

\*\*\*\*THERE IS NO AUDIO FOR THIS MEETING\*\*\*\*

HOUSE FINANCE COMMITTEE  
March 19, 2008  
8:34 a.m.

CALL TO ORDER

Vice Chair Stoltze called the House Finance Committee meeting to order at [8:34:14 AM](#).

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 Bill Thomas Jr.

MEMBERS ABSENT

Representative Richard Foster  
Representative Mary Nelson

ALSO PRESENT

Dwayne Peeples, Deputy Commissioner, Department of Corrections; Jerry Burnett, Director, Division of Administrative Services, Department of Revenue.

PRESENT VIA TELECONFERENCE

There were no teleconference participants.

SUMMARY

HB 311 "An Act making appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

HB 311 was heard and HELD in Committee for further consideration.

#hb311

HOUSE BILL NO. 311

"An Act making appropriations, including capital appropriations, supplemental appropriations, and

appropriations to capitalize funds; and providing for an effective date."

## **DEPARTMENT OF CORRECTIONS**

Request #45637

Statewide Annual Facilities Maintenance and Repairs  
\$3 million

DWAYNE PEEPLES, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, observed that the Department of Corrections is responsible for maintaining 117 state-owned buildings. A majority of the buildings are over 20 years old. Maintenance, renovation, repair and replacements are required to keep facilities secure and safe. He noted that repairs would occur at: Anvil Mountain (Nome), Anchorage, Fairbanks, Hiland Mountain (Eagle River), Ketchikan, Lemon Creek (Juneau), Palmer, Spring Creek (Seward), Wildwood (Kenai), Yukon-Kuskowim (Bethel), and Point MacKenzie Farm.

Co-Chair Chenault asked if the Anchorage Complex temperature Control system was still in the budget.

[8:38:41 AM](#)

Mr. Peeples said he believed it was.

[8:38:58 AM](#)

Representative Gara asked if any of the requests provide additional cell space and what the current demands are. Mr. Peeples said the request does not include funds for increased cell space.

Representative Gara asked if there was going to be requests for the needed bed space.

Mr. Peeples said there were requests to add beds at Palmer, Spring Creek and Wildwood. Currently Wildwood is the only facility left in the budget. There are 3 projects: Bethel, Spring Creek, Pt. MacKenzie. Mr. Peeples said he expected there would be requests for funds for Spring Creek and Wildwood.

[8:41:00 AM](#)

Representative Gara asked where the three mentioned facilities were. Mr. Peeples explained that the Pt. MacKenzie facility expansion of 1536 beds was currently under preliminary design phase.

Representative Gara questioned if the project is definitely moving forward. Mr. Peeples said the project is tentative depending on the sale of bond.

[8:42:10 AM](#)

In response to Representative Gara Mr. Peeples said there would be continued requests as outlined in the 2004 fiscal note for SB 65.

Representative Gara asked for the last 10 years of operation costs.

Representative Kelly requested the increased bed count over the last 10 years.

[8:43:30 AM](#)

Co-Chair Chenault referenced the chart and asked about fund break down for Request #45637.

Mr. Peeples reviewed the request by project (see page 2, copy on file).

[8:46:04 AM](#)

Request #41515  
Statewide Institutional Equipment Replacement  
\$1 million

Mr. Peeples reviewed request #41515. He observed that the Department of Corrections has approximately \$14.3 million in state-owned equipment. The project funds the replacement of antiquated capital equipments and includes some new purchases for maintenance, grounds keeping, snow removal, and kitchen equipment.

Request #45248  
Medical Equipment Replacement  
\$133.7 thousand

Mr. Peeples reviewed request #45248. He explained that the project would fund replacement of essential medical and dental equipment.

[8:47:09 AM](#)

Representative Thomas said there were funds put in the budget for dentistry equipment and wanted to know if the department would support these funds. Mr. Peeples acknowledged dental equipment system wide is considered sub par.

Representative Thomas pointed out that the x-ray machine takes much longer than current technology, which limits the amount of patients a dentist can see. Dentists are paid by time not patients. He emphasized that by purchasing up to date equipment a dentist could serve more patients more efficiently and save the state money.

Mr. Peeples acknowledged Representative Thomas' remarks.

[8:49:13 AM](#)

Request #41516  
Community Jail Repair, Renovation and Equipment  
\$200.0 thousand

Mr. Peeples observed that the project would fund repairs and renovations of local community jail facilities. Fifteen local communities operate jails that handle up to 153 prisoners per day.

Representative Hawker asked if the department could provide and amount of cash flow needed to fund all the needed space over the next 10 years. Mr. Peeples said the total amount is approximately \$1 billion and outlined specific project amounts. He further pointed out that if current bed demands are met there would be an increase in cost beyond the \$1 billion.

Representative Hawker asked what occupancy rate was used when determining the costs at \$1 billion. Mr. Peeples said that the calculations were based on a 250 bed growth per year as expressed in the 2004fiscal note for SB 65.

[8:52:11 AM](#)

Representative Kelly asked what the original desired amount was for construction, renovation, and repair. Mr. Peeples responded the amount was \$100 million.

[8:52:49 AM](#)

Request #45247  
Information Technology Systems Implementation and  
Replacement  
\$1,750.0 million

Mr. Peeples explained that the request would replace the Offender Tracking Information system (OTIS). The current system was never fully debugged or tested and was deployed with missing and non-functioning elements. A presentation services web interface was developed by Idaho, as a project within the National Consortium of Offender Management System (NCOMS), including Alaska. The department plans to take the new format and adapt it to Alaska's system.

8:54:42 AM

Vice-Chair Stoltze asked Mr. Peebles what the process was to have a facility named after an individual.

**DEPARTMENT OF REVENUE**

JERRY BURNETT, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE outlined requests.

Request #42945  
Child Support Services Computer Replacement Project  
\$194.0 thousand

Mr. Burnett observed that the request would implement phase 4 of a second five-year replacement cycle of the computer and printer replacement project.

Request #42933  
Permanent Fund Dividend Computer Replacement Project  
\$125.0 thousand

Mr. Burnett explained that the request is for the fourth year of the Permanent Fund Dividend's replacement project for desktop computers, printers, servers and other equipment. He pointed out that these two divisions are paperwork intensive. He also noted that these are the only two divisions that are non General Fund monies.

8:57:48 AM

Mr. Burnett reviewed the Department of Revenue's remaining information technology requests. He pointed out that the remaining requests are general funds dollars from the FY 08 budget.

Request #45340  
Oil and Gas Production Tax System Replacement.  
\$2,620,8 million

Mr. Burnett observed that due to changes in the oil and gas production tax, the old data system is not compatible with the new production tax requirements.

Request #45343  
Corporate Tax/Motor Fuel Tax System Replacement Project  
\$830.0 thousand

Mr. Burnett explained that the current corporate and motor fuel tax database does not meet the needs of the Tax Division nor can it be enhanced. The project is needed for federal reporting requirements.

Request #45344  
Mining Tax System Replacement Project.  
\$460.0 thousand

Mr. Burnett noted that the project would enhance the Tax Division's current in-house integrated tax system to accommodate specific requirements of the mining license tax and extend functionality for auditing and report requirements.

Request #45545  
PowerBuilder Replacement Feasibility Study  
\$300.0 thousand

Mr. Burnett pointed out that the Enterprise Investment Board (EIB) has mandated that the Department of Revenue discontinue its use of PowerBuilder, a programming language for business application. PowerBuilder is currently used by the Tax Division's integrated PFD system. The request would fund a review of the existing PowerBuilder applications and create a report on the feasibility, cost and time needed to implement solutions.

Representative Kelly asked about the Enterprise Investment Board EIB. Mr. Burnett observed that the EIB looks at all computer systems and technology and provides recommendations.

9:00:28 AM

Mr. Burnett observed that the remaining capital fund requests are from the Alaska Housing Finance Corporation (AHFC).

9:01:41 AM

Co-Chair Chenault asked if the AHFC information technology projects are all FY08 funds. Mr. Burnett confirmed.

Co-Chair Chenault referred to "other" funds of \$54,544,860.

9:03:31 AM

Co-Chair Chenault observed that the capital budget request is a 60% increase over last year and that FY 08 monies are being used for FY 09. He felt it important that the public know where the money is coming from.

9:04:32 AM

Representative Kelly asked if the 60% includes the supplemental requests. Co-Chair Chenault said it did not include the supplemental requests. He is currently working

on the calculations, which he would provide to the committee.

#

ADJOURNMENT

The meeting was adjourned at 9:05 AM