

HOUSE FINANCE COMMITTEE
April 10, 2008
2:43 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [2:43:37 PM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

None.

ALSO PRESENT

Bryan Butcher, Legislative Liaison, Alaska Housing Finance Corporation; Pete Ecklund, Staff, Representative Kevin Meyer; Rynniewa Moss, Staff, Representative John Coghill; Representative Anna Fairclough; David Teal, Director, Legislative Finance Division; Eddy Jeans, Director, School Finance, Department of Education and Early Development; John Bitney, Staff, Representative John Harris; James Cunningham, Staff, Representative Bill Stoltze; Representative Lindsey Holmes; Frank Richards, Deputy Commissioner of Highways & Public Facilities, Department of Transportation and Public Facilities; Leta Simons, Director, Division of Support Services, Department of Natural Resources.

PRESENT VIA TELECONFERENCE

Pat Galvin, Commissioner, Department of Revenue; Mike Navarre, Arctic Power; Harold C. Heinze, Chief Executive Officer, Alaska Natural Gas Development Authority.

SUMMARY

CS SB 221(FIN) am

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

HCS CSSB 221 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

SB 289 An Act relating to home energy conservation and weatherization for purposes of certain programs of the Alaska Housing and Finance Corporation.

SB 289 was REPORTED out of Committee with a "do pass" recommendation and with attached zero fiscal note #1 by the Department of Revenue.

SENATE BILL NO. 289

An Act relating to home energy conservation and weatherization for purposes of certain programs of the Alaska Housing and Finance Corporation.

Co-Chair Meyer updated the status of the bill.

BRYAN BUTCHER, LEGISLATIVE LIAISON, ALASKA HOUSING FINANCE CORPORATION (AHFC), explained that the bill would update weatherization from a low-income program to a more general, median-income program. Another program, the Energy Efficiency Rebate Program, provides incentive for people who do not qualify for the weatherization program.

[2:46:42 PM](#)

Representative Kelly asked if the ratio in the bill was connected to another funding bill with a similar income ratio. Mr. Butcher explained that the money for the funding bill was separate, and had been locked in. The ratio in SB 289 could be adjusted. Representative Kelly stated that he did not think the one-third/two-thirds ratio was proper.

Vice-Chair Stoltze MOVED to REPORT SB 289 from Committee with individual recommendations and attached fiscal note. There being NO OBJECTION, it was so ordered.

SB 289 was REPORTED out of Committee with a "do pass" recommendation and with attached zero fiscal note #1 by the Department of Revenue.

CS FOR SENATE BILL NO. 221(FIN) am

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

AT EASE [2:49:50 PM](#)

RECONVENE [2:51:07 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #1 (Copy on File):

- 1) Language section: Page 204 lines 10 and 11;
 - a. Delete: Department of Transportation and Public Facilities
 - b. Insert: as a grant under AS 37.05.315 to the Municipality of Anchorage
Moves project to the correct recipient
- 2) Numbers section: Page 180 line 32
 - a. Delete: Improvements
 - b. Insert: Facility Improvements
Title correction
- 3) Numbers section: Page 53 line 8 and 9
 - a. Delete: East Boat Harbor Feasibility Study
 - b. Insert: Spit Trail Completion/Harbor Pathways
Title correction
- 4) Language section:
Page 193; Delete: Section 30(e)
Page 201; Delete: lines 28-30
Insert the following on page 201, line 28 and renumber accordingly:
 - (b) The sum of \$1,127,820 is appropriated from the general fund to the major maintenance grant fund (AS 14.11.007) for payment as grants by the Department of Education and Early Development to the school districts listed for the projects described in the amounts set out:

Adjusts the above language to mirror other major maintenance school grants in the capital bill

5) Language section:

Page 203 line 9

a. Delete: 39,000,000

b. Insert: 39,123,200

Page 203 line 10

c. Delete: 23,140,000

d. Insert: 23,016,800

Page 203 line 12

e. Delete: 70,000,000

f. Insert: 70,640,000

Language correction suggested by ADF&G/Law

6) Numbers section:

Page 93 lines 5-6

a. Delete: Ester Volunteer Fire Department

b. Insert: Fairbanks North Star Borough

c. Move to Grants to Municipalities in the same section of the bill

Recipient correction

7) Language Section (25-GS2007\N.1 Bailey)

Page 193, following line 28:

a. Insert a new subsection to read:

"(f) The sum of \$5,000,000 is appropriated from the general fund to the information services fund (AS44.2 J.045(a))."

b. Page 208, line 1, following "30(d),"

c. Insert "30(f), "

Corrects ISF fund capitalization which was inadvertently left out of the N draft

8) Numbers Section:

Page 120 line 19-22

a. Delete all material

Page 123 line 3-6

b. Increase to 300,000 general funds (plus 75,000)

c. Amend title to say: "Fairbanks North Star Borough - Steese Aerial Ladder Fire/Rescue Truck (HD 7-11)"

Corrects the recipient and title and is a net decrease of 150,000 in general funds

9) Numbers Section:

Page III line 8

Delete: "Construction"

Insert: "Educational Books and Library Materials, Furnishings, and Equipment" Corrects project

title

10) Numbers Section: Page 28 line 27-28
Delete: ' Outdoor Bathroom Facilities'
Insert: 'Passenger and Baggage Facilities'

11) Language Section:

Page 205 lines 18-24

a. Delete all material

b. Insert: "ALASKA ENERGY AUTHORITY. The unexpended and unobligated balance, not to exceed \$10,000,000, of the appropriation made in sec. 78(c), I, SSSLA 2002 (Alaska Energy Authority, upgrade and extend the Anchorage to Fairbanks power transmission intertie to Teeland substation -\$20,300,000) is re-appropriated to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, for the Alaska intertie static VAR compensators and tower upgrade and repair."

Add capital lapse provisions and June 30 effective date

This restores the language included in an earlier version of the bill

12) Numbers Section

Page 132 lines 21-24

Delete all Material

Insert: in Section 13 grants to municipalities Kenai Peninsula Borough: Bear Creek Fire Service Area-Community Multi Use Facility

Amount: \$55,000 GF

This is a net zero correction

Vice-Chair Stoltze OBJECTED.

PETE ECKLUND, STAFF, REPRESENTATIVE KEVIN MEYER, explained the Amendment as addressing technical changes. He pointed out the fund capitalization to the information services fund for \$5 million that was inadvertently dropped.

Representative Crawford referred to item 11) and asked about the intertie for \$20,300,000. Mr. Ecklund explained the item as language included in the Senate's version of the bill. The Amendment goes back to an earlier version of the bill. Representative Crawford asked where the intertie was. Mr. Ecklund thought the line went between Anchorage and Fairbanks.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #1 was adopted.

[2:55:41 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #1A (Copy on File):

- 1) ADD to Section 10 of the SB 221
Agency: Commerce, Community and Economic
Development Project: Chalkyitsik - Overhead
Electrical Distribution System Wiring Renovation
Amount: \$100,000 General Fund
- 2) Page 92, line 28
Delete \$4,000,000
Insert \$5,000,000
Adds \$1 million to the Covenant House Expansion

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that item 1) was scheduled to be in the bill. There was confusion about the appropriation so it was left off. After further clarification it was put back in.

Co-Chair Meyer spoke to the second item, the Covenant House Expansion. The House is for homeless teenagers in Anchorage. There are more teenagers with need than the facility can handle, so they are looking for a new location for a new building. Originally the item was for \$4 million. They need \$10 million but would be able to move forward with \$5 million.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #1A was adopted.

[2:58:15 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #2 (Copy on File):

Page 202, line 11
Delete \$3,720,841
Insert \$4,504,401
Page 202, following line 26
Add the following projects:
Anchorage: Asplund Wastewater Treatment Facility 206,000
Disinfection Upgrade

Fairbanks: Wastewater Treatment Facility Plant Clarifier Rehabilitation	91,535
Fairbanks North Star Borough: Pioneer Park Water and Sewer Enhancement	103,500
Juneau: West Mendenhall Valley Sewer Expansion Phase II	111,755
Juneau: North Douglas Sewer Expansion Phase III	125,351
Juneau: East Valley Reservoir/Jordan Creek Rehabilitation Project	41,918
Matanuska-Susitna Borough: Central Landfill Expansion Phase IIIB	103,500

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that the Amendment would add the additional state funding match required to the above projects impacted by the changes of AS 46.03.030(e) in SB 303. These projects are impacted by an amendment adopted to SB 303 that increases the 50% state match to 60% state match for projects in municipalities with a population greater than 10,000.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #2 was adopted.

[2:59:15 PM](#)

Co-Chair Hawker MOVED to ADOPT Amendment #3 (Copy on File):

Page 205, line 2-5
Delete All Language
Insert:

The sum of \$500,000 is appropriated from the regional cruise ship impact fund (AS 43.50.230(c) to the Department of Transportation and Public Facilities to provide operating hours of the Whittier Tunnel needed to service cruise ship vessels and accommodate access requirements effected by or supporting vessel servicing for the fiscal year ending June 30, 2009.

Vice-Chair Stoltze OBJECTED.

Representative Hawker explained that the Amendment was technical in nature. Mr. Ecklund said the funds are to be used for regions impacted by cruise ship passengers. Co-Chair Meyer added that the language clarifies intent.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #3 was adopted.

[3:01:02 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #4 (Copy on File):

*Sec. A. HOUSE DISTRICT 12. The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2003, page 17, lines 13-17 (Copper River School District, Glennallen Elementary School roof design and engineering - \$119,000) is reappropriated to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.316 to the Copper River School District for facility maintenance and repair.

*Sec. B. LAPSE. The appropriation made by sec. A of this Act is for a capital project and lapses under AS 37.25.020.

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained the net zero appropriation as a re-arranging of the use of the money.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #4 was adopted.

[3:01:44 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #5 (Copy on File):

1. Page 63, line 19-22, Delete all Material.
2. Page 134, line 27, Add \$4,500,000 General Funds

Explanation:

The Governor had requested \$4.5 million to the Department of Education and Early Development for

the "Alaska State Library, Archives and Museum: Planning and Design of New Facility."

The actual cost of phase 1 of the project is \$7.5 million and the Juneau delegation had requested an additional \$3 million be added to the Governor's request.

The \$3 million was included in the Senate version of SB221, but the Governor's request for \$4.5 million was not.

When the House added the Governor's request back into the bill, it was added in a separate section at \$1.5 million rather than \$4.5 million.

This amendment corrects and consolidates the appropriation into a single line item. The project will be funded at \$7.5 million.

Fund Source: General Fund

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that the Amendment consolidates an appropriation that appears in two sections of the bill into one section.

Co-Chair Meyer added that the Amendment was a priority of the city of Juneau.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #5 was adopted.

[3:03:26 PM](#)

Vice-Chair Stoltze MOVED to ADOPT Amendment #6 (Copy on File):

Page 56, following line 8: Insert new material to read:

Matanuska-Susitna Borough Butte Elementary
School: Library/Technology Upgrade (HD 13-16)
\$7,500

Co-Chair Meyer OBJECTED.

Vice-Chair Stoltze explained that the Amendment funds library and technology upgrades for the Butte Elementary School. This is similar to funding requests for other Anchorage and Mat-Su Valley schools in the CS.

Co-Chair Meyer REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #6 was adopted.

[3:04:20 PM](#)

Co-Chair Meyer MOVED to ADOPT Replacement Amendment #7 (Copy on File):

Page 67, lines 14-19:

Delete all material.

Adjust fund source and totals accordingly.

Page 205, line 8, following "GOVERNOR.":

Insert "(a)"

Page 205, following line 11:

Insert new subsections to read:

"(b) The sum of \$25,000 is appropriated from the general fund to the Office of the Governor to facilitate educating the public regarding current state regulations of mining and mining activities in the state, including providing information to influence the outcome of an election on initiatives affecting those mining activities, for the fiscal years ending June 30, 2008, and June 30, 2009.

(c) It is the intent of the legislature that the appropriation made by (b) of this section meet the requirements of AS 15.13.145."

Page 208, line 2, following "55(d),":

Insert "59(b),"

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that the Amendment was at the request of the Rules Committee Chairman to add clarifying language to an already existing \$25,000 appropriation.

Representative Gara stated concerns about money appropriated from the General Fund to influence the outcome of an initiative.

RYNNIEVA MOSS, STAFF, REPRESENTATIVE JOHN COGHILL, explained that AS 15.13.145(b) says that money held by certain entities may be used to influence the outcome of an election concerning a ballot proposition or question, but only if the funds have been specifically appropriated for that purpose by a state law or municipal ordinance. The Amendment assigns \$25,000 to the Governor to address what

effect the passage or failure of the initiative would have on the mining industry.

Representative Gara understood that it might be authorized by statute, but he questioned whether it was right.

Representative Thomas hoped the State would be open-minded and give facts on both sides. He supports the Amendment from that stance.

Vice-Chair Stoltze queried how game issues would be impacted.

Ms. Moss replied that science would be allowed to be included in the information provided.

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Representative Crawford spoke to concerns about the State weighing in on initiatives. He called for clarifying language stating the information must be objective in order to prevent bias.

Co-Chair Chenault thought it was the responsibility of the State to inform the public on both sides, which could help citizens discern the issue.

Representative Hawker read the Amendment as providing constraint on the information provided the public about mining activities. The election would have \$25 million dollars in funding on both sides, and it made sense to him for the State to spend \$25,000 to say there is a regulatory process.

Representative Gara asked if the Administration was targeting the clean water initiative. Ms. Moss said yes. Representative Gara stated that he closely followed the issue and thought the State made it hard to get the initiative on the ballot, indicating that the Administration does have a position. He did not want the money to be spent to influence the election. He wanted to delete the clause "provide information to influence the outcome of an election."

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Representative Joule pointed out that the State has had the option to weigh in on any issue, but it seldom has. He stated his support for the Amendment.

Representative Crawford reiterated concerns about the government weighing in on the outcome of initiatives. He called for an amendment to the Amendment to add "unbiased" before "information" to replace "influence the outcome of an election" with "inform about an election."

Vice-Chair Stoltze believed that the Administration has been even-handed. He stated confidence in the Administration exercising integrity.

Representative Crawford clarified that he was talking about the future of initiatives and felt precedence was being set. He wanted unbiased information. He had confidence the Palin administration would exercise discretion, but wanted the language added for future administrations.

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Ms. Moss reminded the Committee that the Amendment was written to comply with the language of the statute.

Representative Gara did not think anything improper had been done related regarding the present initiative. He did not want government involved in initiatives.

Ms. Moss clarified that the Amendment came from the Rules Committee and a desire for science to be involved in the decisions made on the mining initiative.

Representative Nelson referred to legislation related to disclosure of funding sources for initiatives. She stated concerns about out-of-state money going into the initiative process. The federal government owns much of land in Alaska, which makes Alaskan issues compelling to outside interests. The process of making legislation is deliberative, but initiatives are more emotional. Alaska has a good record on the mining issue, but fear is being capitalized upon. She thought the Amendment should allow more money to be spent on this particular initiative.

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Representative Kelly supported the language in the Amendment. He worried that each piece of information could be challenged to be perfectly neutral. He cautioned against changing the language.

Representative Thomas gave an example of controversy over a mine. He wanted the State to give the facts about regulating mining.

Representative Joule described his experience with the Red Dog Mine. He did not know where the line was between getting information out and bias. He supported the Amendment as written.

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Representative Crawford reiterated his support for the mine and the mining industry in the state. He did not understand why people were afraid of the word "unbiased." He anticipated a disagreement with a future administration. He stated his frustration and withdrew his proposed amendment.

Representative Gara reiterated concerns about the State taking sides.

Representative Gara MOVED amendment #1 to Replacement Amendment #7: After the word "State," delete "including providing information to influence the outcome of an election on initiatives affecting those mining activities." That way the appropriation could be used for education.

Representative Kelly OBJECTED for DISCUSSION.

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Representative Kelly referred to his experience with advertising done on mining issues. Both sides seemed equally strong. He thought the State could provide accurate information that would properly influence an election. If the language was taken out, the State might not have the power to truly educate. He did not support the amendment to Replacement Amendment #7.

Representative Hawker opposed the amendment to the Amendment. He characterized the language to be removed as "safe harbor" language that could protect the State. He

worried that the State could be sued by either side of an issue.

Representative Gara WITHDREW his amendment to the Amendment.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Replacement Amendment #7 was adopted.

[3:41:25 PM](#)

Vice-Chair Stoltze MOVED to ADOPT Amendment #8 (Copy on File):

Insert new material into sec. 10 to read:
Anchorage - Eagle River Town Center (HD 17-32)
General Fund 1,200,000
Adjust fund sources and totals accordingly.

This amendment allows the Municipality of Anchorage to purchase about 40% of the Valley River Center building in Eagle River (43,000), which it would own in a condominium arrangement.

This space would be renovated to house an expanded Chugiak-Eagle River Library, Police substation, Emergency Operations Annex, Community Meeting Room, and all Eagle River Municipal Offices and Services including Chugiak-Eagle River Parks & Recreation, Development Services/Permitting, Road Maintenance, Health & Human Services/WIC Program and the Assessors' office.

The Eagle River community has sought for many years to develop a Town Center that would incorporate both retail space and public facilities including Library, meeting rooms, and Municipal offices and services. The project described here would fulfill this vision, consistent with a central recommendation of the 2003 Eagle River Central Business District Revitalization Plan. The CBDR Plan was developed with extensive public involvement and foresaw many economic and community benefits arising from the synergies of such a town core development.

Co-Chair Meyer OBJECTED.

REPRESENTATIVE ANNA FAIRCLOUGH, addressed the Amendment.

[3:44:01 PM](#)

Representative Gara understood the project was relatively new. He asked for backup information on the project. Representative Fairclough described support from the municipal assembly and the Eagle River Chugiak Chamber of Commerce as well as the mayor of Anchorage. Vice-Chair Stoltze pointed out a letter from the Mayor. He apologized that the project had not been introduced in a timely manner.

Representative Hawker pointed to public testimony on the record from the Eagle River Chamber of Commerce.

Co-Chair Chenault asked about matching funds. Representative Fairclough said the Rasmussen Foundation had pledged \$4 million for library support and the Mayor has pledged support. Vice-Chair Stoltze gave more details about a service area match.

Co-Chair Meyer REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #8 was adopted.

[3:47:40 PM](#)

Representative Thomas MOVED to ADOPT Amendment #9 (Copy on File):

P. 67, line 14
Insert: Cordova Area Skate \$50,000 Fishery
Development (HD 1-40)

Co-Chair Meyer OBJECTED.

Representative Thomas explained the Amendment:

This project will enable ADF&G to conduct an exploratory state-waters directed fishery for skates in the Cordova area. Local fishermen and processors have expressed interest in a new fishery that will increase opportunities for entry level fishermen. The fishery will help the industry by augmenting economic activity at times

when the salmon fishery is closed. This new fishery will help by providing an opening that involves lower initial costs to fishermen. If a permanent directed fishery can be established, registration will be open to all commercial fishermen.

In order to fulfill its statutory responsibilities for management, the Department of Fish & Game needs funding in order to collect data on stock distribution, abundance, size, sex and age data, and by-catch percentages. Without this critical data, the Board of Fish will not have adequate information to approve a full-scale directed fishery. The Commissioner of Fish and Game and the Director of Commercial Fisheries have indicated that the requested funding is the minimum amount that will enable them to complete the necessary work.

[3:49:02 PM](#)

Co-Chair Chenault asked if skate was the "poor man's scallop." Representative Thomas replied in the affirmative. Co-Chair Chenault asked if the project would be on-going and if it would be incorporated into the Department's budget. Representative Thomas replied it would be a one-time source, but if productive, it might be put into the budget.

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Co-Chair Meyer REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #9 was adopted.

[3:50:13 PM](#)

Co-Chair Chenault MOVED to ADOPT Amendment #10 (Copy on File):

Challenger Learning Center
Page 37, lines 16-18:
Delete all material (contingency language).

Co-Chair Meyer OBJECTED.

Co-Chair Chenault explained the Amendment as an attempt to help the Challenger Learning Center stay open while growing in self-sufficiency.

[3:51:26 PM](#)

Co-Chair Meyer REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #10 was adopted.

[3:51:32 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #11 (Copy on File):

Amend sec. 23, Department of Commerce, Community, and Economic Development, by adding a new subsection to read:

(e) The sum of \$164,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, community and regional affairs, for grants administration costs for the fiscal year ending June 30, 2009. This needs the July 1, 2008 effective date.

Co-Chair Chenault OBJECTED.

Co-Chair Chenault explained the Amendment:

This additional funding is required to manage the ever-increasing number of grants appropriated through the department. In Chapter 11, SLA 2008 (SB 256), 51 grants totaling \$12.3 million were appropriated to the department. This version of the capital budget adds over 800 grants totaling several hundred million dollars.

This increase is added to the existing workload of approximately 1,800 grants, resulting in a total of approximately 2,600 grants. The department currently has eight grant administrators to handle the existing workload; an average of 225 grants per administrator.

The department needs two more Grants Administrators, range 17A (\$82.0 each) to process the grants as soon as possible. The grants in SB 256 were appropriated with the intent that they be executed in time for the spring barges for

remote areas -in less then 60 days. The grant workload may result in delays of issuance of FY 2009 grants and could result in the department being in violation of Alaska statutes that require legislative grants be issued within specific timeframes. With the large number of grants, it becomes difficult for the staff to provide grant recipients with much needed technical assistance, maintain grant expenditure accountability, and ensure strict state and federal compliance standards are met. In addition, grants managers must respond to the hundreds of inquiries about the status of grants throughout the year.

In summary, these two positions are requested to provide an important public service as well as ensure compliance with minimum standards and statutes.

Co-Chair Chenault REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #11 was adopted.

[3:54:01 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #12 (Copy on File):

Delete from Department of Transportation and Public Facilities, sec. 10, page 157, lines 24-28:

Klatt Road Pedestrian Facilities—Construct C Street Trail to Via Appia Way (North Side) (HD 17-32)

\$220,000 General Fund

Add to Department of Commerce, Community and Economic Development, sec. 10, page 76:

Klatt Road Pedestrian Facilities—Construct C Street Trail to Via Appia Way (North Side) (HD 17-32)

\$220,000 General Fund

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained:

Klatt Road is currently a state-owned road, however, the pedestrian facilities to be added

will be owned by the Municipality of Anchorage. Therefore, this appropriation should go to Anchorage via a grant through the Department of Commerce, Community and Economic Development.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #12 was adopted.

[3:54:55 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #13 (Copy on File):

Amend sec. 58, Department of Transportation and Public Facilities, by adding a new subsection to read:

(k) The sum of \$426,375.47 is appropriated from the General Fund to the Department of Transportation and Public Facilities, marine vessel operations, for payment of the arbitration award to the International Organization of Masters, Mates, and Pilots for the fiscal year ending June 30, 2008.

Amend sec. 68 by adding sec. 58(k) so the effective date is April 13, 2008.

Vice-Chair Stoltze OBJECTED.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #13 was adopted.

[3:56:05 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #14 (Copy on File):

Amend the title of the project on pg. 153, line 28 to read:

Statewide [SOLDOTNA STATE TROOPER POST] Facility Deferred Maintenance / Repair / Renovation / Improvements (HD 33-35)
\$199,880

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained:

This Amendment will give the department flexibility to reallocate funding between

projects as needed to deal with the projects listed as well as address additional high priority facility issues that may arise. This flexibility is needed to ensure that all department facilities have necessary maintenance funding.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #14 was adopted.

Representative Kelly referenced Amendment #13 and requested information from the Administration regarding the settlement payment. He acknowledged that it needs to be paid, but expressed concerns about seeing it again.

[3:58:36 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #15 (Copy on File):

Delete from Department of Commerce, Community and Economic Development, sec. 10, page 56, lines 5-8:

Matanuska-Susitna Borough–Burma Road Realignment, Upgrading and Paving (HD 13-16)

\$5,000,000 General Fund

Add to Department of Transportation and Public Facilities, sec. 10, page 76:

Matanuska-Susitna Borough–Burma Road Upgrade (HD 13-16)

\$5,000,000 General Fund

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that the Burma Road is a state-owned road so the Department of Transportation and Public Facilities is the responsible party for road upgrades.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #15 was adopted.

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Representative Joule WITHDREW Amendment #16. He thanked Marsha Davis for answering the questions that need to be answered.

Amendment #17 was not included in the packet.

[4:00:24 PM](#)

Representative Thomas MOVED to ADOPT Amendment #18 (Copy on File):

Page 180, Line 27

DELETE: \$4,500,000

Insert: \$2,500,000

Page 180, Line 32

INSERT: Skagway -Dahl Memorial Clinic Relocation and Expansion

Amount: \$2,000,000

Funding Source

Cruise Ship Passenger Vessel Tax Account (AS 43.52.040)

Vice-Chair Stoltze OBJECTED.

Representative Thomas explained the Amendment:

The municipality of Skagway sees the third highest number of cruise ship passengers in the state. The impacts on this community of 800 are far greater than perhaps anywhere else in the state since what little infrastructure Skagway has is strained to the breaking point to accommodate such a high influx of people.

One of the areas that sees a major impact from cruise ship passengers is the clinic. The cruise industry makes up about 30% of the total visits during the year. This includes dealing with one or two cruise ship passenger deaths each year. Also, the emergency room visits go up about 50% due to cruise ship passengers.

Due to the fact that it was built for a smaller community, the medical clinic in Skagway is woefully inadequate and no longer meets the needs of the community. Shortcomings include size, available technology, and compliance to building codes. Skagway is often isolated from access to the nearest emergency medical care found in Whitehorse or Juneau because of severe weather that disrupts ferry service, aircraft flights, and travel on the Klondike Highway.

The new clinic will be approximately 14,000 square feet in size. The size of the Clinic is based on industry standards and Denali Commission program requirements. Space will be provided in the clinic to house administrative, exam, triage, laboratory, radiology, urgent care, dental, behavioral health and training spaces.

Representative Thomas WITHDREW Amendment #18.

[4:02:31 PM](#)

Representative Thomas MOVED to ADOPT Amendment #19 (Copy on File):

Page 180, Line 21
DELETE: \$1,250,000
Insert: \$250,000
Page 181, Line 8
DELETE: \$1,250,000
Insert: \$250,000
Page 150, Line 32
INSERT: Skagway -Dahl Memorial Clinic Relocation
and Expansion
Amount: \$2,000,000
Funding Source
Cruise Ship Passenger Vessel Tax Account (AS
43.52.040)

Vice-Chair Stoltze OBJECTED.

Representative Thomas WITHDREW Amendment #19.

[4:04:01 PM](#)

Representative Thomas MOVED to ADOPT Amendment #20 (Copy on File):

Insert a new subsection to read:
"(c) The sum of \$35,400,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, fisheries enhancement revolving loan fund (AS 16.10.505), for the fiscal year ending June 30, 2009, for salmon hatchery debt

retirement for the following hatcheries:

PURPOSE	ALLOCATION
(1) Douglas Island Pink and Chum (HD 3)	\$4,000,000
(2) Gunnuk Creek Hatchery (HD 5)	7,000,000
(3) Prince of Wales Hatchery Association (HD 5)	1,800,000
(4) Southern Southeast Regional Aquaculture Association (HD 1)	7,500,000
(5) Prince William Sound Aquaculture Corporation (HD 5)	5,000,000
(6) Valdez Fisheries Development Association (HD 12)	7,500,000
(7) Cook Inlet Aquaculture Association (HD 34)	2,600,000"

Vice-Chair Stoltze OBJECTED.

Representative Thomas explained the Amendment as asking for debt relief. He expressed concerns. Vice-Chair Stoltze agreed with Representative Thomas concerning the fishery enhancement. Representative Thomas pointed out that three percent of the gross is paid for an enhancement tax. There have been attempts to get sport fishermen to contribute.

Representative Thomas WITHDREW Amendment #20.

AT EASE: [4:08:37 PM](#)

RECONVENE: [5:54:31 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #21 (Copy on File):

Amend section 30, Fund Transfers, by adding new subsections to read:

(f) The sum of \$100,000,000 is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028(a)).

(g) The sum of \$225,000,000 is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028(a)).

Section f is effective June 30, 2008. Section g is effective July 1, 2008.

Vice-Chair Stoltze OBJECTED.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION,
explained the Amendment:

The Department of Revenue has increased its estimate of the amount necessary for tax credits earned in FY08 to \$250 million. The amount in the fund is \$150 million, \$25 million from the FY08 operating budget and \$125 million from the fast track supplemental. Section f adds \$100 million to pay anticipated FY08 claims.

The department increased its estimate for FY09 credits to \$400 million. The amount included in the FY09 operating budget is \$175 million. Section g adds \$225 million to the fund in order to pay anticipated FY09 claims. If FY08 claims exceed the amount available in FY08, FY09 appropriations to the fund can be used to pay FY08 claims.

The state will pay the same amount for these tax credits regardless of whether money is appropriated for this purpose. If money is appropriated, it is more likely that state payments will go to those who earned the credits. If money is not appropriated, those who earned the credits are likely to sell them at a discount to major producers who can turn them in for full credit against their production tax liability.

PAT GALVIN, COMMISSIONER, DEPARTMENT OF REVENUE (testified via teleconference), explained the \$325 million needed for tax credits for exploration activities. Outfits without current production to apply credit against had to sell those and deduct from the receipt from the State. ACES lifted the cap from non-producers. The challenge was how much would be spent. There has been more activity than expected. The credits exceeded what was originally allotted. The Amendment requests more money to pay the credits.

Co-Chair Meyer pointed out that although it would be hard to pay the extra money, it was good there has been a lot of oil and gas activity. Commissioner Galvin agreed and

pointed out the additional activity undertaken by companies not currently producing in the state.

[5:59:09 PM](#)

Co-Chair Chenault supported investment, but was concerned that there was so little notice to the Legislature. He was curious regarding communication between Department of Natural Resources and Department of Revenue in estimating the dollar amount. Commissioner Galvin did not think the issue was a communication breakdown, but implementing a new tax and communicating about new issues. The April 1 returns were a surprise for those doing the estimating. He hoped the surprise would not be repeated.

Representative Gara wondered if the credits were counted as expenditures or as less revenue.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #21 was adopted.

Co-Chair Chenault MOVED to roll Amendment #22. There being NO OBJECTION, it was so ordered.

Co-Chair Chenault MOVED to ADOPT Amendment #23 (Copy on File):

Arctic Power Appropriation
Page 34, line 10:
Delete "120,000"
Insert "250,000"

Co-Chair Meyer OBJECTED.

Co-Chair Chenault explained that the Amendment raises the appropriation to Arctic Power to prevent the Arctic National Wildlife Refuge (ANWR) from becoming a wilderness area.

[6:06:18 PM](#)

Vice-Chair Stoltze supported the Amendment.

Representative Joule pointed out that ANWR is in his district. He wants the area opened for exploration. He thought the request was appropriate and stated his support of the Amendment.

Representative Gara was troubled that Arctic Power had used State money for advertisements targeting congressional members. He did not think it wise to spend money to keep the office open.

MIKE NAVARRE, ARCTIC POWER (testified via teleconference), explained that the requested amount was to continue the presence of Arctic Power in Washington, D.C. The additional amount would fund another position after the presidential elections. He explained the process of educating congressional members in order to be prepared if the issue of ANWR comes up.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #23 was adopted.

[6:11:44 PM](#)

Co-Chair Chenault MOVED to ADOPT Amendment #24 (Copy on File):

Page 86, line 20:
Add after "Alaska Energy Authority-Fire Island
Wind Farm Transmission Lines (\$25,000,000)"

Vice-Chair Stoltze OBJECTED.

Representative Crawford explained that the Amendment clarifies that the \$25 million is contingent on the owner of generation being legally obligated to build a generation facility through power sales agreements that are in place to accept the generation.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #24 was adopted.

[6:12:44 PM](#)

Representative Kelly MOVED to ADOPT Amendment #25 (Copy on File):

Page 172, Line 31
Project: Fairbanks North Star Borough-Road
Service Area Projects (HD 7-11)
Delete: \$5,000,000
Insert: \$9,949,000

Vice-Chair Stoltze OBJECTED.

Representative Kelly explained that the Amendment would cover the full amount requested by the Fairbanks North Star Borough for road service area projects.

Co-Chair Meyer stated his support for the Amendment.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #25 was adopted.

[6:14:25 PM](#) AT EASE

[6:18:48 PM](#) RECONVENE

Representative Kelly MOVED to ADOPT Amendment #26 (Copy on File):

Agency: University of Alaska
Project: Tanana Valley Campus
Amount: \$4,000,000
Funding Source: General Fund

Co-Chair Chenault OBJECTED.

Representative Kelly explained that the project would include exterior envelope renovation, civil site improvements, interior mechanical and electrical upgrades, interior hydronic heating, interior direct digital controls, and approximately 3000 square feet of renovated program space.

Co-Chair Chenault asked if the amount was already figured in the operating costs. Representative Kelly said the operating costs should go down after the renovations.

Co-Chair Chenault REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #26 was adopted.

[6:21:20 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #27 (Copy on File):

Amend sec. 59, Office of the Governor, by adding a new subsection to read:

(b) The unexpended and unobligated general fund balances on June 30, 2008, of the appropriations made in sec. 1, ch. 28, SLA 2007, page 16, line 22 (Office of the Governor, commissions/special offices - \$1,848,400); sec. 1, ch. 28, SLA 2007, page 16, line 26 (Office of the Governor, executive operations - \$10,795,200); sec. 1, ch. 28, SLA 2007, page 16, lines 31 32 (Office of the Governor, state facilities rent -\$815,600); sec. 1, ch. 28, SLA 2007, page 17, lines 5 - 6 (Office of the Governor, office of management and budget - \$2,043,600); and sec. 1, ch. 28, SLA 2007, page 17, line 9 (Office of the Governor, elections - \$3,005,500) are reappropriated to the Office of the Governor for operating costs for the fiscal year ending June 30, 2009.

Amend sec. 69 (June 30, 2008 effective date) by adding a reference to sec. 59(b).

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained:

This is the annual reappropriation of remaining FY08 balances in the Office of the Governor that is necessary to fund FY09 expenditures. It is anticipated that the FY201 0 budget will be developed so that this annual reappropriation will not be necessary at the end of FY09.1

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #27 was adopted.

[6:22:16 PM](#)

Representative Crawford MOVED to ADOPT Amendment #28 (Copy on File):

Page 23, line 4
Delete: 30,000 General Fund
Insert new project in Section 10, under Grants to Municipalities (renumber accordingly)
Anchorage - Scotty Gomez Skating Rink Tikishla Park Improvements
\$30,000 General Fund

Vice-Chair Stoltze OBJECTED.

Representative Crawford explained the \$30,000 general funds deleted from Totem Ball Fields and transferred in order to rebuild the Scotty Gomez Skating Rink. He said there was a \$30,000 match from the Scotty Gomez Foundation.

Co-Chair Meyer asked for clarification. Representative Crawford explained the Totem Ball Fields would be reduced by that amount.

Representative Gara wanted to consider not deleting the amount from the ballpark appropriation. Representative Crawford said that would not be necessary.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #28 was adopted.

[6:26:41 PM](#)

Representative Thomas MOVED to ADOPT Amendment #29 on behalf of Representative Foster (Copy on File):

Funds appropriated for the Major Maintenance Grant Fund (AS 14.11.007) projects which are determined by the Department of Education and Early Development to not be required for completion are hereby reappropriated to fund school major maintenance projects in accordance with the department's December 17, 2008 rankings as funding becomes available in the department's determination.

Vice-Chair Stoltze OBJECTED.

Representative Thomas explained that major maintenance grants not utilized will go to the next available school on the list. Some of the communities opted to go to the state matching grant program instead of the major maintenance list.

Co-Chair Meyer stated that two Anchorage schools were eligible for the 70/30 debt reimbursement bond, which frees up the money in the capital budget.

EDDY JEANS, DIRECTOR, SCHOOL FINANCE, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, pointed out that the next

two projects on the list were for Tanana City Schools and for Unalakleet in the Bering Strait District.

Representative Hawker clarified that the Amendment was a conceptual amendment and the drafters were empowered to correct the language.

Representative Gara asked for more information. Mr. Jeans explained that the appropriation in the capital budget is to the Major Maintenance Fund, but also has allocations to individual projects. The intent of the Amendment was to make the next project on the list available. Representative Gara asked if the other projects were funded in order of ranking.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #29 was adopted.

[6:30:34 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #30 (Copy on File):

Dept. of Community & Economic Development Grants
to Municipalities (AS 37.05.315)
Matanuska Susitna Borough - Sutton Library Land
Acquisition \$600,000 General Fund

Vice-Chair Stoltze OBJECTED.

Co-Chair Meyer explained the Amendment as for

Construction of a new community facility/public library in Sutton. The facility is approximately 5,800 square feet and will provide services to residences along the Upper Glenn Highway (Moose Creek, Sutton, Chickaloon, and Glacier View). This project is a priority established by the local community council and the borough assembly. Matching funds of \$600,000 have been approved by the Mat-Su Borough, and there is an application pending at the Rasmussen Foundation for \$658,000 this year. Additional funds have been raised locally - along with thousands of hours of volunteer in-kind services.

JOHN BITNEY, STAFF, REPRESENTATIVE JOHN HARRIS, explained the library was a priority for the Mat-Su Borough.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #30 was adopted.

[6:32:23 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #31 (Copy on File):

Page 207, line 27, following "project":
Insert ", unless specifically identified in this
Act as an operating grant,"

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that the Amendment clarified language inserted in the budget. Unless otherwise noted as an operating grant, the grants should be considered as capital grants.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #31 was adopted.

[6:33:17 PM](#)

Co-Chair Chenault MOVED to HOLD Amendment #32.

AT EASE [6:34:03 PM](#)

RECONVENE: [7:29:52 PM](#)

Co-Chair Meyer MOVED to WITHDRAW Amendment #33 (Copy on File):

Page 158, lines 12 -16:
Delete all material
Insert "Halibut Point Road - Sawmill Creek Road
to Ferry Terminal Pavement Rehab and Drainage
Improvements (HD 2)"
6,500,000 General Fund
Adjust fund sources and totals accordingly
Page 185, line 26:
Delete "-Hollis"
Page 185, line 33
Delete "Gateway Borough"
Page 186, line 6
Delete "Matanuska-Susitna Borough:"

Page 186, after line 8:

Insert "Glacier Highway -Back Loop Road:
Intersection Safety Improvements (HD 80)

5,000,000 GO Bonds

Insert "Mitkof Highway - Scow Bay to Crystal Lake
Hatchery Road: Pavement Rehab and Drainage
Improvements (HD 2)

\$7,000,000 GO Bonds

Insert "Sawmill Creek Road Upgrade Phase III with
Separated Pedestrian Path - Whale Park to Sawmill
Creek (HD 2)

Adjust General Obligation Bond totals accordingly

Co-Chair Meyer MOVED to ADOPT Amendment #34 (Copy on File):

PART 1

CONCEPTUAL AMENDMENT: Add a numbers section
appropriating a total of \$4,933,900 to implement
the collective bargaining agreement with the
Public Safety Employees Association representing
the regularly commissioned public safety officers
unit for the fiscal year ending June 30, 2009.

The funding requested will be placed in the
appropriations/allocations as listed in the
following table:

Fire and Life Safety Operations:

General Fund 36,100

TOTAL 36,100

Special Projects:

Federal Receipts 13,200

General Fund 31,400

CIP Receipts 70,000

TOTAL 114,600

Alaska Bureau of Judicial Services:

General Fund 269,800

TOTAL 269,800

Narcotics Task Force:

General Fund Match 15,700

General Fund 44,800

TOTAL 60,500

Alaska State Trooper Detachments:

General Fund 2,500,600

TOTAL 2,500,600

Alaska Bureau of Investigations:

General Fund 159,800

TOTAL 159,800

Alaska Bureau of Alcohol and Drug Enforcement:

General Fund 65,200
TOTAL 65,200
Alaska Wildlife Troopers;
General Fund 943,600
CIP Receipts 10,300
TOTAL 953,900
Alaska Wildlife Troopers Aircraft Section
General Fund 6,600
TOTAL 6,600
Alaska Wildlife Troopers Investigations:
General Fund 35,500
TOTAL 35,500
Support:
General Fund 3,700
CIP Receipts 7,000
TOTAL 10,700
Training Academy:
General Fund 78,400
Inter-Agency Receipts 2,400
TOTAL 80,800
DEPARTMENT OF PUBLIC SAFETY TOTAL 4,294,100
Anchorage Airport Safety:
Federal Receipts 41,100
International Airport Revenue Fund 411,800
TOTAL 452,900
Fairbanks Airport Safety:
International Airport Revenue Fund 186,900
TOTAL 186,900
DEPARTMENT OF TRANSPORTATION AND PUBLIC
FACILITIES TOTAL 639,800
This subsection should have a July 1, 2008
effective date.

PART 2

Amend sec. 65, Contingencies, by adding a new
subsection to read:

(g) The appropriations made in sec. xx(a) of this
Act are contingent on ratification of the
collective bargaining agreement by the membership
of the Public Safety Employees Association for
the regularly commissioned public safety officers
unit.

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that the Administration settled with
the Public Safety Employees Association and the Amendment
would fund the settlement.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #34 was adopted.

[7:31:26 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #35 (Copy on File):

PART 1:

CONCEPTUAL AMENDMENT: Add a numbers section appropriating a total of \$1,245,600 to implement the collective bargaining agreement with Public Employees Local 71, for the labor, trades and crafts unit, for the fiscal year ending June 30, 2009.

The funding requested will be placed in the appropriations/allocations listed in the following table:

(Details on File; Department Totals listed)

Department of Administration Total 27,500

Department of Corrections Total 72,000

Department of Education and Early Development
Total 10,400

Department of Environmental Conservation Total
6,000

Department of Fish and Game Total 6,800

Department of Health and Social Services Total
99,800

Department of Labor and Workforce Development
Total 34,200

Department of Military and Veterans Affairs Total
39,000

Department of Natural Resources Total 23,100

Department of Public Safety Total 8,600

Department of Transportation and Public
Facilities Total 918,200

This section should have a July 1, 2008 effective date.

PART 2:

Amend sec. 65, Contingencies, by adding a new subsection to read:

(h) The appropriations made in sec. xx(b) of this Act are contingent on ratifications of the collective bargaining agreement by the membership of the Public Employees Local 71, for the labor, trades and crafts unit.

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that the Amendment was the money to fund the settlement with Local Employees 71.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #35 was adopted.

[7:32:51 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #36 (Copy on File):

Page 78, lines 6-9
Delete all material
Page 78, lines 10-11
Make stand-alone appropriation
Insert to Section 10, in the Department of
Commerce Community and Economic Development,
Grants to Municipalities:
Anchorage - 40th Avenue Extension Lake Otis
Parkway to Dale Street
\$10,000,000 General Fund

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained that the Amendment moves the 40th Avenue extension from Department of Transportation and Public Facilities to Department of Commerce, Community and Economic Development as a grant to the Municipality of Anchorage.

Representative Gara asked for clarification. Mr. Ecklund explained that the project is already in the bill; the departments think the project should go to the municipality of Anchorage.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #36 was adopted.

[7:33:47 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #37 (Copy on File):

Replace Sec. 56(b) With the following language:
(b) The sum of \$10,000,000 is appropriated from
the General Fund to the Department of Health and

Social Services, Public Assistance Energy Assistance Program, for heating assistance for low income households for the fiscal year ending June 30, 2009.

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained the Amendment.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #37 was adopted.

[7:34:33 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #38 (Copy on File):

Add a new section to read:

Sec. yy. DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT. The appropriation made by sec. 2, ch. 28, SLA 2007, page 44, lines 22 -24 lapses on June 30, 2009.

Sec. yy needs to be added to sec. 69 for a June 30, 2008 effective date.

Vice-Chair Stoltze OBJECTED.

Mr. Ecklund explained:

This amendment enables the Department of Labor and Workforce Development to continue developing the training program for gas pipeline workers. Detailed workforce planning will be done for 113 gas line related occupations with the assistance and guidance of a private sector steering committee.

Of the \$850.0 appropriated in FY 08, the department anticipates carrying forward \$250.0 into FY 09.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #38 was adopted.

Amendment #39 was set aside.

[7:35:45 PM](#)

Vice-Chair Stoltze MOVED to ADOPT Amendment #40 (Copy on File):

Page 25, line 6:
Insert before the word "Design" "Site Selection,
Planning,"

Co-Chair Meyer OBJECTED.

JAMES CUNNINGHAM, STAFF, REPRESENTATIVE BILL STOLTZE, explained that when the Senate added the appropriation, it was thought that a site had been purchased to house the shooting range project. Discussions with the Matanuska-Susitna Borough revealed that no site selection or planning had occurred. The additional language would allow the Mat-Su Borough to utilize the appropriation for the additional purposes.

Co-Chair Meyer REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #40 was adopted.

[7:37:03 PM](#)

Vice-Chair Stoltze MOVED to ADOPT Amendment #41 (Copy on File):

Insert into Section 10:
Great Alaska Council of Boy Scouts of America -
Denali High Adventure, Scout Base Bathroom and
Shower Facilities Construction (HD 1-40)
\$377,500 General Fund
Adjust fund sources and totals accordingly.

Co-Chair Meyer OBJECTED.

Vice-Chair Stoltze explained that the Amendment was offered on behalf of the Boy Scouts for a camp that brings a lot of people to Alaska. This is one phase of a large project.

Co-Chair Meyer REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #41 was adopted.

[7:38:50 PM](#)

Vice-Chair Stoltze WITHDREW Amendment #42.

Representative Thomas MOVED to ADOPT Amendment #43 (Copy on File):

Page 193, following line 28:

Insert a new subsection to read:

"(f) The sum of \$5,000,000 is appropriated from the General Fund to the renewable energy fund (AS 42.45.045)."

Page 201, following line 22:

Insert a new subsection to read:

"(c) The sum of \$2,000,000 is appropriated from the renewable energy fund (AS 42.45.045) to the Department of Commerce, Community and Economic Development, Alaska Energy Authority, for payment of a grant under the authority of AS 44.83.080 to the Southeast Conference for the Reynolds Creek hydroelectric project

Page 207, following line 20:

Insert a new subsection to read:

"(g) The appropriations made in secs. 30(f) and 52(c) of this Act are contingent on passage by the Twenty-Fifth Alaska State Legislature and enactment into law of a version of HB 152 that creates a renewable energy fund.

Page 207, line 24, following "50(c),"

Insert "52(c),"

Page 208, line 1, following "30(d)," :

Insert "30(f),"

Page 208, line 2, before 53(a)":

Insert "52(c),"

Vice-Chair Stoltze OBJECTED.

Representative Thomas explained that the Amendment appropriates \$50 million from General Fund to Renewable Energy Fund. He made a technical amendment to the Amendment: line 8, to delete "renewable energy" and insert "general."

Co-Chair Meyer explained the use of general funds.

Representative Thomas inserted that the action was contingent upon passage of HB 152.

AT EASE [7:43:01 PM](#)

RECONVENE [7:43:53 PM](#)

Representative Thomas proposed technical amendment #2 to Amendment #43: line 21, strike "and 52(c)".

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #43 was adopted.

[7:45:06 PM](#)

Representative Gara MOVED to ADOPT Amendment #44 (Copy of File):

Agency: Municipality of Anchorage
Project: Jewel Lake Road Construction of Missing Pedestrian and Storm Facilities (HD 17-32)
Amount: ADD: \$500,000
Funding Source: General Fund

Vice-Chair Stoltze OBJECTED.

Representative Gara explained that the appropriation would construct missing pedestrian and storm drain facilities. The lack of sidewalks and road flooding are creating a safety and traffic problem in the area surrounding Sand Lake Elementary school, which is an immersion school serving the greater Anchorage area. The project has been bonded; the matching bond funds are in hand.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #44 was adopted.

[7:48:48 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment #45 (Copy on File):

Add to Section 10:
Project Title: "Anchorage Parks Foundation - Foraker/Marston Road Improvement District Trail and Ball Field Realignment"
Amount: \$85,000
Funding Source: General Fund

Vice-Chair Stoltze OBJECTED.

REPRESENTATIVE HOLMES, SPONSOR, explained that the road is a priority for the community council:

Current funding for the Foraker/Marston Road Improvement District (RID) does not include money to mitigate the negative impact on adjacent Lyn Ary ball fields. This project would put at ease community concerns about safety in the park and access to park resources by funding non-Right of Way components of a revised RID.

Vice-Chair Stoltze REMOVED his OBJECTION. There being NO further OBJECTION, Amendment #45 was adopted.

[7:51:53 PM](#)

Representative Joule MOVED to ADOPT Amendment #39 (Copy on File):

Agency: Add to Sec. 13 Department of
Transportation
Project: Kotzebue Shore Avenue Rehabilitation
Amount: \$17.5 mil.
Funding Source: General Fund

Co-Chair Meyer OBJECTED for discussion.

Representative Joule explained:

The project will rebuild a city road at the ocean's edge. To prevent the erosion, the project would rely on a 3,400 feet of steel sheet pile, further protected by large stone rip rap. Above the revetment would be a reconstructed road. Kotzebue is receiving \$20.5 million in federal funds. A recent estimate updated the project costs to \$38 million, leaving a \$17.5 shortfall in funding.

Co-Chair Meyer pointed out that there were erosion projects in the Bonds in the Governor's budget. He thought that would free up money for the project.

Representative Joule hoped that the project would be funded.

Co-Chair Meyer asked how the project was misjudged by so much.

FRANK RICHARDS, DEPUTY COMMISSIONER OF HIGHWAYS & PUBLIC FACILITIES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained that the project was in the final stages of planning when a review was conducted. The high cost of steel and freight caused a steep rise in cost. He thought it was necessary to bring the changes to the attention of the Committee.

Representative Kelly asked if there was a scope change on the project. Mr. Richards explained that the additional \$17.5 million would cover the full scope of the project.

[7:58:54 PM](#)

Representative Joule WITHDREW Amendment #39. There being NO OBJECTION, it was so ordered.

[7:59:34 PM](#)

Co-Chair Chenault MOVED to ADOPT Amendment #22 (Copy on File):

Add a new project to Section 13:
Department of Natural Resources
Kenai River Public Use Study
\$200,000 General Fund

Vice-Chair Stoltze OBJECTED.

Co-Chair Chenault explained the Amendment:

This study fulfills a court-ordered review that is required before the Department of Natural Resources can consider use restrictions in the Kenai River Special Management Area, if such restrictions become necessary in the future to adequately manage the resource. The study will implement recommendations found in the Kenai River Comprehensive Management Plan by evaluating the social dynamics of recreational use on the river, as well as the environmental impacts of human use on the river's water quality and fish and wildlife habitat. As public use in the Management Area continues to expand, there is increased conflict between various recreational user groups, as well as increasing impacts on the water quality and health of the river. It has

been four years since the court order was issued, and area user groups have expressed growing concerns about the inability to provide comprehensive management due to lack of implementation of this study.

Vice-Chair Stoltze pointed out that the borough mayor has indicated concern with dip netters. Co-Chair Chenault stated that dip netters are personal use and their need outweighs both commercial and sports fishing. Vice-Chair Stoltze referred to strong public statements. There have been efforts to eliminate access. Co-Chair Chenault stated that he preferred to move the dip netters. Allowing all users to dip net in two areas has created a strain on the river stocks. There is a great deal of waste and erosion. The most pressure comes from Southcentral Alaskans coming to the Kenai. He proposed opening the beaches for fishing.

Vice-Chair Stoltze indicated that the language in the Amendment was clear regarding the court order.

[8:07:27 PM](#)

LETA SIMONS, DIRECTOR, DIVISION OF SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES, responded to Representative Gara's query regarding the river. She said the Kenai River Management Area covers the entire river. Representative Gara pointed out that there are two segments of the Kenai River. The dip net fishery is in the lower part of the river. There has been pressure for more guiding time on the upper river, which concerned him. He did not support the use of the upper Kenai in that manner.

Ms. Simons understood that the study was to cover the entire management area. It would allow the State to comply with the Court order. Representative Gara asked about the conflict the court order addressed. Ms. Simons did not know.

[8:10:03 PM](#)

Co-Chair Chenault suggested there is more pressure on the lower Kenai River. He recommended a study to allow the Department to implement restrictions on the river. He thought there was more pressure on the lower Kenai from all user groups, especially in June and July. The study was necessary to determine restrictions on the river.

Representative Gara revisited his concerns regarding the upper river. Co-Chair Chenault advised that the study has resulted from a court order review.

Mr. Ecklund emphasized that if the Department wants to limit or restrict use on the river, the study must be done first.

Representative Kelly did not want modification.

Vice-Chair Stoltze thought it was up to the Department of Natural Resources to enact the restrictions. Ms. Simons explained that there was a court order that stated until a study was done, the Department cannot manage the river by putting restrictions on it. She did not know which part of the river the court order referenced. The options are limited for management without the study.

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Vice-Chair Stoltze was concerned with the request. He did not favor the Amendment. Representative Gara noted concern as well. There is no organized voice representing regular fishermen. He wanted the intent of the study to be clearer in the Amendment.

[8:16:29 PM](#)

Co-Chair Meyer added that this was one of the few deletions made from the Governor's budget because the topic elicits highly emotional responses. He stated he would not support the Amendment.

Representative Thomas stated support for the Amendment. He wanted the resource to be protected.

Representative Kelly asked how quickly a regulation change could be made on the river. Ms. Simons replied that the study was one of the tools the Department could use to make decisions. Without the study there is no plan. Representative Kelly asked if a change would be proposed in one year or five. Ms. Simons reiterated that she did not know.

[8:20:03 PM](#)

Representative Crawford asked if there was a desired change. Ms. Simons replied that the Department has no predisposition or intent. The sole purpose is the study.

A roll call vote was taken on the motion to adopt Amendment #22.

IN FAVOR: Nelson, Thomas, Crawford, Hawker, Joule, Chenault
OPPOSED: Kelly, Stoltze, Gara, Meyer

Representative Foster was absent from the vote.

The MOTION PASSED (6/4).

[8:22:28 PM](#)

Co-Chair Chenault MOVED to ADOPT Amendment #32 (Copy on File):

Add a new project to Section 10:
Alaska Natural Gas Development Authority
Engineering and Economic Study on Gas Bullet Line
\$4,000,000 General Fund

Co-Chair Meyer OBJECTED.

Co-Chair Chenault explained that the Amendment would give the Alaska Natural Gas Development Authority (ANGDA) \$4 million to conduct in-state studies on gas usage. The Governor had asked for \$8 million for the studies. The \$4 million is for phases I and II of the study.

Purpose of funding request:
The development of a North Slope gas pipeline project has been in flux for several decades. The Commissioners of Natural Resources and Revenue are considering whether to recommend to the legislature issuing an AGIA license for a mainline project moving Alaska North Slope gas to market. There are other alternatives being discussed by the public, the legislature, and a number of private and semi-public entities. These alternatives include other mainline projects moving large volumes of gas to markets as well as other small in-state projects serving primarily Alaska's energy needs.

AGIA specifically allows for projects smaller than 500 MMscfd. The purpose of this engineering and economic study on a bullet line from the North Slope to Alaska tidewater is to determine if a small bullet line project is feasible to develop. This information could then be compared with other energy generating projects that are under review to determine what energy sources would most feasibly serve the energy and feedstock needs of Alaska.

2. Scope of the work effort:

The work would encompass three Phases and the following major tasks:

A Phase 1 basic economic and engineering review of more than two stand alone small (less than 500 MMscfd) in-state gas transmission line project alternatives covering Cook Inlet and Valdez tidewater terminals, residential heat & power uses, methane enriched NGL content for export / manufacturing, and different North Slope production sources. This Phase I work effort would identify the preferred economic alternative. (6 months & less than \$1 million)

b. Phase 2 would develop more detailed design, engineering, cost and timing information on the preferred alternative.

- Pipeline sizing and material specification
- Operating pressures, compressor stations, and hydraulic & temperature profiles
- Pipeline installation & construction -buried and elevated segments
- Gas treatment plant (if needed) design and location on North Slope
- Receiving terminal design at tidewater
- Pipeline system routing, take-off points, and intermediate feed-in points
- NGL plant design and siting at tidewater
- Incorporation of existing pipeline & power infrastructure and manufacturing plants
- Integrated construction planning & logistics

This Phase 2 work effort would produce a definitive project cost estimate and construction schedule (18 months in parallel with Phase 3 at a cost of \$6 million).

c. Phase 3 would develop the economic analysis of potential financing alternatives and potential profitability of the project. Potential gas

sellers & buyers would be identified thru letters of intent. Phase 3 would define the business & financial underpinnings of the project (12 months after a cost estimate is available at a cost of \$ 1 million)

3. Schedule:

a. Phase 1 work effort would be complete by year end 2008 and Phase 2 & 3 definitions would be available by early 2010.

4. Funding Request:

a. \$4 million for work to be done by Alaska engineering contractors and business / financial consultants.

HAROLD C. HEINZE, CHIEF EXECUTIVE OFFICER, ALASKA NATURAL GAS DEVELOPMENT AUTHORITY (ANGDA) (testified via teleconference), thought the proposal was entirely compatible with the concurrent Resolution. He said the appropriation would fund the study through the fiscal year and would further define key issues. The total funding request would be \$8 million, which could mean a further request in the next year for \$4 million. The study would look at Cook Inlet and Valdez.

[8:27:40 PM](#)

Representative Hawker asked if work done to date would be utilized. Mr. Heinze replied that all past work that has been done would be incorporated. ANGDA had taken a look at a number of issues. A recent Department of Energy study would be incorporated. The Economic Development and Trade Committee stressed that the changing price world leads to different potential for Alaska, for instance in the value-added industry.

Representative Kelly asked how much money was left. Mr. Heinze responded that based on last year's appropriation, \$4.8 million is left to spend. Of that, over \$3 million has not been firmly committed. The rest is allocated to the two major issues related to the spur line. The other major portion of the funding that is allocated but uncommitted for basic open season process, the working with utilities, and fulfilling ANGDA's unique role to provide a pivotal point related to long-term financing.

Mr. Heinze thought that the \$4 million, which would be in lieu of the Governor's request for \$8 million, would move

the project ahead. Representative Kelly asked if ANGDA was coordinating with the Administration. Mr. Heinze said he has the support of the Administration on the in-state study.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #32 was adopted.

[8:34:06 PM](#)

Co-Chair Meyer MOVED to ADOPT technical amendment #1 on Amendment #1, p.3, item 11:

- 11) Language Section:
 - Delete "Page 205 lines 18-24"
 - Insert "Delete Section 61"

There being NO OBJECTION, it was so ordered.

Mr. Ecklund referred to handout "Composition of the Capital Budget - HCS SB 221 Version N" (Copy on File). He reviewed the items:

- The Governor's projects included in the Senate Capital Budget: \$31.3 million FY08 effective, \$1.227 million FY09 effective
- Senate Legislative additions in the Senate Capital Budget: \$75 million FY08 effective, \$574 million FY09 effective
- Total for the Senate Capital Budget: \$106.3 million FY08 effective, \$1,801.2 million FY09 effective, TOTAL \$1907.5 million
- The Governor's projects included in the House Capital Budget: \$310.7 million FY08 effective, \$109.7 million FY09 effective
- House Legislative additions in the House Capital Budget: \$315.5 million FY08 effective, \$0 million FY09 effective
- Total for the House Capital Budget: \$732.5 million FY08 effective, \$1,910.9 million FY09 effective, TOTAL \$2,643.4 million
- GO Bonds: \$220.6 million FY09 effective
- Total House CS Capital Bill with Bonds: \$2,864.0 million

- 64% of Version "N" were the Governor's proposed projects; 25% were Senate additions; 12% were House additions

Representative Kelly verified that the amendments the Committee had just adopted were not included in those totals. Mr. Ecklund said the new total had not been tallied.

Co-Chair Chenault MOVED to give Legislative Finance and Legal the ability to make technical and conforming changes to the CS as they redraft the bill. There being NO OBJECTION, it was so ordered.

[8:39:32 PM](#)

Representative Thomas noticed that the Alaska Works Partnership was back in the bill. He wanted more information about how many people were trained.

Representative Gara verified that the bonded projects in Sec. 19 are in the bill contingent on the bond passing.

Co-Chair Meyer clarified that those were only the bonds that the House passed.

Representative Gara stated for the record that he was uncomfortable putting the extra money into the budget.

Co-Chair Chenault acknowledged that the capital budget was large but hoped that the public would recognize the wide range of needs that had been addressed. He pointed to the approximately \$5 billion that had been put into savings.

[8:43:19 PM](#)

Co-Chair Meyer added that though some would think the budget was too high, others would think it was too low. There were many amendments people wanted to make but did not. He thought the budget was good and as efficient as it could be. For every dollar spent, two dollars were saved.

Co-Chair Meyer pointed out that communities are hurting for the same reason the State has the surplus: the high price of oil. He wanted to share that wealth through building schools and libraries, through revenue sharing, and putting

money into the municipalities. He hoped the budget would be seen as a fair one.

[8:46:54 PM](#)

Representative Joule acknowledged the work and cooperation of Committee members and staff. He thanked Co-Chair Meyer for his work. Co-Chair Meyer acknowledged the hard work of staff. Vice-Chair Stoltze echoed Representative Joule. Representative Crawford complimented Co-Chair Meyer.

Representative Foster MOVED to REPORT HCS CS SB 221 (FIN) out of Committee with individual recommendations. There being NO OBJECTION, it was so ordered.

HCS CSSB 221 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

ADJOURNMENT

The meeting was adjourned at 8:48 PM.