

SENATE FINANCE COMMITTEE  
August 6, 2008  
9:28 a.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [9:28:53 AM](#).

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice-Chair  
Senator Kim Elton  
Senator Donny Olson  
Senator Joe Thomas  
Senator Fred Dyson

MEMBERS ABSENT

None

ALSO PRESENT

Miles Baker, Staff, Co-Chair Stedman

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 4001 "An Act making supplemental appropriations, capital appropriations, reappropriations, and other appropriations; making appropriations to capitalize a fund; and providing for an effective date."

CSSB 4001(FIN) was heard and HELD in Committee for further consideration.

Senate Bill No. 4001

"An Act making supplemental appropriations, capital appropriations, reappropriations, and other appropriations; making appropriations to capitalize a fund; and providing for an effective date."

Co-Chair Hoffman MOVED to ADOPT CSSB 4001, labeled 25-GS3056\0, Kane, 8/5/08, as the working document.

Co-Chair Stedman OBJECTED for discussion purposes.

[9:31:00 AM](#)

MILES BAKER, STAFF, CO-CHAIR STEDMAN, went over the CS for SB 4001. He cited two worksheets breaking down the new numbers pertaining to the bill: Senate Home Energy Rebate Analysis (copy on file), and the Senate Finance Working Numbers (copy on file). The CS contains the Alaska Gasline Inducement Act (AGIA) appropriations as well as elements of SB 4003, which was the Governor's appropriation bill that dealt with energy-related items such as the energy rebate and the Power Cost Equalization (PCE) program. The intention is to have one appropriation bill that covers both areas.

Mr. Baker explained that Section 1 of the bill is a \$30 million general fund appropriation to the gas pipeline development fund, which was part of SB 4002. Language in Section 9 adds this fund to those funds that, the balance of which, are overseen by the Legislative Budget and Audit Committee (LB&A). Of the \$30 million, \$10 million will be immediately transferred to the AGIA reimbursement fund. The testimony from Mr. Palmer from TransCanada included an expectation to expend \$54 million through the end of June 30, 2009. Fifty percent of that would be the state's share, which is \$27 million. The appropriation of \$10 million now will be followed by another appropriation in FY 10. LB&A has the ability to release the remaining funds prior to the end of the fiscal year.

[9:33:56 AM](#)

Co-Chair Hoffman asked how long the \$30 million would last, in months. Co-Chair Stedman explained that it would last for this November and December and into the first quarter of the next calendar year. Co-Chair Hoffman concluded that it would last through March. Co-Chair Stedman reported that the billings for April, May, and June would be billed to the state in July, which would provide time for the regular budget appropriation cycle to fund the entire next year.

Mr. Baker moved on to Section 2 of the bill, or the PCE section. The administration had asked for a \$600,000 supplemental for PCE payments for FY 08, and a \$9 million supplemental for FY 09, prior to changes made to the PCE program. Legislative Finance estimated that the \$9 million request was potentially \$5 million low. This bill provides for a supplemental appropriation in subsections (a) and (b) for the current PCE program for FY 08 and FY 09. Subsection (c) on page 2 is the FY 09 appropriation if the Senate's proposed PCE changes are adopted. Subsection (a) is not contingent upon legislation passing; subsection (c) is contingent on the passage of SB 4002.

Mr. Baker then moved on to Section 3 - the appropriation to the Department of Revenue for distribution and administration of the \$500 per person resource rebate. It is estimated to be \$310,100,000.

Mr. Baker related that Section 4 is the \$2.1 million appropriation to the Department of Health and Social Services for the hold harmless provisions of the resource rebate and also the amount of money that would allow the veterans' who have not applied for the PFD to apply for the rebate.

Mr. Baker explained that Section 5 is a \$360 million appropriation to the Alaska Energy Authority to make emergency energy relief payments and administer the new program. The breakout of that amount is depicted on the spreadsheet entitled "Senate Home Energy Rebate Analysis".

Mr. Baker highlighted Section 6, which is a \$50 million supplemental appropriation to the Alaska Housing Financing Corporation (AHFC) for the Alaska energy efficient home grant fund.

[9:40:09 AM](#)

Mr. Baker continued to explain that Section 7 is an appropriation for the ceiling changes that the Committee and Senate passed in SB 4002 for the bulk fuel revolving loan program and the bulk fuel bridge loan program. He detailed the subsections of Section 7.

Mr. Baker related that Section 8 includes a \$147,600 appropriation to the Department of Commerce, Community and Economic Development to recalculate PCE levels for FY 09, and \$1,550,000 to the Department of Commerce, Community and Economic Development to offset the cost of fuel to the North Slope Borough for FY 09.

Mr. Baker detailed Section 9, which is the language section required to add the Alaska gas pipeline development fund to the program receipts reviewed by LB&A.

Mr. Baker described Section 10 as a \$50 million appropriation to the renewable energy grant fund as a result of an amendment made to SB 4002.

Senator Elton asked if Section 10 would increase the renewable energy fund by \$50 million for alternative energy. He concluded that it would simply increase the fund by \$50 million, not necessarily designated for alternative energy. Mr. Baker said that was correct.

[9:45:03 AM](#)

Mr. Baker related that Section 11 ensures that certain appropriations do not lapse. Section 12 refers to the \$600,000 PCE supplemental for FY 08. Section 13 is the contingency language that states that all appropriations related to the energy relief program are contingent upon the passage of HB 4002. It also ensures that the PCE supplemental goes into effect.

Senator Olson asked if the appropriations were for one year.

Mr. Baker said yes.

[9:46:37 AM](#)

Senator Huggins inquired if there would be an opportunity to insert language from the commissioner's report to LB&A on AGIA.

Co-Chair Stedman noted the concern about the required report.

Senator Thomas asked about the qualifications necessary to receive the \$500 rebate. Co-Chair Stedman said that a person who qualifies for a PFD would qualify for the rebate. A veteran could qualify for the rebate even if they did not receive a PFD.

Co-Chair Hoffman commented that this legislation reflects what the Senate has already passed.

At Ease: [9:48:42 AM](#)

Reconvene: [5:42:58 PM](#)

CSSB 4001(FIN) was heard and HELD in Committee for further consideration.

#### ADJOURNMENT

The meeting was adjourned at 5:43 PM.