \$1,050,600 general funds of the supplemental requested for the Office of Public Advocacy (OPA).

Costs have increased in FY 07 because caseload is dramatically up. In FY 06, felony cases, the most expensive for OPA to handle, are up 17% from the previous year and over 50% since FY 03. Guardianship appointments are up over

12% in FY 06 from the previous year and over 29% since FY 03.

The funding is necessary to keep the Office of Public Advocacy operating for the remainder of FY 06. If the additional funding is not appropriated OPA would have to close its doors for at least ten days in June and be unable to pay contract attorney and other billings received in June, July, and August for work performed in FY 06.

The lack of funding would also create another problem because attorneys are not ethically allowed to withdraw from a case unless authorized by the court. It is unlikely the court would grant such motions. Accordingly, the state would be exposed to contractual liability to OPA's contractors, and wage and hour claims, as well as potential claims under the federal Fair Labor Standards Act, for staff required to work.

[NOTE: This amendment was submitted by the co-chair's staff without a designated sponsor.]

Co-Chair Green corrected the original version of the amendment to accurately state the page number of the committee substitute in which the component is listed. She then moved for adoption.

Senator Dyson noted that this matter was addressed in the Department of Administration budget subcommittee, of which he served as chair. He supported the adoption of this amendment.

Co-Chair Wilken announced that he would support the amendment if Co-Chair Green also supported it. However, he did not intend to approve a supplemental appropriation if one was requested the following legislative session.

Senator Dyson agreed that the intention is to limit the amounts of supplemental funding appropriations. The Office of Public Advocacy has made "noteworthy" efforts to reduce expenses and improve efficiency.

The amendment was ADOPTED without objection.

[6:44:00 PM](#)

Department of Commerce, Community and Economic Development

COMMERCE #1: This amendment to Section 7 of the committee substitute inserts a new Department of Commerce, Community and Economic Development heading and a Community Assistance & Economic Development BRU, Office of Economic Development component on page 96 and appropriates \$50,000 Statutory Designated Program Receipts (SDPR) to that component. Accompanying explanatory language reads as follows.

The authority to received and expend receipts is needed due to the Office's co-hosting of the second annual Small Business Conference in Anchorage in June. The U.S. HUD Secretary and other high-ranking federal officials will be attending. Conference costs will be paid for by registrations and donations a statutory designated program receipts (SDPR). The Office expects the total cost to be \$50,000.

[NOTE: This amendment was submitted by the co-chair's staff without a designated sponsor.]

Co-Chair Green moved for adoption and read the explanatory statement into the record.

Without objection the amendment was ADOPTED.

[6:44:35 PM](#)

COMMERCE #2: This amendment, sponsored by Senator Dyson, was pulled from circulation and was NOT OFFERED. [Copy on file.]

COMMERCE #3: This amendment inserts a new Four Dam Pool Power Agency: Swan Lake - Tye Lake Intertie component to the Grants to Named Recipients (AS 37.05.316) BRU, on page 4, lines 4 and 5 and appropriates \$20 million to that component. Accompanying explanatory language reads as follows.

Grant to be used for continued construction of the Southeast Alaska Intertie and the transmission lines connecting Swan Lake (Ketchikan) to Tye Lake (Wrangell).

The Swan-Tye Intertie is a major infrastructure project in SE Alaska. This 57-mile project will interconnect the Lake Tye hydroelectric project south of Wrangell with the Swan Lake hydroelectric facility near Ketchikan and is a

critical link of the SE Alaska Intertie Project that will eventually interconnect all of SE Alaska into an electrical grid. When completed, a primary transmission line will be in place and operational from Ketchikan to Petersburg. This will also set in motion the ability to begin exporting surplus hydropower out of Alaska into Canada and the North American grid.

Senator Stedman moved for adoption. He explained the benefits of this project to the economy of the community of Ketchikan. The intertie would be an extensive system in Southeast Alaska and would allow small communities access to a more affordable energy source.

Co-Chair Green objected to the motion.

[6:46:01 PM](#)

Senator Dyson asked if this intertie would connect to power systems in British Columbia, Canada.

[6:46:26 PM](#)

Senator Stedman replied that the next phase of the project would include three hydroelectric projects located at Thomas Bay north of Petersburg, to link to the Swan Lake facility and continue into the Bradfield Fjord to join the power grid in Canada. This would allow for power exports through the North American grid. It would also allow for the construction of a smaller submarine cable between Metlakatla and Ketchikan, construction of a facility at Mahoney Lake and eventual construction of a large dam located on the eastern side of Baranof Island.

[6:47:33 PM](#)

Senator Bunde noted this amendment would provide partial funding of the total cost of the project. He asked the plans of the next phase and its estimated cost.

Senator Stedman answered that to date approximately \$50 had been expended and that approximately \$50 million in additional funding would be required to complete the project. The State has invested funding for the Four Dam Pool "when it was divested" but has made no other appropriations to the project.

Senator Stedman asserted that the appropriation requested in this amendment would demonstrate to the Alaskan congressional delegation that the State is contributing to the construction of infrastructure in Alaska. This would better enable these lawmakers to secure matching federal funding.

Senator Bunde surmised that this project would affect the three communities of Ketchikan, Petersburg and Wrangell.

Senator Stedman affirmed that the current phase of the project would affect these communities. The next phase would link the power source to Canada. The community of Kake and others north of Chatham Strait would next be affected. Ultimately, the system would be connected with Juneau and a loop would be created in Southeast Alaska. The timeframe of this project is 20 years.

Senator Bunde asked the population of Ketchikan.

Senator Stedman listed the current population of the Ketchikan area and the remainder of Senate District A is approximately 30,000 residents. Approximately 4,000 residents live in Petersburg and less than 2,000 residents live in Wrangell.

Senator Bunde commented to the request for \$20 million to benefit 60,000 people. He calculated the amount of generators that could be purchased for this amount.

Co-Chair Green told of "information" and "goals" that the Four Dam Pool Agency has been directed to address. A business plan, "better performance" and organization must be established to provide for reasonable rates. Appropriation of these funds would be premature. She maintained her objection to the adoption of the amendment.

Senator Stedman recognized past difficulties of the Four Dam Pool Agency, due to "infighting" and geographical differences. Because the project includes the island of Kodiak and the area of Copper Valley, the unit is cumbersome to operate.

[6:51:01 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman Senator Olson Senator Stedman

OPPOSED: Senator Bunde Senator Dyson Co-Chair Wilken Co-Chair Green

The motion FAILED (3-4)

The amendment FAILED to be adopted.

COMMERCE #4: This amendment deletes the Juneau Access (HD 3-4) component of the Transportation Initiative BRU, on page 82, line 33, and the \$45 million general fund appropriation to that component, and inserts a new Borough Formation Incentives component to an unspecified BRU within the Department and appropriates \$45 million general funds to that component.

This amendment also inserts intent language to read as follows.

It is the intent of the legislature to encourage the formation of home rule boroughs within the model borough boundaries by awarding an incentive of \$15 million dollars to each of the first three applicants to file and complete the borough formation process. These funds shall be appropriated to the Department of Commerce, Community and Economic Development.

Senator Hoffman announced that this amendment would be NOT OFFERED.

COMMERCE #5: This amendment inserts a new Central Peninsula Health Centers, Inc. - New Health Facility (HD 33) component to the Grants to Named Recipients (AS 37.05.316) BRU on page 4, lines 4 and 5 and appropriates \$250,000 general funds to that component. Accompanying explanatory language reads as follows.

This request will provide funds for a new facility to house medical and behavioral health services. Central Peninsula Health Center (CPHC) has been in the design stage for the construction of a new \$10.6 million facility. This request will provide matching funds required of primary funding sources.

Since opening for business, CPHC has increased health care access to many people and continuously operated in the black. In 2005, CPHC provided over 19,000 patient encounters in its medical and dental centers. From an initial federal grant of \$650,000, CPHC has grown to a

budget of over \$4 million in total revenues, while maintaining the federal budget share at just over \$1 million.

Co-Chair Green moved for adoption.

Senator Bunde requested an explanation of the amendment.

Co-Chair Green explained that this funding would allow for the construction of a new health care facility. The federal allocation primarily intended to fund the project require \$250,000 in matching funds.

The amendment was ADOPTED without objection.

COMMERCE #6: This amendment adds \$44,500 general funds for a new Copper River Native Corporation (CRNC) - Hudson Lake Healing Camp component [presumably to the Grants to Named Recipients BRU.] Accompanying explanatory language reads as follows.

This appropriation is for the purpose of rebuilding the trail including bridges over the sunken tundra in order to access the Camp during the summer. Presently they charter with local floatplane companies to access the camp - due to the impassible trails and washed out bridges.

Building/supplies would consist of storage shed, Chinking (insulating) cabins, Extend insulated stovepipe, (2) new outhouses @ \$1,000 each. New flooring for five cabins, underground wiring.

This amendment, sponsored by Co-Chair Green, at the request of Senator Ralph Seekins, was NOT OFFERED.

COMMERCE #7: This amendment adds a new Rural Tele-health Network (ARTN) component to an unspecified BRU and appropriates \$1 million general funds to that component. Accompanying explanatory language reads as follows.

This appropriation completes the funding for rural hospitals ability to instantly electronically send x-rays and other radiological images to off-site radiologists for reading. Currently, these images are sent via mail, which means a delay in providing treatment of illnesses and is unacceptable in emergency instances.

Other funding sources:

\$2 million - Denali Commission  
\$1 million - Rasmussen Foundation  
\$703,000 - M.J. Murdoch Trust  
\$300K - AK USDA Rural Development Office  
\$1.0 million - State of Alaska

This amendment, sponsored by Co-Chair Green, at the request of Senator Ralph Seekins, was NOT OFFERED.

COMMERCE #8: This amendment, sponsored by Co-Chair Green "as requested", was pulled from circulation and was NOT OFFERED. [Copy on file]

COMMERCE #9: This amendment increases the general fund appropriation to the Grants to Named Recipients (AS 37.05.316) BRU, Tongass Coast Aquarium, Inc. Project Development (HD 1) component on page 15, lines 24 through 26, from \$1 million to \$2 million. Accompanying explanatory language reads as follows.

The Governor originally requested \$5,000,000 general funds for this economic development project in his capital Budget request. This amendment restores \$1,000,000 of the \$4,000,000 that was removed in the committee process.

Senator Stedman outlined the explanatory statement. This aquarium project would be integrated with education and research and would facilitate the growth of the shellfish industry in Southeast Alaska. This funding would be utilized for design of the facility. Once the design is completed, the organization could secure grant funding for the construction of the project.

Co-Chair Green reminded of the numerous testifiers who spoke in support of this project.

Senator Stedman agreed. Identifying projects in which the majority of a community could support is difficult. This is one of those projects.

[6:54:50 PM](#)

Senator Bunde surmised this appropriation would be the first portion of a \$5 million project. He calculated the amount per resident of Ketchikan to be \$260,000. He considered this, "pretty expensive fish watching."

Senator Bunde objected to the adoption of the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Olson, Senator Stedman, Co-Chair Wilken and Co-Chair Green

OPPOSED: Senator Dyson and Senator Bunde

The motion PASSED (5-2)

The amendment was ADOPTED.

AT EASE [6:56:15 PM](#) / [6:56:57 PM](#)

COMMERCE #10: This amendment sponsored by Co-Chair Green "as requested" was pulled from circulation and was NOT OFFERED.

COMMERCE #11: This amendment increases the general fund appropriation to the Grants to Municipalities (AS 37.05.315), City of Seward - Aluttig Pride Shellfish Hatchery (HD 33-35) component, on page 21 line 32 through page 22 line 1, from \$50,000 to \$150,000. Accompanying explanatory language reads as follows.

This will provide the funds necessary for the development of King Crab and Cockle Seed Stocks.

This amendment sponsored by Co-Chair Green "by request" was NOT OFFERED.

COMMERCE #12: This amendment, sponsored by Co-Chair Green "by request" was pulled from circulation and was NOT OFFERED.

COMMERCE #13: This amendment adds a new Saint Mary's Training Center Renovation (HD 39) component to the Grants to Named Recipients (AS 37.05.316) BRU, and appropriates \$1,927,500 general funds to that component.

Senator Olson moved for adoption.

Co-Chair Green objected.

Senator Olson remarked that St. Mary's is the "most progressive" community located along the Yukon River. It is a first class city that collects property and sales taxes. Revenues from these taxes are utilized to contribute to education expenses. The city purchased a facility that formally served as a Catholic mission, with the intent of creating a training center. Activities at the training center would enhance the job skills of area residents to allow them to secure seasonal employment in the construction field and other fields.

Co-Chair Green asked if the facility also serves as a school.

Senator Olson replied that it was originally a school.

Senator Olson furthered that a first class city is responsible for operating its schools. The plans for this facility would also include a technical training center.

Senator Bunde asked if the funds would be utilized to purchase or renovate the building.

Senator Olson responded that the city has ownership of the building and surrounding property. The requested funds would allow for renovation.

Senator Bunde asked the purchase price of the facility.

Senator Olson answered that the total cost of the project is \$3.8 million.

[7:00:00 PM](#)

Senator Bunde announced that because the community of St. Mary's contributes financially to local education costs, he would support adoption of the amendment.

Senator Olson reiterated that this community is the most progressive city on the Yukon River.

[7:00:39 PM](#)

Senator Dyson restated Senator Bunde's question asking the purchase price of the facility.

Senator Olson clarified that the city expended \$2.7 million to purchase the property and the building.

Senator Dyson asked the percentage of the \$1.9 million requested in this amendment would be utilized for renovation.

Senator Olson answered "a major portion" of the amount is intended for renovation of the facility.

Senator Dyson asked the population of St. Mary's.

Senator Olson reported the population at 840 residents. However, the facility would not only train residents of St. Mary's, but would benefit all residents of the Yukon and Kuskokwim river delta.

Senator Dyson understood this request does not include funding for operating expenses of the first year.

Senator Olson affirmed.

Senator Bunde requested that this amendment be set aside to await additional information that Senator Olson indicated would become available.

Co-Chair Green agreed. She cautioned that this center, with its residential housing, could become cumbersome in future years. While, "the dreams are admirable", she expressed concern about "expanded costs over the years."

Co-Chair Green ordered the amendment HELD in Committee. The amendment was reconsidered later in this meeting.

Senator Olson acknowledged the concerns about ongoing costs of this facility. However, the community has demonstrated its ability to undertake the project. He declared the residents of St. Mary's include "some of the more enlightened people I've seen within the rural population."

Senator Olson indicated he would distribute documentation of the plans that St. Mary's has developed.

[7:03:33 PM](#)

COMMERCE #14: This amendment adds \$375,000 general funds to the Grants to Named Recipients (AS 37.37.05.316) BRU, Life Alaska Donor Services - Building Purchase and Remodel (HD 17-32) component on page 11, lines 22 through 24. Accompanying explanatory language reads as follows.

This would be a legislative match to the Governor's request bringing the total to \$750,000. This is a grant to purchase and remodel the first floor of the Ann Stevens Building to provide additional office space and donor recovery facilities for Life Alaska Donor Services and the American Red Cross.

Life Alaska was founded in 1991 and has supplied thousands of tissues for transplantation to Alaska Patients. Life Alaska is committee to Alaskan donor families while striving to meet the transplant needs for all Alaska. More than one-third of all Alaskans (233,888) have registered to donate tissues and organs, and Life Alaska has recovered tissues for transplant from Barrow to Ketchikan. Life Alaska operates 24 hours a day to discuss potential donor suitability, bereavement support, critical incident stress debriefing, tissue transplantation, and their donor program in Alaska. Alaskan patients and physicians who are awaiting transplant tissues are given priority basis through Life Alaska's tissue distribution process. In 2005, Life Alaska had 178 donors and provided tissue to almost 700 Alaskans.

Life Alaska operations are spread across 4 locations and the organization will soon lose its recovery facility. Hospital space is frequently unavailable and is prohibitively expensive. Life Alaska has outgrown their leased facilities and needs a larger space for both office and donor recovery procedures. Total project costs are \$1.8 million with half to come from foundation grants and private fundraising.

Senator Bunde moved for adoption.

Co-Chair Green objected.

Senator Bunde told of the current challenges of harvesting tissue and organs from donors who expire in a location other than a hospital. Governor Murkowski deemed this project worthy and included one-half the necessary funding in his proposed

capital budget with a challenge to the legislature to approve that amount as well as the remaining cost.

Co-Chair Green calculated the Governor's requested amount of \$375,000, which is included in the committee substitute, plus the \$375,000 proposed in this amendment.

Senator Olson spoke in favor of the amendment. This project would benefit the efforts of harvesting organs.

[7:05:43 PM](#)

Senator Bunde outlined the total cost of the project and the other funding sources as described in the explanatory statement.

Co-Chair Green removed her objection to the adoption of the amendment.

There was no further objection and the amendment was ADOPTED.

COMMERCE 15: This amendment adds a new Life Alaska Donor Services - Organ Donor Program component, to the Grants to Named Recipients (AS 37.05.316) BRU, on page 4, lines 4 and 5, and appropriates \$30,000 general funds to that component. Accompanying explanatory language reads as follows.

Funds from one-dollar donation form driver's license renewal for anatomical gift awareness fund.

This is money has been collected by the Department of Motor Vehicles through voluntary donations to the organ donor awareness fund created under (AS 13.50.160). This money has been collected but no mechanism to get the money to Life Alaska Donor Services. This Grant will give 30,000 of the 35,000 in the fund to promote organ donor awareness under AS 37.05.316.

Senator Bunde moved for adoption.

Co-Chair Green objected.

Senator Bunde explained the option given to those renewing their driver's license to donate one dollar toward increasing awareness of the organ donor program. Collected funds to date total \$35,000 and have been deposited to the general fund. However, authorization is necessary for expenditure of these

funds for their intended purpose. This amendment would provide that ability.

Co-Chair Green removed her objection.

The amendment was ADOPTED without further objection.

COMMERCE #16: This amendment adds \$75,000 general funds to the Grants to Named Recipients (AS 37.05.316) BRU, American Red Cross of Alaska - Debt Retirement (HD 17-32) component on page 5, lines 11 through 13. Accompanying explanatory language reads as follows.

The Red Cross provides relief to victims of disasters throughout the state and helps Alaskans prevent, prepare for, and respond to emergencies. It provides extensive services to military families. In 2005, more than one in four Alaska families used a Red Cross service.

The Alaska Red Cross is in the process of repaying its 20-year Alaska Industrial Development and Export Authority debt, which creases an onerous financial burden that undermines its life-saving mission.

The Governor's request is for \$75,000. This request anticipated a legislative match, brining the total to \$150,000. I would like to help them retire their debt sooner and be able to use their other financial resources for the true purpose of their life-saving mission.

Senator Bunde moved for adoption.

Co-Chair Green objected.

Senator Bunde overviewed the explanatory statement. The American Red Cross operations would be located at the same facility as the Life Alaska Donor Services organization.

Co-Chair Green removed her objection.

Without further objection the amendment was ADOPTED.

[7:09:23 PM](#)

COMMERCE #17: This amendment adds a new Juneau Family Birth Center (HD 3-4) component to the Grants to Named Recipients (AS 37.05.316) BRU on page 4 lines 4 and 5, and appropriates \$300,000 general funds to that component. [Accompanying explanatory statement is on file.]

Co-Chair Green announced that this amendment, which she sponsored "as requested", would be NOT OFFERED.

7:09:49 PM

COMMERCE #18: This amendment adds a new Arctic Winter Games Team Alaska (HD 1-40) component to the Grants to Named Recipients (AS 37.05.316) BRU on page 4, lines 4 and 5, and appropriates \$250,000 general funds to that component.

Senator Olson moved for adoption.

Co-Chair Green objected.

Senator Olson explained that Arctic Winter Games were successfully held recently in Kenai. Yellowknife, Northwest Territories, Canada, is the site of the next games. This funding would be utilized toward Team Alaska's attendance at those games.

Senator Olson informed that \$200,000 was raised from the private sector for the games held in Kenai.

Senator Bunde commented to the differences between "wants and needs". This funding would be better spent elsewhere.

7:11:41 PM

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Dyson, Senator Olson and Senator Stedman

OPPOSED: Senator Bunde, Co-Chair Wilken and Co-Chair Green

The motion PASSED (4-3)

The amendment was ADOPTED.

[7:12:13 PM](#)

COMMERCE #19: This amendment adds a new Southeast Alaska Dive Fisheries Association (SARDFA) - Geoduck Fisheries Development Grant component to the Grants to Named Recipients (AS 37.05.316) BRU on page 4, lines 4 and 5 and appropriates \$150,000 general funds to that component. Accompanying explanatory language reads as follows.

Grant to be used for the development of the geoduck fishery. Funding to be used to increase surveying in the geoduck fishery in order to analyze and update guideline harvest levels (GHL). A portion of the grant will also be used for a paralytic shellfish poison (PSP) monitoring program.

The geoduck fisherman approved a self-assessment (tax) of 5% in 1999 and raised this assessment to the maximum under AS 43.76.150(e) of 7% in 2004. The geoduck industry intends to pay its way, however, the industry needs temporary assistance in order to reach its developmental potential.

Senator Stedman moved for adoption.

Co-Chair Green objected.

Senator Stedman overviewed the explanatory statement. This funding would be utilized to assist the Department of Fish and Game in developing a new fishery.

Co-Chair Green questioned the inclusion of this appropriation in the budget of the Department of Commerce, Community and Economic Development.

[7:13:52 PM](#) [7:14:20 PM](#)

Senator Stedman explained that the funding would "funnel through" the Department of Commerce, Community and Economic Development. The undertaking of these efforts could create a new fish industry.

Co-Chair Green maintained her objection.

[7:15:01 PM](#)

Senator Dyson recalled that in 1999, these fishermen approached the legislature and requested they be taxed to benefit the Department of Fish and Game.

Co-Chair Green pointed out that the Association is again requesting funding in 2006, which demonstrates that the existing system is flawed.

[7:15:40 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Stedman, Senator Dyson and Senator Olson

OPPOSED: Senator Bunde, Senator Hoffman, Co-Chair Wilken and Co-Chair Green

The motion FAILED (3-4)

The amendment FAILED to be adopted.

[7:16:09 PM](#)

COMMERCE #20: This amendment adds a new Alaska Small Hospital and Nursing Home Association - ARTN Project (HD 1-40) component to the Grants to Named Recipients (AS 37.05.316) BRU on page 4 lines 4 and 5, and appropriates \$1 million general funds to that component.

Senator Olson moved for adoption.

Co-Chair Green and Senator Bunde objected.

Co-Chair Green asked if this is the project in which a doctor provided public testimony to the Committee.

Senator Olson affirmed and explained this project would benefit communities that do not have a radiologist on staff at the local health facility. Upon implementation, x-rays could be transmitted to radiologists in other locations for diagnosis.

[7:17:20 PM](#)

Senator Olson continued speaking to the importance of this service. He supported an appropriation of \$1 million by the

State to match the \$4 million generated from the Rasmussen Foundation, the Denali Commission, the Murdock Trust, and the U.S. Department of Agriculture, Rural Development Office.

Co-Chair Green understood that "ongoing" appropriations would not be requested of the State. She was impressed with the number of areas that would be served by this program.

Co-Chair Green withdrew her objection.

Senator Bunde questioned the cost of \$1 million for the services of one radiologist.

Senator Olson explained that the funding would be utilized to establish infrastructure that would allow rural hospitals to transmit x-ray films for review by a radiologist located elsewhere. The current method involves mailing films to a radiologist. Under the new system, the images would be transmitted electronically via satellite to a central location.

Co-Chair Green recalled public testimony on this issue informing that some service providers that currently review transmitted films would cease this service because the quality of transmission is poor.

Senator Olson clarified that some small hospitals would attempt to transmit the images via facsimile. Details are difficult to discern from the black and white images, especially if those images were received from a facsimile.

Senator Bunde supported telemedicine as an alternative to transporting patients. He asked if this funding would be utilized to purchase equipment to transmit and receive the x-rays.

Co-Chair Green affirmed, noting that such a system would allow for faster diagnostic.

Senator Olson reported that diagnostics could be received "within minutes".

Senator Bunde withdrew his objection to the adoption of the amendment.

Without further objection the amendment was ADOPTED.

7:20:32 PM

COMMERCE #21: This amendment increases the general fund appropriation to the Grants to Named Recipients (AS 37.05.316) BRU, Ice Alaska - Ice Park, Facilities, Event (HD 7-11) component on page 10 following line 19, from \$1.1 million to \$2 million. Accompanying explanatory language reads as follows.

This amendment fully funds the Ice Alaska project. The committee substitute (version I) erroneously contained \$200,000 for this project.

Co-Chair Wilken moved for adoption.

Senator Bunde objected.

Co-Chair Wilken told of the active group which has established a world classic ice festival. The festival is in need of a better facility. This issue received extensive public testimony supporting the funding.

Senator Bunde commented that requests had been made to limit the amount of the FY 07 capital budget appropriation.

7:23:11 PM

A roll call was taken on the motion.

IN FAVOR: Senator Stedman, Senator Dyson, Co-Chair Wilken and Co-Chair Green

OPPOSED: Senator Hoffman, Senator Olson and Senator Bunde

The motion PASSED (4-3)

The amendment was ADOPTED.

COMMERCE #22: This amendment, sponsored by Co-Chair Green "by request", was pulled from circulation and was NOT OFFERED. [Copy on file]

COMMERCE #23: This amendment, sponsored by Co-Chair Green "as requested" was pulled from circulation and was NOT OFFERED. [Copy on file]

COMMERCE #24: This amendment, sponsored by Co-Chair Green "as requested", was pulled from circulation and was NOT OFFERED. [Copy on file]

COMMERCE #25: This amendment adds a new Ketchikan Gateway Borough - White Cliff School Redevelopment Project Site Preparation, Abatement and Construction component to the Grants to Municipalities (AS 37.05.135) BRU on page 16, line 33, and appropriates \$1 million general funds to that component. Accompanying explanatory language reads as follows.

Funding for the redevelopment of historic White Cliff School into a multiuse community center in Ketchikan. The center will provide space for arts organizations, a theater, dance studios, visual arts studios, gallery space and a senior center.

[7:24:05 PM](#)

Senator Stedman moved for adoption.

Co-Chair Green objected.

Senator Stedman told of the plans to redevelop the former school.

Co-Chair Green maintained her objection.

Senator Bunde declared a conflict of interest, as his wife had attended White Cliff School.

[7:25:29 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Stedman, Senator Hoffman and Senator Olson

OPPOSED: Senator Bunde, Senator Dyson, Co-Chair Wilken and Co-Chair Green

The motion FAILED (3-4)

The amendment FAILED to be adopted.

[7:26:02 PM](#)

COMMERCE #26: This amendment adds a new section to the bill to read as follows.

Sec. A. DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT. The sum of \$35,000 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 municipality of Anchorage for a traffic impact analysis of the Old Glenn Highway/Monte Road intersection for the fiscal year ending June 30, 2007.

Senator Dyson moved for adoption.

Co-Chair Green objected.

Senator Dyson informed that the local chamber of commerce had requested this traffic study. Monte Road is steep and intersects at the bottom of a hill with the Old Glenn Highway. Several accidents have occurred as a result vehicles sliding on ice and unable to come to a stop.

Co-Chair Green commented that generally an appropriation of \$35,000 would be acceptable. However, this amount should be secured from the "tens of millions" that would be appropriated for the road system in this community.

Senator Dyson shared a perception of residents of the Chugiak and Eagle River area that they are the "poor country cousins that don't do well" in receiving funding from the Anchorage Metropolitan Area Transportation Solutions (AMATS) program. The need for this traffic study has been identified for some time.

[7:27:45 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Olson, Senator Bunde and Senator Dyson

OPPOSED: Senator Stedman, Co-Chair Green and Co-Chair Wilken

The motion PASSED (4-3)

The amendment was ADOPTED.

[7:28:22 PM](#)

COMMERCE #27: This amendment adds a new section to the bill to read as follows.

Sec. A. DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT. The sum of \$450,000 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 Municipality of Anchorage for expenses related to relocation of the Camp Fire USA Alaska Council to a new facility in Mountain View, Anchorage, Alaska.

Senator Dyson announced that this amendment would be NOT OFFERED.

[NOTE: This amendment was reconsidered later in this hearing.]

[7:28:50 PM](#)

COMMERCE 28: This amendment adds a new Alaska Native Heritage Center Expansion and Improvements (HD 50) component to the Grants to Named Recipients (AS 37.05.316) BRU on page 4 line 4, and appropriates \$250,000 general funds to that component.

Senator Dyson moved for adoption.

Co-Chair Green objected.

Senator Dyson remarked upon the Alaska Native Heritage Center efforts of preserving Native culture as well as serving as a tourist attraction.

Co-Chair Green contended that funding for this project could be secured from multiple other sources.

[7:29:57 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Dyson, Senator Hoffman, Senator Olson and Senator Stedman

OPPOSED: Senator Bunde, Co-Chair Wilken and Co-Chair Green

The motion PASSED (4-3)

The amendment was ADOPTED.

[7:30:24 PM](#)

COMMERCE #29: This amendment inserts a new bill section, with an effective date of July 1, 2006, to read as follows.

Sec. X. (a) The sum of \$300,000 is appropriated from the general fund to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.316 to the Fairbanks Resource Center for Parents and Children for the Phoenix Pilot Project to provide support and intervention services to families with children prenatal to age 10 who are identified at-risk by the department, medical providers, and local community service providers.

(b) The sum of \$300,000 is appropriated from the general fund to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.316 to Catholic Community Services of Juneau for the Phoenix Pilot Project to provide support and intervention services to families with children prenatal to age 10 who are identified at-risk by the department, medical providers, and local community service providers.

This amendment, sponsored by Co-Chair Green "as requested" was NOT OFFERED.

[7:30:37 PM](#)

COMMERCE #30: This amendment inserts a new bill section to read as follows.

Sec. A. DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT. (a) The sum of \$5,000,000 is appropriated from the general fund to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.316 to Agrium U.S., for the Phase II Development Plan of the Kenai Coal Gasification project.

(b) It is the intent of the legislature that Agrium U.S. Inc., repay the grant to the State of Alaska with

interest if, at the completion of Phase II, the engineering and fiscal analysis recommendations are to proceed with the complete project.

Co-Chair Green moved for adoption and objected.

Co-Chair Green informed that she offered this amendment at the request of Senator Tom Wagoner.

7:31:30 PM

SENATOR TOM WAGONER testified that this appropriation would be utilized to determine the feasibility of using coal and coal gasification for feed stock. United States Senator Ted Stevens suggested this project, which could receive a grant from the federal Department of Energy. The State funding is needed in a timely manner.

7:34:41 PM

Senator Bunde asked how the feasibility would be determined and who would make that decision.

Senator Wagoner responded that the project would be well defined before the funding was allocated. This would be a major project.

Senator Bunde contended that the grant contract should specify terms and conditions.

Senator Wagoner assured this would occur and that efforts are underway to determine the appropriation contract language.

AT EASE 7:36:25 PM / 7:39:46 PM

Co-Chair Green expressed concern that this appropriation is intended to support a private entity. She preferred an alternative funding mechanism.

Senator Wagoner agreed somewhat to this argument, but also challenged that the State provides tax credits to oil companies for similar projects. Although the proposed appropriation would not be a tax credit, it would be a grant that would eventually become a loan.

Senator Wagoner told of the "state-of-the-art" technology involved in this project. Several plants are under construction in China and other countries are also considering similar projects. If a plant were constructed in Alaska, the economy of the Kenai Peninsula area would benefit.

Co-Chair Green maintained her objection.

[7:41:55 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Stedman, Senator Hoffman, Senator Stedman  
Senator Dyson and Senator Bunde

OPPOSED: Co-Chair Wilken and Co-Chair Green

The motion PASSED (5-2)

The amendment was ADOPTED.

[7:42:22 PM](#)

COMMERCE #27: This amendment adds a new section to the bill to read as follows.

Sec. A. DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT. The sum of \$450,000 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 Municipality of Anchorage for expenses related to relocation of the Camp Fire USA Alaska Council to a new facility in Mountain View, Anchorage, Alaska.

Senator Dyson announced that his earlier withdrawal of this amendment was made in error.

Senator Dyson moved for adoption.

Co-Chair Green objected.

Senator Dyson stated that this appropriation would allow the organization to relocate to a new facility. Were this amendment to fail to be adopted, he would request the Committee determine an appropriate funding amount.

Co-Chair Green recalled that the previous legislative session, the Committee was informed that additional funding would not be requested from this entity.

Senator Bunde questioned the need for "half a million dollars" for moving expenses. He asked if the facility was incomplete.

Senator Dyson was not aware of the details of this request.

[7:44:30 PM](#) [7:45:31 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Dyson and Senator Olson

OPPOSED: Senator Stedman, Senator Bunde, Co-Chair Wilken and Co-Chair Green

The motion FAILED (3-4)

The amendment FAILED to be adopted.

[7:46:04 PM](#)

Department of Education and Early Development

EDUC #1: This amendment inserts a new bill section to read as follows.

Sec. A. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT SCHOOL CONSTRUCTION GRANT FUND. The sum of \$547,178,836 is appropriated from the general fund to the school construction grant fund (AS 14.11.005) for payment by the Department of Education and Early Development as grants to the following school districts for the following school projects in the following amounts:

PROJECT	AMOUNT
(1) Anchorage - Service High School phase 3 construction and phase 4 design (HD 19-32)	\$3,788,005
(2) Anchorage - Romig Middle School renovation design (HD 19-32)	1,675,407
(3) Anchorage - West High School renovation design (HD 19-32)	1,126,230

(4) Anchorage - Whaley Center renovation design (HD 19-32)	363,300
(5) Bering Strait - St. Michael K-12 school replacement (HD 39)	22,488,568
(6) Bering Strait - Savoonga K-12 school improvement (HD 39)	31,588,897
(7) Copper River - Glennallen Elementary School replacement (HD 12)	11,417,650
(8) Copper River - Copper Center Elementary School addition (HD 6)	826,653
(9) Craig City - Alternative wood heat project (HD 5)	270,142
(10) Delta/Greely - Delta Junction Middle/High School improvement (HD 12)	37,180,100
(11) Kuspuk - Johnny John Sr. School renovation/addition, Crooked Creek (HD 6)	5,570,583
(12) Lower Kuskokwim - Dick R. Kiunya Memorial K-12 improvement, Kongiganak (HD 38)	19,382,855
(13) Lower Kuskokwim - Kwigillingok K-12 improvement (HD 38)	17,998,223
(14) Lower Kuskokwim - Chaputnguak K-12 improvement, Chefornak (HD 38)	20,151,201
(15) Lower Kuskokwim - Chief Paul K-12 improvement, Kipnuk (HD 38)	24,757,363
(16) Lower Kuskokwim - Nelson Island Schools phase 2 renovation/addition Tooksook Bay (HD 38)	17,021,353
(17) Lower Kuskokwim - Nightmute K-12	11,953,772
(18) Lower Kuskokwim - Kwethluk K-12 renovation/addition (HD 38)	21,819,066
(19) Lower Kuskokwim - Kuinerranmiut Elitnaurviat K-12 renovation/ addition, Quinhagak (HD 38)	21,819,066
(20) Lower Kuskokwim - Joann A. Alexie K-12 phase 2 renovation/addition Atmautluak (HD 38)	13,101,497
(21) Lower Kuskokwim - Z.J. Williams Memorial K-12 phase 2 renovation/ addition, Napaskiak (HD 38)	19,461,022
(22) Lower Kuskokwim - New Bethel	23,235,554

	Mixed grade school (HD 38)	
(23)	Lower Kuskokwim - Newtok K-12 school improvement (HD 38)	18,131,436
(24)	Lower Kuskokwim - Napakiak K-12 school improvement (HD 38)	15,641,640
(25)	Lower Yukon - Russian Mission K-12 school replacement (HD 6)	18,485,899
(26)	Lower Yukon - Marshall K-12 school replacement (HD 6)	23,436,333
(27)	Lower Yukon Emmonak K-12 renovation/addition (HD 39)	18,999,853
(28)	Lower Yukon - Alakanuk school improvement (HD 39)	24,143,044
(29)	Lower Yukon - Ignatius Beans school improvement Mountain Village (HD 39)	7,009,266
(30)	Northwest Arctic - Noatak K-12 school replacement (HD 40)	26,501,174
(31)	Northwest Arctic - Kobuk K-10 renovation/addition (HD 40)	7,367,481
(32)	Southeast Island - Howard Valentine K-12 school replacement Coffman Cove (HD 1)	5,332,854
(33)	Southeast Island - Hyder new K-12 school construction (HD 5)	774,723
(34)	Southeast Island - Outdoor covered physical education area, 5 schools (HD 5)	1,767,277
(35)	Southwest Region - New Stuyahok K-12 school replacement (HD 37)	27,231,626
(36)	Southwest Region - Koliganek school improvement (HD 37)	14,023,713
(37)	Yukon Flats - Arctic Village K-12 school replacement (HD 6)	11,802,818

Sec. B. CONTINGENCY. The appropriations made in sec. A of this Act are contingent on the passage by the Twenty-Fourth Alaska State Legislature and enactment into law of a version of SB 305 relating to petroleum taxes.

Senator Olson moved for adoption.

Co-Chair Green objected.

Senator Olson explained this amendment would provide the funding for all school capital improvement projects identified by the

Department with the exception of the school at White Mountain. Funding for the White Mountain project was included in FY 06 supplemental appropriation legislation and was expedited to the destruction of that facility by a recent fire.

Senator Olson offered a motion to amend the amendment to delete item (7) Copper River - Glennallen Elementary School replacement (HD 12) and the \$11,417,650 appropriated for that item, and to reduce the total appropriation to \$536,720,836. A notation indicates that this project was already included in the committee substitute.

There was no objection and the amendment was AMENDED.

Senator Hoffman pointed out the contingency language relating to the pending legislation to change the method in which taxes on oil and gas production would be calculated. Passage of the current language of that bill with the effective date of April 1, 2006, would generate an additional amount in excess of \$2 billion for the State. The funding would therefore be available for the appropriation requested in this amendment, and a balance of \$1.5 billion would remain.

[7:49:02 PM](#)

Senator Bunde asked if Senator Hoffman could guarantee that the price of oil would be sufficient for the next several years to generate the amount of revenue necessary for such expenditures. The revenue had yet to be collected.

Senator Bunde divulged that he would support the adoption of this amendment if it were amended to change the funding source from general funds to the earnings reserve account of the Alaska Permanent Fund.

[7:49:38 PM](#)

Senator Olson corrected that several years would not be required to generate the necessary revenue to fund this appropriation. The change in the effective date of the proposed Petroleum Production Tax (PPT) legislation would generate an additional \$450 million at oil prices of \$60 per barrel. Currently, the prices were over \$70 per barrel, and within one year, \$1.7 billion would be collected. This would include additional

revenues generated from the progressivity factor of the PPT method.

AT EASE [7:50:29 PM](#) / [7:58:17 PM](#)

Senator Olson offered a second amendment to the amendment to change the funding source from general funds to "excess earnings of the Permanent Fund" and to delete the contingency language of Section B of the amendment.

Senator Bunde asked whether the intent would be to utilize funding that would otherwise be appropriated to Permanent Fund dividends, or specifically excess earnings.

Senator Olson clarified that excess earnings would be utilized.

Senator Stedman objected to the motion, as he preferred the original funding source.

[8:01:01 PM](#)

Co-Chair Green also objected to the motion.

Senator Olson WITHDREW his motion to amend the amendment.

Senator Bunde cautioned that approval of this amendment would result in expending funds not yet received. A portion of the additional revenue should be saved for future needs. Other projects and programs also warrant consideration for receipt of these funds.

[8:02:42 PM](#)

Senator Olson agreed. However, the amendment is contingent on the PPT legislation passing and therefore expenditures would not be made without the establishment of the revenue source.

[8:03:21 PM](#)

Senator Stedman understood that if the PPT tax structure were not adopted, this amendment would become null.

Senator Bunde maintained his objection.

[8:04:14 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Stedman, Senator Olson and Senator Hoffman

OPPOSED: Senator Bunde, Senator Dyson, Co-Chair Wilken and Co-Chair Green

The motion FAILED (3-4)

The amended amendment FAILED to be adopted.

[8:04:41 PM](#)

EDUC #2: This amendment adds a new bill section to read as follows.

Sec. A. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of \$2,011,000 is appropriated from the general fund to the Department of Education and Early Development for payment as a grant under AS 37.05.316 to Alyeska Worldwide for the purpose of implementing the Whole Village Project.

Senator Dyson moved for adoption.

Co-Chair Green objected.

Senator Dyson described the Whole Village Project created by the Yukon-Kuskokwim School District to provide links to "virtual schools". He viewed a presentation of this project. Through the use of modern electronics, students are able to compile local and family history, including photographs of their elders. Native artisans are able to market their products on the Internet. Schools have been linked electronically to capture and teach the Yupik language to students in the region.

Senator Dyson stated that the requested funding would enable the project to continue, as well as allow the District to market the technology, training and skills statewide.

Senator Dyson emphasized that this project offers a viable method for ecommerce and "capturing local history and local culture."

[8:06:40 PM](#)

Co-Chair Wilken appreciated the efforts of this project. However, the Yukon Kuskokwim School District is already anticipated to receive \$219,000 general funds in the FY 07 capital budget for the costs associated with either rejuvenating or closing the Alyeska Central School. Enrollment in the corresponding school, operated by this district, is declining and the district should not be appropriated additional funding that could divert efforts from the correspondence school. Other school districts could undertake this modern electronic project. The Committee should address this project thoroughly at a later date.

Co-Chair Green pointed out that funding is included in this committee substitute for the Association of Alaska School Boards, Consortium for Digital Learning project. She recommended supporting this project and possibly considering other projects, such as the Whole Village Project, in the future.

Co-Chair Wilken maintained his objection.

[8:08:58 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Dyson, Senator Hoffman and Senator Olson

OPPOSED: Senator Stedman, Senator Bunde, Co-Chair Wilken and Co-Chair Green

The motion FAILED (3-4)

The amendment FAILED to be adopted.

[8:09:38 PM](#)

EDUC #3: This amendment inserts a new subsection (j) to Section 13. FUND TRANSFERS., on page 107 following line 4 of committee substitute Version "L", to read as follows.

(j) The sum of \$4,375,000 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 Schoenbar Middle School mold remediation, water infiltration damage, and related retrofitting.

Accompanying explanatory language reads as follows.

This grant is for emergency mold remediation, roof replacement and water damage repairs at Schoenbar Middle School in Ketchikan. 7th and 8th graders at the Ketchikan Gateway Borough School District have been displaced for over 2 years. This year, they had to attend classes in a shopping mall. If this grant is not provided, the Borough will lose considerable financial flexibility in their General Fund budget this year and students may not be back into the remodeled school for an additional year.

Senator Stedman moved for adoption.

Co-Chair Green objected.

Senator Stedman offered a conceptual amendment to specify the conforming page and line numbers to the current version of the bill before the Committee, Version "L". Because this motion was made by the sponsor of the amendment, no further action was necessitated to make the change.

Senator Stedman overviewed the explanatory statement. The State Department of Education and Early Development has been involved in addressing this issue. This project qualifies for 70 percent funding contingent upon the Ketchikan Gateway Borough securing the remaining 30 percent. This amendment would allow the project to be accelerated in a timelier manner than if it were included on the Department's list of major projects.

[8:12:34 PM](#)

Senator Bunde clarified that the District had yet to apply for inclusion on the Department's list of major projects.

Senator Stedman told of the submission deadline of September 2005. At that time, the status of the facility was in review and the specific needs were yet to be determined. Design and structural issues had since been identified. The building is uninhabited and students have been schooled in a shopping mall for three years.

[8:13:36 PM](#)

Senator Bunde recalled previous appropriations to this project of \$9 million and \$5 million. This amendment represents an additional request of over \$4 million.

Senator Stedman explained the initial cost estimate of the project was \$9 million. An additional expense of \$4 million was necessary for retrofitting. The funding requested in this amendment would be utilized for a third effort to make the facility functional. The Department has been involved in a bidding project, which would allow the Borough to qualify for the 70/30 percent match ratio.

Senator Stedman told of an attempt to include funding for this project in the FY 06 Fast Track Supplemental appropriation, but the details were not finalized. Nonetheless, expediency is necessary in getting this project completed.

[8:16:21 PM](#)

Senator Bunde asked at what point would demolition and construction of a new facility would be more cost effective.

Co-Chair Green preferred that this project be included for consideration with the other projects identified by the Department. She maintained her objection to the adoption of the amendment.

[8:17:12 PM](#)

Senator Olson stressed that the danger of mold is significant. He supported the amendment.

Co-Chair Green contended that a process exists for consideration of such projects. This amendment does not comply with that process.

Senator Stedman agreed, but noted this amendment would allow for acceleration of the project.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Stedman

OPPOSED: Senator Bunde, Senator Dyson, Senator Hoffman, Co-Chair Wilken and Co-Chair Green

The motion FAILED (2-5)

This amendment FAILED to be adopted.

Senator Stedman asserted that although this amendment did not pass, the process for achieving funding for this project would be followed. The purpose of the amendment was to allow the project to be undertaken earlier.

Co-Chair Green declared this to be a worthy project.

[8:19:23 PM](#)

Department of Fish and Game

FISHGAME #1: This amendment adds a \$30,000 general fund appropriation for Boards Support. Accompanying explanatory language reads as follows.

The sum of \$30,000 general funds is requested for Board of Game activities related to the review and revision of the Tier II subsistence proposals.

According to the department this appropriation is critical for them to complete work initiated last year with funds provided by the legislature. The funds provided last year were used to conduct a review of subsistence Tier II regulations with particular focus on the Nelchina caribou and moose hunts. New and innovative regulations were prepared and proposed for consideration at a board meeting last May. The Board of Game was unable to finalize the regulations however due to considerable opposition to portions of the proposals. The regulations have been assigned back to the board subcommittee for further discussions, particularly with residents of Game Unit 13. The intent is to bring revised regulations before the board in FY 07. There are not enough funds in the Board Support Section neither for the subcommittee to complete such work nor for an additional two to four day meeting by the board. Funds provided hereunder will only be used for this specific purpose.

Senator Dyson announced that this amendment would be NOT OFFERED.

Department of Health and Social Services

DHSS #1: This amendment changes the amount of General Funds from \$3,502,100 to \$2,838,100 and the amount of Other Funds from (\$2,814,100) to (\$2,150,100) for the Children's Services BRU, on page 97, line 33. Accompanying explanatory language reads as follows.

Reduce GF and Increase Federal Related to Rosales Decision  
The FY 06 federal Budget Reconciliation Bill, the Deficit Control Act, included cuts to Title IV-E Foster Care maintenance and administrative costs funding. Provisions of the Act are (retroactively) effective October 1, 2005. The legislation was still in the process at the time supplemental requests were submitted. Without specific knowledge of the impacts, the original supplemental request (both admin and maintenance) was based on worse case scenario. Since submitting the supplemental request, clarification on the specifics of the legislative impacts has been received and the department is able to reduce the supplemental funding request. Additionally, the Act eliminated Title IV-E administrative claims for otherwise-federally eligible children in unlicensed foster homes. This amendment affects three components - Front Line Social Workers, Foster Care Base Rate, and Subsidized Adoptions and Guardianship - by reducing their initial general fund supplemental request and replacing them with federal funds. The following table shows the impact on the general fund.

Component: Front Line Social Workers  
Original GF Request: \$1,951,300  
This Amendment: -\$460,500  
Amended GF Request: \$1,490,800

Component: Foster Care Base Rate  
Original GF Request: \$759,800  
This Amendment: -\$179,200  
Amended GF Request: \$580,600

Component: Subsidized Adoptions and Guardianship  
Original GF Request: \$2,814,100  
This Amendment: -\$24,300  
Amended GF Request: \$78,700

Total  
Original GF Request: \$2,814,100  
This Amendment: -\$664,000  
Amended GF Request: \$2,150,100

The net result of this amendment is a general fund reduction of \$664,000 and an increase in federal funds of the same amount.

Co-Chair Green moved for adoption.

Co-Chair Green explained this amendment relates to the FY 06 Supplemental appropriation.

The amendment was ADOPTED without objection.

DHSS #2: This amendment to Section 7 increases the amount of Appropriation Items from \$30,855,900 to \$33,555,900, the amount of General Fund from \$13,205,100 to \$14,405,100, and the amount of Other Funds from \$17,650,800 to \$19,150,800 for the Senior and Disabilities Services BRU; and increases the allocation to the Senior and Disabilities Services component from \$30,505,900 to \$33,005,900 and increases the allocation to the Protection and Community Services component from \$350,000 to \$550,000, on page 98 lines 14 - 19. Accompanying explanatory language reads as follows.

#### Medicaid and Assisted Living Cost Increases

##### Medicaid:

The original request for Senior and Disabilities Services included \$12,855,100 general funds and \$17,650,800 federal for a net increase of \$30,505,900. Since submitting the original request, projections for the year have increased slightly. While Personal Care Attendants and Nursing have remained fairly steady, the waivers have experienced growth that is expected to continue through the rest of the fiscal year.

The department asks that the Senior and Disabilities Medicaid Services supplemental request be increased by \$1,000,000 general funds and \$1,500,000 federal funds for an adjusted request of \$13,855,100 general funds and \$19,150,800, totaling \$33,005,900.

Assisted Living:

The Department of Health and Social Services is requesting to increase the Senior and Disabilities Services General Relief/Assisted Living program FY 06 Supplemental by an additional \$200,000 general fund. This will bring the total supplemental to \$550,000.

The General Relief/Assisted Living program (AS 47.24) pays for temporary assisted living costs for eligible adults over the age of 18 that are not currently covered by one of the Medicaid Waivers administered by the division. Beneficiaries covered under this program are frequently vulnerable adults that have been removed from their home as a result of an investigation of harm performed by the Adult Protective Services unit of the Division. To ensure their immediate safety, these adults are temporarily placed in an assisted living facility until permanent arrangements can be made.

The original supplemental was based on providing services to an average of 306 clients per month. This was an increase of approximately 25% from FY 05 to FY 06. The number of clients served has continued to increase over the rest of the year. The monthly average is not 329 clients with an average of 354 in the last 5 months. The increase in number of clients served necessitates the additional funds provided by this amendment.

Co-Chair Green moved for adoption.

Co-Chair Green noted this amendment also pertains to the FY 06 Supplemental Appropriation.

The amendment was ADOPTED without objection.

[8:31:34 PM](#)

DHSS #3: This amendment inserts a new section with an effective date of July 1, 2006, to read as follows.

Sec. A. The sum of \$1,500,000 is appropriated from the general fund to the Department of Health and Social Services, Office of Children's Services for the Phoenix Pilot Project to provide support and intervention services to families with children prenatal to age 10 who are identified at-risk by the department, medical providers, and local community service providers.

This amendment sponsored by Co-Chair Green "as requested" was NOT OFFERED.

[8:31:58 PM](#)

Department of Law

LAW #1: This amendment inserts a new Oil, Gas and Mining component to a new Civil Division BRU to Section 7 on page 98 and appropriates \$1.2 million general funds to that component. Accompanying language is also inserted to read as follows.

The amount appropriated to the Civil Division, is for work related to the state gas pipeline and to bringing North Slope natural gas to market and other oil and gas projects for the fiscal year ending June 30, 2006.

Accompanying explanatory language reads, "Costs are continuing during FY 06."

[NOTE: This amendment was submitted by the co-chair's staff without a designated sponsor.]

Co-Chair Green moved for adoption. This amendment also pertains to the FY 06 Supplemental appropriation.

There was no objection and the amendment was ADOPTED.

Department of Transportation and Public Facilities

DOT/PF #1: This amendment, sponsored by Co-Chair Green "as requested", was pulled from circulation and was NOT OFFERED. [Copy on file]

DOT/PF #2: This amendment adds a new Alaska Marine Highways: Mooring Dolphins at Kake and Hoonah (HD 5) component to Section 1 on page 59 and appropriates \$900,000 general funds to that component. Accompanying explanatory language reads as follows.

Funds are needed for the installation of additional mooring dolphins at the Kake and Hoonah Marine Highway terminals. The current facilities at Kake and Hoonah only allow the smaller LeConte and Taku vessels to moor. The Taku is headed for a major federal project in January 2007 and will

be out of service through June 2007. Because of U.S. Coast Guard requirements and ongoing negotiations with the labor unions, there is a great deal of uncertainty regarding the LeConte's deployment. Whatever is ultimately decided, it is not possible for the LeConte to continue serving the smaller Southeast Alaska communities as in the past. This project will allow the larger mainliners Matanuska and Malaspina to dock through the installation of additional mooring dolphins and thus allow the AMHS to continue to provide adequate service levels to Hoonah and Kake. With general funds this project could be completed by November 2006, in time to allow the larger vessels to take over for the Taku. Without the mooring dolphins, Kake will have no service for six months and Hoonah will have limited service from the LeConte as a day boat out of Juneau.

Co-Chair Green moved for adoption.

Without objection the amendment was ADOPTED.

[8:33:07 PM](#)

DOT/PF #3: This amendment deletes the Palmer: Chugach Street Paving (HD13-16) component in the Transportation Initiative BRU on page 83, lines 14 and 15 and the \$3 million general fund appropriation to that component.

This amendment also inserts a new Statewide: Rural Airport Safety Improvements (HD 1-40) component to the Transportation Initiative BRU and appropriates \$3 million general funds to that component.

Accompanying explanatory language reads as follows.

Upon careful review of the surface transportation program as the Department of Transportation and Public Facilities finalized the Statewide Transportation Improvements Program(STIP), it was determined that federal funds and legislative authority were available to allow the Chugach Street paving project to go forward immediately. The project has been bid using the federal authorization. The general funds are no longer needed for this project.

It is requested that the \$3 million be re-directed to address the backlog of safety improvement projects at rural

airports throughout the state that are not eligible for Federal Aviation Administration grants. Some of the intended uses include, but are not limited to:

#### Runway Surface Repairs

Surface repairs are needed at Kake, Kwigillingok and Konigiganak Airports.

#### Repair/Replace Lighting Fixtures and Airport Beacons

Many of the airport beacons are aging and need replacement with modern, brighter lamps and beacon assemblies to optimally perform their airport location and identification task. Similarly, some of the towers now used to elevate the beacons up to the specified height have fallen into disrepair. Several towers have been damaged by vehicles, have become rusted with time, or have otherwise been made inoperable. This project would approach the replacement of these failed and failing facilities with modern, more serviceable installations as multiple-site projects. By using a multiple-site project approach, replacement costs are minimized by contracting for a large quantity of sites all at the same time, gaining efficiencies of scale.

#### Repair/Replace Lighted Wind Cones

Lighted wind cones at various airports are getting old and in many cases are becoming unreliable. Most need expensive maintenance and should be replaced to increase safety and reduce the state's liability. For example, the state recently lost a court case for \$1.4 million for a suspected bad wind cone.

#### Apply Dust Palliative

Recent major maintenance efforts to protect runway and apron surfaces by applying dust palliatives have been successful. An additional benefit to closely adjacent communities is the curtailment of blowing dust. This project would apply dust palliative products to active surfaces at various airports where it will have its greatest impact.

Co-Chair Green moved for adoption. She pointed out that federal funding would be available for the Chugach Street project.

The amendment was ADOPTED without objection.

DOT/PF #4: This amendment, sponsored by Co-Chair Green "as requested" was removed from circulation and was NOT OFFERED.  
[Copy on file]

DOT/PF #5: This amendment adds a new Togiak/Twin Hills Bridge Design and Engineering (HD 37) component to an unspecified BRU and appropriates \$500,000 general funds to that component. Accompanying explanatory language reads as follows.

A bridge will allow for community connectivity, and allow the large fish processor in Twin Hills to truck product the short distance to the larger Togiak airport for flyout of more valuable fresh product. In addition, the airstrip at Twin Hills could be closed, electric power delivered more efficiently, and other economies resulting from eliminating duplicate services.

Co-Chair Green moved for adoption.

Senator Bunde objected to request an explanation.

Co-Chair Green read the explanatory language into the record.

[8:34:06 PM](#) [8:34:20 PM](#)

Co-Chair Green asked Senator Hoffman to further explain this project.

Senator Hoffman deferred to the Department of Transportation and Public Facilities.

[8:34:40 PM](#)

JOHN MACKINNON, Deputy Commissioner of Highways and Public Facilities, Department of Transportation and Public Facilities, testified that the funding requested in this amendment would be utilized for a design study.

Senator Bunde acknowledged the reference to bridge design and engineering. He asked the total estimated cost of the bridge construction.

Mr. MacKinnon responded that an estimate could not be determined until a location for the bridge was selected.

Senator Bunde asked if once completed whether this could be operated as a toll bridge.

Mr. MacKinnon responded that such an option had not been discussed.

Senator Bunde indicated that consideration should be given to funding the construction costs with the collection of toll fees.

Senator Bunde removed his objection to the adoption of the amendment.

Without further objection the amendment was ADOPTED.

DOT/PF #6: This amendment, sponsored by Co-Chair Green "as requested", was pulled from circulation and was NOT OFFERED.  
[Copy on file]

DOT/PF #7: This amendment deletes the Knik Arm Bridge/Mat-Su Borough Road Improvements (HD 13-32) component in the Congressional Earmarks BRU on page 80, line 9, and deletes the \$93.6 million federal fund appropriation to that component.

Senator Bunde moved for adoption.

Co-Chair Green objected.

Co-Chair Green stressed that the Knik Arm Bridge and Toll Authority (KABATA) has worked diligently on this project. The Authority had pursued this funding source, with should not be denied.

[8:37:50 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Bunde

OPPOSED: Senator Stedman, Senator Dyson, Senator Hoffman, Senator Olson, Co-Chair Wilken and Co-Chair Green

The motion FAILED (1-6)

The amendment FAILED to be adopted.

[8:38:20 PM](#)

DOT/PF #8: This amendment deletes the Gravina Island Bridge (HD 1) component in the Congressional Earmarks BRU on page 79 line 27, and deletes the \$91 million federal fund appropriation to that component.

Senator Bunde moved for adoption.

Co-Chair Green objected.

Senator Bunde expressed that this project would not be the best use of transportation funding. The primary reason given for support of this bridge is the number of jobs that would be created during its construction.

Senator Stedman objected to the motion.

[8:39:42 PM](#)

Senator Stedman recalled as a child flying into and out of the community of Sitka on aircraft that landed and took off from the water. A bridge was subsequently constructed to link the town with the island that housed an airport. The proposed bridge to accomplish the same at the community of Ketchikan has been under consideration for some time. The present time is the most optimal to undertake this effort, given the position of the Alaska Congressional Delegation. The cost of this bridge is not unreasonable considering the State's current fiscal situation.

Co-Chair Wilken announced he would not support passage of this amendment. However, an alternative financing plan or a different design could be forthcoming in the next year.

Senator Olson spoke to the "tight approach" experience of landing aircraft at the Ketchikan airport. He gave an example of an Alaska Airlines crash, noting that such crashes are not uncommon.

Senator Bunde contended that the ferry crosses the channel between the island and the City of Ketchikan frequently and that the trip takes three to five minutes.

A roll call was taken on the motion.

IN FAVOR: Senator Bunde

OPPOSED: Senator Olson, Senator Stedman, Senator Dyson, Senator Hoffman, Co-Chair Wilken and Co-Chair Green

The motion FAILED (1-6)

The amendment FAILED to be adopted.

[8:47:45 PM](#)

Department of Education and Early Development (continued.)

EDUC #4: This amendment to committee substitute Version "L" inserts intent language to the Association of Alaska School Boards - Consortium for Digital Learning (HD 1-40) component in the Grants to Named Recipients (AS 37.05.316) BRU on page 6, lines 25 through 28, to read as follows.

It is the intent of the legislature that the Association of Alaska School Boards' Consortium for Digital Learning include instruction for responsible use of education technology.

Senator Dyson moved for adoption.

Co-Chair Green objected.

Senator Dyson explained this language would indicate the legislature's intention to the grant recipient as to how the funding should be expended.

Co-Chair Green removed her objection.

There was no further objection and the amendment was ADOPTED.

[8:48:56 PM](#)

DOT/PF #9: This amendment inserts a new State Match for Gravina Island Bridge component to Section 1 and appropriates \$9,926,370 general funds to that component.

This amendment also reduces the general fund allocation to the Federal-Aid Highway State Match (HD 1-40) component of the

Statewide Federal Programs BRU on page 63, lines 22 and 23, from \$73,837,000 to \$63,910,630.

Accompanying explanatory language reads as follows.

DOT has set aside \$9,926,370 general fund to match the \$91,000,000 Federal Receipt authority contained in the bill. This amendment moves that match for the general match pot and ensures that money is spent moving the Gravina Bridge project forward.

AT EASE [8:49:05 PM](#) / [8:54:40 PM](#)

Senator Stedman moved for adoption.

Co-Chair Green objected.

Senator Stedman outlined the explanatory statement. He assured this would incur no additional general fund expenditure.

Senator Bunde objected to the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Olson, Senator Stedman and Senator Dyson

OPPOSED: Senator Bunde, Co-Chair Wilken and Co-Chair Green

The motion PASSED (4-3)

The amendment was ADOPTED.

[8:55:59 PM](#)

DPT/PF #10: This amendment adds a new Fairbanks: Illinois Street-Barnette Street Reconstruction and Barnette Bridge Construction (HD 7-11) component to the Transportation Initiative BRU on page 82, line 17, and appropriates \$36 million to that component. Accompanying explanatory language reads as follows.

This amendment supplements federal funds to construct the Illinois-Barnette & Bridge Project. The project would reconstruct Illinois street from 1st Avenue to College,

construct the Barnette Street Bridge and reconstruct Barnette Street from 1st Avenue to 7th Avenue. This project is the number 1 ranked project on the Fairbanks Metropolitan Area Transportation System's Transportation Improvement Program.

Co-Chair Wilken moved for adoption.

Co-Chair Green objected.

Co-Chair Wilken told of the lack of a connector road linking the Steese Expressway and the Parks Highway, which serve as major arterials. Funds are not available through the Fairbanks Metropolitan Area Transportation System (FMATS) program for this project.

Co-Chair Green remarked upon the significant amount of funds requested in this amendment.

[8:57:28 PM](#)

A roll call was taken on the motion.

IN FAVOR: Co-Chair Wilken

OPPOSED: Senator Dyson, Senator Hoffman, Senator Olson, Senator Stedman, Senator Bunde and Co-Chair Green

The motion FAILED (1-6)

The amendment FAILED to be adopted.

DOT/PF #11: This amendment to the Transportation Initiative BRU reduces the general fund appropriations to the Juneau Access (HD 3-4) component on page 82, line 33, from \$45 million to \$25 million, and the Roads to Resources (HD 1-40) component on page 83, line 19, from \$17 million to \$14 million, and inserts a new Fairbanks: Illinois Street-Barnette Street Reconstruction and Barnette Bridge Construction (HD 7-11) component and appropriates \$36 million to that component. Accompanying explanatory language reads as follows.

This amendment supplements federal funds to construct the Illinois-Barnette & Bridge Project. The project would reconstruct Illinois street from 1st Avenue to College,

construct the Barnette Street Bridge and reconstruct Barnette Street from 1st Avenue to 7th Avenue. This project is the number 1 ranked project on the Fairbanks Metropolitan Area Transportation System's Transportation Improvement Program.

Co-Chair Wilken announced that this amendment would be NOT OFFERED.

DOT/PF #12: This amendment to the Transportation Initiative BRU on page 82 line 17, inserts a new Fairbanks: Steese Expressway/3rd Street Intersection Improvements (HD 7-11) component and appropriates \$5.9 million general funds to that component, and inserts a new Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): Transportation Improvement Program (HD 7-11) component and appropriates \$7.2 million general fund to that component. Accompanying explanatory language reads as follows.

This amendment supplements federal funds for intersection improvements to the Steese Expressway and 3rd Street intersection.

This amendment also supplants the FMATS allocation with general funds.

In the FY 06-08 Statewide Transportation Improvement Program, funds totaling \$184,600,000 are programmed for the Gravina Island Bridge and Knik Arm Bridge projects. This funding will directly impact the Department of Transportation's North Region funding levels by \$13,100,000 annually for the next five years thereby delaying critical transportation projects in the Fairbanks region.

This amendment would displace lost federal STIP funding with general funds for FY 07.

Co-Chair Wilken moved for adoption.

Senator Stedman objected.

Co-Chair Wilken referred to a flowchart titled, "Impact of Bridge Funds on National Highway System Program" [copy on file], which includes the following information.

TEA-LU Bridge Funding	\$404.4 million
Gravina	\$175.0
Knik	229.4

48% Allocated for NHS Program	\$194.1
Gravina	\$ 81.0
Knik	110.1
Less Expenditures to Date	(\$18.0)
Knik	(\$18.0)
"Earmark" Funds Programmed in FY 06-08 STIP	
Gravina	\$ 84.0
Knik	92.1

5-Year Impact of Bridges To National Highway System (NHS) Program	\$167.1 million
STIP Funds (91%)	\$149.7
(Figure adjusted for estimated 85% Congressional Appropriation)	
State Match (9%)	17.4

Annual impact to Statewide NHS Program 5 years	\$ 33.4 million
Northern Region 40%	\$13.4
Central Region 40%	13.4
S.E. Region 20%	6.7

Total "Bridge" Project Cost	\$925.0 million
Gravina	\$325.0
Knik	600.0
Total Access to Bridges Cost	
Gravina	48.0
Knik	Anc. TIP???

Co-Chair Wilken outlined these figures. While he supports the two bridge projects, his constituents do not support construction of these bridges at the expense of other projects. The net result of these projects would be that the Northern Region is not held harmless for the loss of \$13.4 million annually.

Senator Stedman reaffirmed his objection to the adoption of the amendment. He challenged the annual impact figure of \$33.4 million, stating that the correct amount would be approximately \$23 million. The funding impact of the bridge projects on all areas of the state should be defined. To accomplish this, the bridge projects should be removed from the normal Statewide Transportation Improvement Project (STIP) process. Adoption of this amendment would be premature.

9:02:09 PM

Co-Chair Wilken shared that he had collaborated with the Department to identify the costs to the Northern Region. This issue is "sensitive" to Fairbanks residents. He now asked Mr. Mackinnon whether the flowchart accurately reflects the loss of funding through the National Highway System (NHS) program.

Mr. MacKinnon responded that the costs could be calculated in different ways. The flowchart reflects one method. However, the Department had been notified by the Alaskan congressional delegation that approximately \$20 million of the earmark funds would not have been otherwise appropriated without the existence of the bridge projects.

9:04:37 PM

Senator Bunde pointed out that \$190 million is proposed to be appropriated to the two bridge projects and subsequently, an unintended consequence would be that funding for other projects would not be held harmless. The funding for FY 08 for the bridges would amount to over \$200 million, and represent only the first portion of the total costs necessary. Significant additional funding would be requested in future years.

Co-Chair Green reminded that the legislature instituted the Knik Arm Bridge and Toll Authority and directed it to proceed with the project. The Alaskan congressional delegation has been supportive of this project. As the legislature continues to receive direction from the delegation to further the project, the legislature should not deny the appropriations. A statewide "vision" is necessary to perceive this project rather than calculations made of the funding impacts to each election district.

9:06:12 PM

Senator Stedman distributed a document [copy on file], which reads as follows.

What Do the Bridge Earmarks Actually Cost the NHS?

SAFETEA-LU included just over \$452 million in earmarks in seven separate earmark citations for the two Alaska Bridges - \$223 for Gravina and \$229.4 for Knik. Of the total \$325.4

million consisted of earmarked formula funds, and \$127 million was earmarks in addition to the formula funds Alaska receives - New Money. This "New Money" consists of earmarked funds that Alaska would not have received if it weren't for the Bridge Earmarks.

In November, much of these earmark funds became undesignated to the specific bridge projects, and instead became designated to the Department of Transportation as "non-restricted apportionments."

Governor Murkowski, in preparing the capital budget directed the department to allocate the maximum amount of the re-designated earmarks to the bridges. Through a series of calculations, the total amount subject to change and available for the bridges is \$165 million over the five year life of SAFETEA-LU - \$71.4 for Gravina and \$93.6 for Knik.

This amounts to \$33 million a year of NHS funds going to bridges.

However, when you take into consideration the \$127 million in New Money that made up the earmarks, \$61 million of that went into the \$165 million bridge allocation - that equals only \$104 million of regular formula NHS funds going to the bridges over the five year program - \$20.8 million a year.

In addition to the re-designed earmarks mentioned above, there was an additional \$48 million in Gravina earmark and \$2 million in Knik earmark that was not subject to the re-designation.

Of the \$127 million in New Money Earmarks, 52% was reallocated to other programs, included the AHS and the CTP - this was \$56 million in New, non-NHS Money.

The 2006 Capital budget appropriated almost \$180 million in general funds to transportation projects statewide. This included \$56 million to Anchorage, \$27 million to Mat-Su, \$17 million to the Kenai Peninsula and \$44 million to northern region. Much of this \$180 million went into NHS projects.

[Note: This document also includes a pie chart that depicts the following:

NHS Average Annual Target	\$73.3
New Money Earmarks	12.
Gravina + Knik Earmarks	20.8]

Co-Chair Wilken remarked that the congressional earmark was removed and the money was allocated to the State to appropriate the funding as the legislature deemed appropriate. Funding

appropriated to the bridge projects would result in reduced funding to other areas of the state. Were the funding be appropriated to these projects, other projects statewide would be negatively impacted for the next five years.

[9:09:02 PM](#)

Senator Olson asked the number of other projects that were given a priority lower than that of the bridge projects and would not receive funding.

Mr. MacKinnon listed the number as "a dozen" statewide. He qualified that a misconception exists that certain projects would have been otherwise funded.

Senator Bunde warned of future situations in which federal funding could be reduced and general funds would be needed to offset the losses.

A roll call was taken on the motion.

IN FAVOR: Co-Chair Wilken and Co-Chair Green

OPPOSED: Senator Dyson, Senator Stedman, Senator Bunde, Senator Hoffman and Senator Olson

The motion FAILED (2-5)

The amendment FAILED to be adopted.

[9:11:05 PM](#)

DOT/PF #13: This amendment inserts a new bill section to read as follows.

Sec. A. PURPOSE OF DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES APPROPRIATIONS. Notwithstanding any appropriation in this Act of federal funds for the Juneau access improvement project, federal funds received under 23 U.S.C. 218 may not be used for the Juneau access improvement project.

This amendment, sponsored by Senator Hoffman, was NOT OFFERED.

[9:11:18 PM](#)

DOT/PF #14: This amendment deletes the Parks Highway (HD 12) component from the Transportation Initiative BRU and the \$10.5 million general fund appropriation to that component on page 83, line 16.

This amendment also adds a new Parks Highway (MP 185-192) (HD 12) component and a \$2.5 million appropriation to that component; and adds a new Parks Highway (MP 351-356) (HD) component and \$8 million appropriation to that component to the Transportation Initiative BRU.

Accompanying explanatory language reads as follows.

The amendment reallocates \$8,500 of the funding for the Parks Highway (MP 185-192) project to the Parks Highway (MP 351-356) project that is ready to bid and would allow for construction this summer. The MP 185-192 is not ready for construction this summer.

Co-Chair Wilken moved for adoption.

Co-Chair Green objected.

Co-Chair Wilken overviewed the explanatory statement, noting that the Department supports this change.

Mr. MacKinnon informed that the cost of the Chilitna project, located at mile post 351 through 356 would be \$10.5 million total. However, the project was not ready for construction to begin.

Co-Chair Green surmised this amendment would have a fiscally neutral impact.

Co-Chair Green withdrew her objection to the adoption of the amendment.

Without further objection the amendment was ADOPTED.

[9:13:17 PM](#)

University of Alaska

UNIV #1: This amendment adds a new Community Campuses Renewal component and appropriates \$16,435,000 general funds to that component. Accompanying explanatory language reads as follows.

This funding provides fundamental facility renewal at nine community campus sites. This capital budget request is within the Board of Regents' Highest Priority Capital funding request "Maintaining Existing Facilities and Equipment." In addition to those priority projects described in the UA "Redbook" page 29-30, this amount covers a second floor classroom addition to the Bethel Campus facility.

#### Community Campuses Renewal

This request will provide urgently needed funding to perform renewal and renovation to structural and mechanical systems on the University's aging community campus facilities and roadways. The nine highest priority projects are:

- UAF Community Campus Facility Roof, Heating and Structural Renewal  
(Chukchi - GF: \$338.1, IAC - GF: \$717.1, Kuskokwim - GF: \$2,816.4, Northwest - GF: \$250.9, Palmer - \$77.5, Total: \$4,200.0)

Critical needs include issues such as repairing railings and boardwalks, roof repair, upgrading electrical systems, boiler replacements, interior wall finishes, floor finishes, ventilation issues and exterior rehabilitation. The Kuskokwim amount includes funding necessary for immediate campus renewal as well as funding to add a classroom into the existing campus facility.

Kuskokwim Campus is the largest UAF rural campus. It serves Bethel and 46 remote villages in the Wade-Hampton and Bethel census areas. KUC has been key in UA's ability to meet its goal of doubling the number of nursing graduates and training students for allied and behavioral health positions in that region. The campus facility requires major maintenance as well as additional adequate classroom space. The added space will accommodate the added programs, student and faculty needs.

- UAA PWSCC Campus Renewal (GF: \$2,000.0)

This project will address various mechanical, ventilation, plumbing, electrical and telecommunication system repairs and upgrades.

- UAF TVCC 604 Barnette Exterior Envelope, HVAC and Electrical Revitalization (GF: \$4,390.0)  
This covers the immediate need for architectural revitalization of the third and fourth floors to allow occupancy. The long-term project replaces the aged mechanical and electrical systems within the old Fairbanks Courthouse, upgrades the exterior envelope, and completes seismic corrections, as well as revitalizes the interior spaces to meet TVC's rapidly expanding program needs.
- UAA Kodiak College Campus Renewal (GF: \$2,500.0)  
The projects included in this request are remodeling, improving space efficiency, fixed equipment replacement, and renewal of electrical and mechanical systems.
- UAA Mat-Su College HVAC and Boiler Replacement (GF: \$1,000.0)  
The existing air handling unit has been used to supply air to the original Jalmar M. Kerttula Building, an addition and several remodeled spaces. Replacement of the air handling unit and boiler would create a more comfortable work and study environment and meet current code requirements and reduce maintenance costs.
- UAA Kachemak Bay Campus Renewal (GF: \$500.0)  
The next phase of renewal and expansion for campus programs involves replacement of the original building roof and remodel of the Arts program classroom, including renewal of specialized furnishings and equipment for Art.
- UAA KPC Kenai River Campus Renewal (GF: \$645.0)  
The projects included in this request are remodeling, fixed equipment replacement, renewal of electrical and mechanical systems, and renewal of campus signage.
- UAA Mat-Su College Campus Renewal (GF: \$400.0)  
The projects included in this request are remodeling, fixed equipment replacement, and renewal of electrical and mechanical systems.
- UAA Mat-Su Exterior Parking/Road/Circulation Renewal (GF: \$800.0)

This project will provide paving and signage to the unimproved parking lot east of the Snodgrass building and associated lighting. A new secondary access loop road along the east side of campus will provide better vehicle flow and access to all parking lots. The existing pedestrian bridge will be enclosed to increase pedestrian comfort and safety. A new fire road on the southern side of FSM/OLB is required to meet fire access requirements.

Senator Hoffman announced that this amendment would be NOT OFFERED.

UNIV #2: This amendment adds a new UAF Community Campuses Renewal component and appropriates \$4.2 million general funds to that component. Accompanying explanatory language reads as follows.

This is funding for fundamental facility renewal at UAF rural campus sites. This capital budget request is within the Board of Regents' Highest Priority Capital funding request "Maintaining Existing Facilities and Equipment." In addition to the "UAF Community Campus Facility Roof, Heating and Structural Renewal" projects described in the UA "Redbook" page 29, this amount covers a second floor classroom addition to the Kuskokwim (Bethel) Campus facility.

UAF Community Campus Facility, Roof, Heating and Structural Renewal  
(Chukchi - GF: \$338.1, IAC - GF: \$717.1, Kuskokwim - GF: \$2,816.4, Northwest - GF: \$250.9, Palmer - \$77.5, Total: \$4,200.0)

This request will provide urgently needed funding to perform renewal and renovation to structural and mechanical systems on the University's aging UAF's rural campus facilities. Critical needs include issues such as roof repair, upgrading electrical systems, boiler replacements, interior walls, floors, ventilation issues and exterior rehabilitation. The Kuskokwim amount includes funding necessary for immediate campus renewal as well as funding to add a second floor classroom within the existing campus facility. This classroom addition provides 5,000 GSF to the campus.

Kuskokwim Campus is the largest UAF rural campus. It serves Bethel and 46 remote villages in the Wade-Hampton and Bethel census areas. KUC has been key in UA's ability to meet its goal of doubling the number of nursing graduates and training students for allied and behavioral health positions in that region. The campus facility requires major maintenance as well as additional adequate classroom space. The added space will accommodate critical high demand programs including nursing, personal care assistant, certified nurse assistant, early childhood development, boiler maintenance, and office management. Availability of these programs in this region is making an impact in keeping people in the region employed in the region. This space will accommodate the growing student body and faculty needs.

Providing major renewal funding for campus facilities is an on-going need. The projects included above address the most critical renewal needs. It is important to note that the UA six-year plan includes \$12 million to address the full scope of major maintenance needs at the UAF rural campus and UA has a list totaling \$440 million in deferred maintenance and renewal needs for the entire statewide system. Adequate annual funding for facility major renewal and replacement is necessary.

Senator Hoffman moved for adoption.

Co-Chair Green objected.

Senator Hoffman described the several projects that would be undertaken were this funding appropriated.

[9:14:22 PM](#)

Senator Stedman understood the capital budget for the University would be approximately \$100 million in FY 07.

Co-Chair Green estimated the amount to be approximately \$89 million.

Co-Chair Wilken clarified that the amount is not exclusively comprised of general funds, but rather includes university receipts, federal funds and other funding.

Co-Chair Green noted that general funds are included.

Senator Bunde questioned the disparity in the amounts needed for maintenance of the Chukchi Campus compared to the larger Palmer Campus.

Co-Chair Green established the figures are the amounts cited by the Board of Regents.

A roll call was taken on the motion.

IN FAVOR: Senator Olson, Senator Hoffman and Co-Chair Green

OPPOSED: Senator Dyson, Senator Stedman, Senator Bunde and Co-Chair Wilken

The motion FAILED (3-4)

The amendment FAILED to be adopted.

AT EASE [9:17:01 PM](#) / [9:21:36 PM](#)

Language Section

LANG #1: This amendment inserts new bill sections to read as follows.

Sec. 8. DEPARTMENT OF ADMINISTRATION. (a) The sum of \$200,000 is appropriated from the public employees retirement system fund to the Department of Administration for costs of an investigation related to potential litigation on behalf of the public employees' retirement system (AS 39.35) for the fiscal years ending June 30, 2006, and June 30, 2007.

(b) The sum of \$200,000 is appropriated from the teachers retirement system fund to the Department of Administration for costs of an investigation related to potential litigation on behalf of the teachers' retirement system (AS 14.25) for the fiscal years ending June 20, 2006, and June 30, 2007.

Sec. 10. The appropriations made by sec. 8 of this Act take effect immediately under AS 01.10.070(c).

Co-Chair Green moved for adoption. She informed that the House Ways and Means Committee was considering pursuing litigation against the actuary that formally was contracted by the State to provide actuarial data. This amendment would provide funding to determine the feasibility of such legal action.

Co-Chair Green announced the amendment would be AMENDED to provide an effective date of May 10, 2006 for the provisions of the new section.

Senator Stedman surmised this funding would be utilized to contract an expert not employed by the Department of Law.

There was no objection and the amended amendment was ADOPTED.

[9:23:20 PM](#)

AT EASE [9:23:31 PM](#) / [9:24:01 PM](#)

LANG #2: This amendment inserts a new subsection (c) to Section 23. DEPARTMENT OF HEALTH AND SOCIAL SERVICES., on page 110, line 4 to read as follows.

(c) The sum of \$150,000 is appropriated from the principal of the Alaska Children's Trust pursuant to AS 37.14.240(d), to the Department of Health and Social Services, children's trust programs, for administrative purposes of the Trust for the fiscal year ending June 30, 2007.

Accompanying explanatory language reads as follows.

The Department of Health and Social Services recently received a letter from the Alaska Children's Trust requesting expenditure authorization from the legislature for the use of \$150,000 from the Trust's principal for administrative expenses, including investment services provided by the Department of Revenue. This request is made pursuant to AS 37.14.240(d), which reads:

(d) Up to \$150,000 per year may be appropriated from the principal of the trust for the administrative expenses of the board relating to AS 37.14.200 - 37.14.270. By using funds from the Trust's principal for administrative purposes, we will be able to reserve the use

of interest income generated by the Trust for grant making and other activities.

This amendment sponsored by Co-Chair Green "as requested" was NOT OFFERED.

LANG #3: This amendment adds a new subsection to Section 24. DEPARTMENT OF LAW, on page 110, line 12, to read as follows.

(c) The sum of \$3,671,200 is appropriated to the Department of Law, civil division, deputy attorney general's office, to pay claims against the state for the fiscal year ending June 30, 2006, from the following sources in the amounts stated:

General Fund	\$3,668,400
Public school trust fund (AS 37.14.110)	2,800

A notation reads, "(Needs an effective date of May 10, 2006.)" Accompanying explanatory language reads as follows.

Funds to pay legal claims against the State of Alaska that have been finalized.

[NOTE: This amendment was submitted by the co-chair's staff without a designated sponsor.]

Co-Chair Green moved for adoption.

Senator Bunde asked the purpose of this amendment.

Co-Chair Green responded that this funding request pertains to judgments and claims.

[9:24:41 PM](#)

JOAN BROWN, Chief Budget Analyst, Office of Management and Budget, Office of the Governor, testified that this item actually pertains to claims and settlements rather than judgments. A judgment is determined by the court; a settlement is determined by the parties outside the court.

The amendment was ADOPTED without objection.

LANG #4: This amendment inserts a new subsection to Section 13. FUND TRANSFERS., on page 105, line 11 to read as follows.

(-- ) The sum of \$182,700,000 is appropriated from the general fund to the power cost equalization endowment fund (AS 42.45.070).

This amendment also makes conforming changes to include reference to the new subsection of Section 13 in the language of subsection (a) of Section 55. LAPSE., on page 128 line 9.

This amendment also provides for an effective date of June 30, 2006 to the provisions of the new subsection of Section 13.

This amendment also inserts a new subsection (e) to Section 53. CONTINGENCY., on page 127, line 53 to read as follows.

(e) The appropriation made in sec. 13(-- ) of this Act is contingent upon there being an amount equal to or greater than the appropriation made by sec. 13(-- ) as an unappropriated balance of the operating general fund (state accounting system number 11100) on June 30, 2006.

Co-Chair Green moved for adoption.

Senator Bunde objected to request an explanation.

[9:26:24 PM](#)

CHERYL FRASCA, Director, Office of Management and Budget, Office of the Governor, testified that this appropriation to the power cost equalization (PCE) endowment fund would fully fund future operation of the PCE program at approximately \$25 million annually.

[9:27:16 PM](#)

Senator Bunde maintained his objection. Although, the PCE program benefits many, he preferred that the appropriation be reviewed annually.

[9:27:54 PM](#)

Co-Chair Wilken calculated that seven percent of the \$366 million balance of the endowment fund would be required to fund the PCE program; however, interest earnings from the fund are only five percent. This discrepancy would make the fund

unsustainable and future legislative appropriations would be requested.

Co-Chair Wilken spoke against beginning consideration of this request so late in the legislative session. The matter requires more review and discussion.

[9:29:02 PM](#)

Ms. Frasca noted that the effective date of this appropriation would be contingent upon verification in FY 06 of sufficient revenues in the general fund to cover this appropriation after all other appropriations were made.

Senator Stedman asked if the amount was calculated as the balance of the general fund at the conclusion of FY 06. If so, he asked if the funds could be expended in another manner, such as for education or "forward funding".

Ms. Frasca responded that this appropriation would occur before the conclusion of FY 06 due to a provision in separate legislation, SB 230 Fast Track Supplemental Appropriation, that requires the balance of the general fund to be deposited to the Public Education Fund.

[9:30:57 PM](#)

Senator Bunde understood therefore that if the approximately \$182 million FY 06 general fund balance were not appropriated under this amendment, it would be deposited to the Public Education Fund.

[9:32:06 PM](#)

Ms. Frasca had the same understanding.

Senator Bunde supported allocation of the funds for education versus PCE.

Co-Chair Wilken reminded that the endowment was created in 1999 as part of negotiations to secure the three-quarter majority vote of both bodies of the legislature required to authorize a withdrawal from the Constitutional Budget Reserve (CBR) fund for the purposes of balancing that year's budget. At that time, \$188 million was transferred from the CBR into the endowment.

Senator Olson furthered that the remaining necessary funds to operate the endowment should have been received from the proceeds of the Four Dam Pool project, which has experienced difficulties.

AT EASE [9:33:15 PM](#)

Co-Chair Green offered a motion to amend the amendment to delete "June 30, 2006" and insert "June 29, 2006" to the language of the new Section 53(e).

The amendment was AMENDED with no further action necessary, as the motion to amend was offered by the sponsor of the amendment.

Senator Bunde maintained his objection to the adoption of the amendment.

Senator Olson asked the impact of the change of contingency effective date.

Co-Chair Green responded that the date change would allow for the funds to be appropriated to the PCE endowment fund without dispute.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Olson, Senator Stedman and Co-Chair Green

OPPOSED: Senator Bunde, Senator Dyson and Co-Chair Wilken

The motion PASSED (4-3)

The amendment as amended was ADOPTED.

[9:34:35 PM](#)

#### Fiscal Notes

FIS NOT #1: This amendment inserts a new subsection to Section 27. DEPARTMENT OF REVENUE., on page 111, line 31, to read as follows.

(-- ) The sum of \$275,000 is appropriated to the Department of Revenue, tax division for increased operating costs for the fiscal year ending June 30, 2006.

This amendment also includes reference to the aforementioned new subsection in the language of Section 56(b), on page 128, line 11, to provide for a May 10, 2006 effective date for the new subsection.

This amendment also inserts a new subsection [presumably to Section 53. CONTINGENCY., on page 127 line 20; however the actual language of the amendment directs the new subsection to be inserted in "sec. 44, Contingency" although Section 44 pertains to HOUSE DISTRICT 39] to read as follows.

(-- ) The appropriation made by sec. 27(-- ) of this Act is contingent upon passage by the Twenty-Fourth Alaska State Legislature and enactment into law of a version of SB 305 or HB 488.

Co-Chair Green moved for adoption and explained that the additional appropriation would be made to the Tax Division provided that a change is enacted to the method in which oil and gas taxes are levied.

There was no objection and the amendment was ADOPTED.

FIS NOT #2: This amendment inserts a new subsection to Section 27. DEPARTMENT OF REVENUE., on page 111 line 31 to read as follows.

(-- ) The sum of \$167,000 is appropriated to the Department of Revenue to integrate the Regional Education Attendance Areas tax into the tax accounting system.

This amendment also inserts a new subsection to Section 53. CONTINGENCY., on page 127 line 20 to read as follows.

(-- ) The appropriation made by sec. 27(-- ) of this Act is contingent upon passage by the Twenty-Fourth Alaska State Legislature and enactment into law of a version of SB 112.

This amendment also specifies that the appropriation made in the new subsection added to Section 27 is for a capital project and

would lapse under AS 37.25.020. [Note: The actual language of the amendment instructs this provision to be included in Section 56(b), which pertains to effective dates. Section 55 pertains to lapse dates.]

Co-Chair Green moved for adoption.

Co-Chair Wilken objected to clarify that this amendment relates to SB 112.

Co-Chair Wilken removed his objection.

The amendment was ADOPTED without further objection.

[9:36:14 PM](#)

FIS NOT #3: This amendment inserts a new bill section to read as follows.

Sec. XX. ALASKA COURT SYSTEM. The sum of \$5,741,300 is appropriated to the Alaska Court System for the remodel and expansion of the Kenai and Fairbanks courthouses and the remodel of the Anchorage courthouse.

This amendment also inserts a new subsection to Section 53. CONTINGENCY., on page 127 line 20, to read as follows.

(-- ) The appropriation made by sec. XX of this Act is contingent upon passage by the Twenty-Fourth Alaska State Legislature and enactment into law a version of SB 237.

This amendment also inserts reference to the new bill section in the language of subsection (b) of Section 55. LAPSE., to stipulate that the appropriation made in the new bill section would be considered a capital project and would lapse under AS 37.25.020.

Co-Chair Green moved for adoption. She offered an amendment to change the amount of the appropriation to \$7,149,300. She stated the original amount was an error.

The amendment was AMENDED, being that it was offered by the sponsor of the amendment and no further action was required.

[9:37:00 PM](#)

CHRIS CHRISTENSEN, Deputy Administrative Director, Alaska Court System, testified that these funds would allow for the addition of six new judge positions. The drafter of the amendment incorrectly utilized an outdated appropriation amount from a previous fiscal note.

There being no objection the amendment was ADOPTED.

AT EASE [9:37:57 PM](#) / [9:39:37 PM](#)

Technical #1: This amendment to the committee substitute Version "L", deletes the language of subsection (a) of Section 32. HOUSE DISTRICTS 1-14., on page 115, lines 14 through 17. The deleted language reads as follows.

(a) The sum of \$37,500 is appropriated from the general fund to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.316 to the Alaska Moving Image Preservation Association, Inc., for the preservation of historic film.

This amendment also deletes Section 37 on page 117, lines 26 through 29. The deleted language reads as follows.

Sec. 37. HOUSE DISTRICTS 6-11. The sum of \$960,000 is appropriated from the general fund to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.316 to the Family Centered Services of Alaska, Inc., for construction of six new therapeutic youth homes.

This amendment also deletes Section 42 and Section 43 on page 120, lines 7 through 14. The deleted language reads as follows.

Sec. 42. HOUSE DISTRICTS 13-16. The sum of \$500,000 is appropriated from the general fund to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.316 to the Alaska Family Services, Inc., for partial construction of the family services complex.

Sec. 43. HOUSE DISTRICTS 17-32. The sum of \$5,000 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 Municipality of Anchorage for Camp Fire USA, Inc., lease payments.

Accompanying explanatory language reads, "These are included in section 1".

This amendment also increases the appropriation made in Section 32(b) on page 115, line 18 through 20, from \$20,000. The amended language reads as follows.

(b) The sum of \$20,000,000 is appropriated from the general fund to the Department of Administration for statewide administrative system replacement phase I - human resources and payroll.

Co-Chair Green moved for adoption. This amendment would delete four duplicate appropriations.

[9:41:08 PM](#)

Co-Chair Green furthered that the change to Section 32(b) is necessary to correct a typographical error. It also changes the funding source from Master Lease Line of Credit, which would save \$2.7 million per year in interest.

No further action was taken on this amendment, although it was assumed that the Committee intent was that the amendment be ADOPTED.

AT EASE [9:42:06 PM](#)

Co-Chair Green announced that the Division of Legal and Research Services would be allowed to correct discrepancies between the amendments that were adopted and the committee substitute.

[9:42:53 PM](#)

Department of Commerce, Community and Economic Development  
(continued)

COMMERCE #13: This amendment adds a new Saint Mary's Training Center Renovation (HD 39) component to the Grants to Named Recipients (AS 37.05.316) BRU, and appropriates \$1,927,500 general funds to that component.

[Note: A motion was made to adopt this amendment earlier in the meeting. The motion was held.]

Senator Olson asserted that the residents of the community of St. Mary request these funds for the renovation of the training facility.

[9:43:47 PM](#)

Senator Bunde objected. While he was appreciative of the community effort for this project, \$182 million would be appropriated statewide for the PCE program. The State could not afford the additional appropriation to Rural Alaska at this time.

Co-Chair Wilken reminded of pending legislation, HB 16 that relates to boarding schools, training schools and preparatory schools. The proposed project would also have residential housing and should be considered in conjunction with other such educational facilities. Although the proposed facility located at St. Mary's is worthwhile, others also merit attention. A new boarding school should not be created until a statewide model is established to ensure the best education at the most affordable expense.

Co-Chair Wilken congratulated the residents of St. Mary's for their efforts in operating as a first class city, especially given that the community is located in one of the poorest regions of the state.

Senator Olson commented that to not assist this community's efforts in supporting an economy and contributing to its local operating and educational costs would discourage the residents. Such action would provide a disincentive to other communities considering organization of a municipal government to establish a tax structure.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Bunde, Senator Dyson, Senator Stedman Co-Chair Wilken and Co-Chair Green

The motion FAILED (2-5)

The amendment FAILED to be adopted.

9:46:35 PM

Co-Chair Wilken directed attention to Section 55. RAILBELT ENERGY FUND., of the "L" Version committee substitute. He noted that \$72 million would be expended for this program, with the anticipation that the debts would be paid. However, not all affected parties would be included in this appropriation. One producer, two major customers and other minor, yet important customers would not receive funding under this provision. Some would incorrectly argue that he expected that the Golden Valley Electric Association should also receive an appropriation. This is not the issue.

Co-Chair Wilken asserted that this appropriation would be an "ill-fated attempt to fire up the Healy Clean Coal Plant." If the Homer Electric Association were successful in utilizing the \$30 million allocated for this purpose, the plant would produce the most expensive power on the intertie. This is due to faulty technology, which has failed in the past and has proven dangerous. The equipment is one-of-a-kind; no spare parts exist and it is no longer supported by the manufacturer.

Co-Chair Wilken furthered that the proposed plant has no power sales agreement. Consequently, consumers located along the intertie would be forced to pay the high cost of this power to enable the plant to continue operations.

Co-Chair Wilken remarked that the State had already invested \$300 million in this effort, although "it doesn't work and it won't work." Additional appropriations for this project must involve full review and discussion "in the light of day."

Co-Chair Wilken contended that instead, an opportunity would be lost to transfer the plant back to the Joint Action Agency comprised of all producers to allow them to retrofit the facility with conventional technology. The producers are able to do this and subsequently produce inexpensive power. The Golden Valley Electric Association would invest \$12.5 million in conjunction with other investments to participate in achieving this goal.

Co-Chair Wilken warned that although members of the Senate had been silent on the provisions of Section 55, it would be challenged in the House of Representatives. He suggested consideration be given to the best interest of all parties of the Railbelt Energy program rather than only to those "able to put deals together". All parties should be allowed to participate to produce the least expensive power for consumers located between Homer and Fairbanks.

AT EASE [9:50:37 PM](#) / [9:51:09 PM](#)

Co-Chair Green responded that it was her understanding that "all players were contacted and asked to come to the table on this". She informed that, "68 percent of the railbelt consumers [are] included in this appropriation and that one chose not to participate in an equitable way is certainly discussion that they can handle among themselves."

Co-Chair Wilken acknowledged the impact of the budget process on Ginger Blaisdell, staff to Co-Chair Green.

Co-Chair Green thanked all who were involved in this legislation for their efforts.

Co-Chair Wilken offered a motion to report CS SB 231, 24-GS2034\L, as amended from Committee with individual recommendations.

There being no objection, CS SB 231 (FIN) was REPORTED from Committee.

#

**ADJOURNMENT**

Co-Chair Lyda Green adjourned the meeting at [9:53:49 PM](#)