

SENATE FINANCE COMMITTEE
August 7, 2008
4:19 p.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [4:19:57 PM](#).

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; Karen Rehfeld, Director, Office of Management and Budget; Senator Thomas Wagoner

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."

SB 4001 was scheduled but not heard.

CSHB 4001(FIN)

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

SCS CSHB 4001(FIN) was REPORTED out of Committee with a recommendation "to amend".

[4:20:39 PM](#)

CS FOR HOUSE BILL NO. 4001(FIN)

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

Co-Chair Hoffman MOVED to ADOPT a new Senate Committee Substitute for CSHB 4001(FIN), labeled 25-GH3056\O, Bullard/Kane, 8/7/08.

Senator Dyson OBJECTED for discussion purposes.

[4:20:58 PM](#)

MILES BAKER, STAFF, CO-CHAIR STEDMAN, explained the new SCS to CSHB 4001. He referred to a spreadsheet entitled "SB 4001/HB 4001 Compare" (copy on file.) It compares the appropriation bills: conditions in FY 08, the Governor's bill, the House CS, the Senate CS, and the Senate CS to CSHB 4001. The principal difference in the current Senate CS is in Section 1 where the sum of \$30 million is appropriated from the general fund to the Alaska Gasline Inducement Act (AGIA) reimbursement fund. The previous version of the bill appropriated \$30 million in general funds to the Alaska Gas Pipeline Development Fund.

[4:23:28 PM](#)

Senator Dyson questioned the amount of the appropriation in Section 1 and the note of a \$10 million transfer to AGIA. Co-Chair Stedman explained that the note refers to the Senate version of the original bill. A section was deleted that referred to a separate account controlled by the Legislative Budget and Audit Committee and dispersed into the AGIA account. The appropriation now goes from the treasury into the AGIA account.

Senator Dyson requested an explanation of all areas that have been changed.

Mr. Baker explained that in the notes, "S" means the Senate version from 8-6-08. He explained the \$10 million transfer. The amount currently proposed is \$30 million, \$20 million less than what the House passed.

Senator Dyson asked if AGIA and the new CS are identical to what the House has agreed to. Co-Chair Stedman said the House version had \$50 million; the current CS is for \$30 million.

[4:26:07 PM](#)

Senator Dyson asked if this bill needs to return to the House if it is adopted. Co-Chair Stedman agreed it would.

Mr. Baker reported that Section 2 deals with the Power Cost Equalization program supplemental appropriations. Subsection (a) has not changed.

AT-EASE: [4:26:45 PM](#)

RECONVENE: [4:27:12 PM](#)

Mr. Baker continued to explain that Section 2(a) is the \$600,000 FY 08 supplemental for the PCE program. Each version of the bill has included that amount, which was in the original version of the bill and requested by the administration.

Mr. Baker explained subsection (b). The current CS contains a \$14 million appropriation for the FY 09 PCE program. He referred to an amendment that would modify that amount. He clarified that \$14 million is the same as in the previous version of the bill. Missing in the current version is subsection (c) which dealt with PCE changes.

[4:29:01 PM](#)

Mr. Baker explained that Section 3 contains the appropriation for \$1.9 million to the Department of Health and Social Services for the hold harmless provisions of the resource rebate. That amount is less than the previous version of the bill which was for \$2.1 million.

Mr. Baker reported that the Heating Fuel Rebate Program does not exist in this version of the bill.

Mr. Baker related that Section 4 of the bill is for \$60 million for the Alaska Housing Finance Corporation home grant fund program. That amount is \$10 million higher than the previous version of the bill.

[4:30:48 PM](#)

Mr. Baker explained that Section 5(a) includes \$5.5 million for the bulk fuel revolving loan program. Subsections (b) and (c) deal with the bulk fuel bridge loan fund. Subsection (d) is \$20 million for the Alaska Village Electric Coop (AVEC) bulk fuel loan fund.

Mr. Baker explained Section 6 and the sum of \$50 million for the renewable energy grant fund. Subsection (b) adds intent language that the \$50 million is intended to be a supplemental appropriation.

[4:33:25 PM](#)

Mr. Baker turned to Section 7, which deals with the Motor Fuel Tax Suspension for \$100,000 to hold municipalities harmless for aviation fuel tax losses.

Mr. Baker related that Section 8 is for \$5.5 million to the Department of Natural Resources for gas pipeline implementation.

Mr. Baker explained that Section 9 is the lapse language and Section 10 deals with retroactivity to FY 08. Section 11 contains contingency language related to suspension of the motor fuel tax and conditions that apply to the AVEC loan.

[4:35:27 PM](#)

Mr. Baker reported that the total cost for the FY 09 appropriation is estimated at \$945.8 million. The estimated cost to the treasury for the tax suspension is \$36.6 million. The total cost of this bill is \$982.5 million.

Senator Dyson MAINTAINED his OBJECTION.

[4:37:07 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 1. He OBJECTED for discussion purposes.

Co-Chair Stedman WITHDREW his motion to adopt Amendment 1.

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, offered to comment on the amendment.

Senator Dyson asked for Ms. Rehfeld's opinion on the amendment. He wondered which components of the new CS were objectionable to the administration. He voiced concern about the House not concurring with items in the bill.

Co-Chair Stedman requested Ms. Rehfeld to point out concerns.

Ms. Rehfeld said the administration is pleased with the inclusion of the resource rebate at \$1,200 and the reduction of administration costs by including it with the PFD. She also agreed with the suspension of the motor fuel tax.

Ms. Rehfeld commented positively about the Power Cost Equalization (PCE) funding, the addition of the home energy rebate program administered by AHFC, and the fuel purchase assistance. She summarized that the administration was pleased with the bill.

[4:40:38 PM](#)

Senator Dyson MAINTAINED his OBJECTION to adopting the Senate CS. He requested an explanation of Section 5 (b), (c), and (d), which he maintained are different from the House version of the bill.

Co-Chair Hoffman explained that there is support for these appropriations which were requested by the administration. Senator Dyson asked if they were in the Governor's original submittal. Co-Chair Hoffman said they were not, but two were included in the House version; the bulk fuel revolving loan and the bridge fuel loan.

Co-Chair Stedman pointed out that the bulk fuel bridge program in the House column should also say \$5,300,000.

Senator Dyson restated that the dollar amount should have been included. Co-Chair Stedman agreed and said it was an oversight.

[4:43:27 PM](#)

Senator Thomas asked Ms. Rehfeld about missing DOT capital projects. Ms. Rehfeld commented that she was referring to the energy components of the appropriation bill. She thanked the Committee for including the components of the AGIA implementation. The administration would have preferred that more of their requests could have moved forward. She hoped to work on them during the regular session.

Senator Thomas asked about the motor fuel tax. Ms. Rehfeld responded that there is clear language and penalties built into the bill.

[4:46:29 PM](#)

Senator Dyson asked if there was money in the bill for the Alaska Natural Gas Pipeline Development Authority (ANGDA). Co-Chair Stedman said it wasn't in the bill.

Senator Dyson requested the administration's viewpoint.

Ms. Rehfeld thought the committee would continue to work on those components during the regular session. Senator Dyson saw it as a problem.

Senator Dyson MAINTAINED his OBJECTION to adopt the SCS.

A roll call vote was taken on the motion.

IN FAVOR: Thomas, Elton, Huggins, Olson, Hoffman, Stedman
OPPOSED: Dyson

The motion failed 1-6.

There being NO OBJECTION, SCS CSHB 4001 was adopted.

Co-Chair Hoffman MOVED to ADOPT Amendment 1:

Page 2, Lines 3-5
Delete all material

Insert "(b) The amount necessary, estimated to be \$23,000,000, is appropriated from the general fund to the Alaska Energy Authority for payment of power cost equalization for the fiscal year ending June 30, 2009"

Page 3, Line 12
After the word "implementation"
Insert "for the fiscal year ending June 30, 2009"

Page 3, Line 15
Delete "and 8"

Co-Chair Stedman OBJECTED for discussion purposes.

[4:50:35 PM](#)

Mr. Baker explained that the amendment deletes the current subsection (b) which was a \$14 million FY 09 supplemental to the PCE program. The administration had asked for \$9 million. Legislative Finance determined that was about \$5 million shy, assuming no programmatic changes were needed. The amendment would insert a new subsection containing \$23 million to account for raising the PCE ceiling \$1. The language "the amount necessary, estimated to be" makes it an open-ended appropriation.

Mr. Baker explained that the second part of the amendment addresses page 3, line 12, which is an appropriation for \$5.5 million to the Department of Natural Resources. That is more appropriately an operating budget item, not a capital grant, as it appears in the current version of the bill. The words "for the fiscal year ending June 30, 2009" correct that problem.

Also, page 3, line 15, removes subsection 8, which ensures that the appropriation is an operating budget item, not a capital budget item.

[4:52:42 PM](#)

Senator Elton suggested on page 3, line 15, the wording "the appropriation made in Section 4 of this act is for capital projects and lapses under AS 37.25.020".

Mr. Baker pointed out that the final part of the amendment should say "Delete and 8".

Co-Chair Stedman WITHDREW his OBJECTION to adopt Amendment 1. There being NO further OBJECTION, it was so ordered.

AT-EASE: [4:54:21 PM](#)

RECONVENE: [4:54:53 PM](#)

Co-Chair Stedman asked if there were any other comments.

Senator Thomas questioned the exclusion of the DOT projects and the ANGDA money.

Co-Chair Hoffman pointed out that there would be opportunities to make amendments on the floor.

[4:56:00 PM](#)

Co-Chair Hoffman MOVED to REPORT SCS CSHB 4001 out of Committee with individual recommendations.

Co-Chair Stedman OBJECTED for discussion purposes.

Senator Dyson OBJECTED to moving the bill out of committee.

A roll call vote was taken on the motion.

IN FAVOR: Thomas, Elton, Huggins, Olson, Hoffman, Stedman
OPPOSED: Dyson

The motion failed 1-6.

There being NO OBJECTION, it was so ordered.

SCS CSHB 4001(FIN) was REPORTED out of Committee with a recommendation "to amend".

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."

SB 4001 was scheduled but not heard.

ADJOURNMENT

The meeting was adjourned at 5:11 PM.