

HOUSE FINANCE COMMITTEE
March 26, 2007
3:04 P.M.

CALL TO ORDER

Co-Chair Chenault called the House Finance Committee meeting to order at [3:04:26 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Harry Crawford
Representative Les Gara
Representative Mike Hawker
Representative Reggie Joule
Representative Mike Kelly
Representative Mary Nelson
Representative Bill Thomas Jr.

MEMBERS ABSENT

Representative Richard Foster

ALSO PRESENT

Sharon Kelly, Staff, Representative Mike Chenault; Ray Riutta, Executive Director, Alaska Seafood Marketing Institute; Amanda Ryder, Fiscal Analyst, Legislative Finance Division

SUMMARY

HB 19 An Act relating to ignition interlock limited driver's license privileges.

HB 19 was SCHEDULED but not HEARD.

CS SB 82(FIN) An Act making supplemental appropriations and other appropriations; amending the lapse dates of certain appropriations; and providing for an effective date.

CS SB 82 (FIN) was reported out of Committee with a "do pass" recommendation.

[3:05:39 PM](#)

#SB82

CS FOR SENATE BILL NO. 82(FIN)

An Act making supplemental appropriations and other appropriations; amending the lapse dates of certain appropriations; and providing for an effective date.

Co-Chair Chenault stated that he intended to move the bill from Committee at this meeting.

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SHARON KELLY, STAFF, REPRESENTATIVE & CO-CHAIR MIKE CHENAULT, explained that the committee substitute represents the contents of the oil and gas supplemental exactly as proposed by the Governor with one addition and some conditional appropriation language. She directed comments to the addition.

Section 5 contains the supplemental request for Alaska Seafood Marketing Institute (ASMI), which was contained in Section (1) (a) of HB 139, the regular supplemental under time sensitive items. The original funding for the supplemental was incorrect in that it proposed to recover Receipt Support Services funding from previous years and therefore indicated the \$2 million dollars as non-General Funds. Unfortunately, those monies were swept at the year-end and there is no way to recover it. In order to repay ASMI, the funding source should be listed as General Funds.

Ms. Kelly spoke to the conditional language, noting concern indicated on the Senate side that the funds in Section 2, \$6,550 thousand dollars to Department of Natural Resources, relates to Alaska Gas Inducement Act (AGIA) & should have been funded in a fiscal note rather than through the proposed bill. In response to that concern, contingency language was added in Section 8, which makes the appropriation contingent on the passage of AGIA or other similar legislation passed by the 25th Alaska State Legislature. Those items were previously presented to the House Finance Committee on February 27th and 28th as HB 138 and 139.

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Representative Hawker pointed out that Section 8 provides the contingency on bill policy related issues and is a reasonable compromise. He noted support.

Representative Gara pointed out that Section 5 appropriates \$576 thousand dollars of program receipts to ASMI for the current year. He noted that including the supplemental requested dollars, what was the total received by ASMI.

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RAY RIUTTA, EXECUTIVE DIRECTOR, ALASKA SEAFOOD MARKETING INSTITUTE (ASMI), discussed that the funding was for this year's budget. It is receipts received last year and would increase this year's total spending by \$2 million dollars to support a marketing campaign began last fall.

Representative Gara recalled that an amendment passed last week during discussion on the operating budget, which increased the ASMI funding by \$1.75 million dollars. Mr. Riutta noted that funding plus the requested amount would provide for television (TV) advertising.

Representative Gara referenced Page 3, Line 3, the sum of \$1.4 million dollars appropriated to ASMI for a national consumer marketing campaign. He questioned the total increased funding to ASMI budget. Mr. Riutta responded that the total for this year's supplemental request is \$2 million dollars, which are receipts accumulated over time. Next year's budget dollars are for next year's anticipated budget and will allow the Division to continue advertising activities.

Representative Gara worried about the combined total funding for ASMI. Mr. Riutta explained the amount was needed to fund activities scheduled for the rest of this year, including TV time, which must be purchased months ahead. If it is not funded, ASMI will lose the fall promotions.

Representative Kelly emphasized that ASMI is not "double dipping". The funding carries out the receipt authority problem from the current year; the increment is required in order to access the receipt authority funds. ASMI has determined to use the dollars to fund their TV campaign.

Representative Gara requested further clarification, asking what had been appropriated in the current year's budget. Representative Kelly stated that there was \$1 million in General Fund dollars for both years. Those numbers have stayed consistent. There were funds collected and they [ASMI] does not have the authority to expend the funds unanticipated for collection without the supplemental request. There would be no increase to the General Fund allocation.

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In response to Representative Gara, Mr. Riutta added that the funds had been provided by the industry from self-assessment to pay for advertising.

[3:18:07 PM](#)

AMANDA RYDER, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, explained that from FY93 through FY07, the ASMI finance

officer has determined that they had been under-collecting on receipts. They determined there was \$1.4 million dollars that should have been collected - a windfall for ASMI. The Department of Revenue indicated that those dollars should be given to ASMI now. ASMI is requesting the authority to spend those dollars now. In addition to the money they should have been collecting, they had about \$500 thousand dollars more in receipts in FY07 than anticipated. ASMI is requesting to spend all those dollars in FY08. They have more dollars to spend than anticipated. The FY08 dollars were requested as a replacement for the statutorily designated program receipts. Their overall budget should be level.

Representative Gara reiterated concerns with the doubling of that budget using General Fund monies. He asked the source of the funding & if it would be available next year. Ms. Ryder clarified that it was all self assessed money; the money was actually requested as receipt supported services. It must be claimed as General Funds since it originated back in FY93 forward and had been swept into the Capital Budget Reserve (CBR).

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Vice Chair Stoltze agreed that ASMI has more advertising potential than they could ever afford. He supported the funding request and thought it was self assessed. He stated it would help ASMI "catch up with the important aspects of marketing".

Representative Crawford asked if it was normal to find such "sweeping". Ms. Ryder replied it is the "normal" carry forward language and that since FY02, the language had not been included. Any remaining balance at the end of the fiscal year gets swept into the CBR. Even if ASMI had the carry forward language inserted, it would have been considered "swept".

Representative Gara asked for an estimate of the percentage of fishery taxes that stay in the General Fund and the amount that goes back to the industry. Mr. Riutta did not know the exact numbers but thought a significant portion stays in. He offered to research those amounts.

[3:25:47 PM](#)

PUBLIC TESTIMONY CLOSED.

Vice Chair Stoltze MOVED to REPORT CS SB 82 (FIN) out of Committee with individual recommendations. There being NO OBJECTION, it was so ordered.

CS SB 82 (FIN) was reported out of Committee with a "do pass" recommendation.

RECESSED: [3:26:41 PM](#)
RECONVENED: [3:26:48 PM](#)

#HB19
HOUSE BILL NO. 19

An Act relating to ignition interlock limited driver's license privileges.

Co-Chair Meyer stated that HB 19 would be HELD until the next scheduled meeting on 3/24/07.
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ADJOURNMENT

The meeting was adjourned at 3:27 P.M.