

HOUSE FINANCE COMMITTEE  
April 15, 2009  
8:45 a.m.

8:45:10 AM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 8:45 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair  
Representative Bill Stoltze, Co-Chair  
Representative Bill Thomas, Jr., Vice-Chair  
Representative Allan Austerman  
Representative Harry Crawford  
Representative Anna Fairclough  
Representative Richard Foster  
Representative Les Gara  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Woodie Salmon

MEMBERS ABSENT

None

ALSO PRESENT

John Duffy, Borough Manager, Mat-Su Borough; Joe Geldhof, Juneau; Chip Thoma, President, Responsible Cruising in Alaska; Senator Linda Menard

PRESENT VIA TELECONFERENCE

Kathy Morgan, Tok Community Umbrella Corporation, Tok; Dan Duame, Executive Director, Aleutian Housing Authority Association of Alaska Housing Authorities, Palmer; Charles Parker, Alaska Village Initiatives, Wasilla; Grant Baker, UAA Engineering, Anchorage; Dan Leinberger, Mayor, Bethel; Rick Koch, City Manager, Kenai; Brian Rodger, Interim Chancellor, University of Alaska, Fairbanks; Chris Turletes, Associate Vice Chancellor, University of Alaska, Anchorage; John Pugh, Chancellor, University of Alaska Southeast, Juneau; Eric Morrison, Fire Chief, White Mountain; Dan Harrelson, Mayor, White Mountain; Linda Snow, City Manager, St. Paul; Terri Snyder, Mat-Su Borough; Sedor Kuzmin, Delta Junction; Cynthia Henry, Chair, University of Alaska Board of Regents; Paul Kendall, Anchorage; Bill Cheeseman, Transportation Supervisor, Mat-Su School District; Marvin Yoder, Manager, Wasilla; Paul Campbell, Port MacKenzie Commission, Mat-Su; Bishop Buckle, Chair, Real Property

Asset Management Board, Mat-Su; Tom Adams, Civil Engineer, Loundsbury & Associates, Mat-Su; Dave Cruz, Port McKenzie Commission, Mat-Su; Chuck Braum, Operations/Maintenance Road, Mat-Su; Chris Remilk, Mat-Su School District; Lynn Woods, Deputy Mayor, Mat-Su Borough; Michael Campfield, Engineer, Mat-Su Transportation Advisory Board, Palmer; Greg Bell, Port McKenzie Commission, Wasilla; Bill Sheffield, Director, Port of Anchorage

SUMMARY

CSSB 75(FIN)

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

CSSB 75 was heard and HELD in Committee for further consideration.

HB 207 "An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

HB 207 was heard and HELD in Committee for further consideration.

[8:46:18 AM](#)

#sb75

CS FOR SENATE BILL NO. 75(FIN)

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

JOHN DUFFY, BOROUGH MANAGER, MAT-SU BOROUGH, related that the Mat-Su borough is quickly growing and has increased needs such as improved transportation systems. He shared statistics about the dangers of local roads and bridges in need of repair. He shared local solutions taken to raise funds to meet those needs. He requested matching funds of \$35 million and that the state budget shortfall is shared equally throughout the state. He stressed the burden put on the Mat-Su due to recent budgetary cuts.

Co-Chair Stoltze commented that the Committee is dealing with the governor's budget as submitted, which did not include funding for those projects. It puts the legislature in a precarious situation. He spoke of specific vetoes: Goose Creek for \$17 million, the Spur Line, port money, and

matching road bond money. He maintained that there were no guarantees or promises in this budget.

Mr. Duffy voiced appreciation for the work the legislature does.

[8:51:28 AM](#)

JOE GELDHOF, JUNEAU, related that he was one of the principle authors of the cruise ship initiative. He addressed Section 4 of SB 75, which relates to the cruise ship initiative. He felt he spoke for those who worked on, and voted for, the initiative. The kinds of projects that are currently funded are those that the fund was intended for. He thanked the Committee for moving forward and spending the money on the projects and putting Alaskans to work.

[8:53:14 AM](#)

Representative Gara asked what the funds are allowed to be used for. He wondered if there is any intent language. Mr. Geldhof related that there is language in the initiative that mirrors federal law. There is only one significant case that touches on the federal limitations. There is a potential for a law suit. There needs to be a nexus between the kinds of activities funded and the source of the revenue, the excise tax. For example, a wharf in Ketchikan would apply. The vast majority of the projects show the connection between the project and the passengers.

[8:55:24 AM](#)

Representative Gara asked what the federal language states. Mr. Geldhof could not cite the language. He said the excise tax must be spent on cruise-related items. Representative Gara thought there was a lot of leeway if it is linked to passengers; less if it is linked to the cruise ship.

Co-Chair Stoltze offered to provide the language.

Representative Austerman wondered if not spending the money jeopardized the excise tax. Mr. Geldhof explained that there were two issues related to collecting money and not spending it. At a certain point if a large amount of money accumulates, it would be a legal problem. That has been avoided this session because the money is being spent. An orderly expenditure is advisable from a legal point of view.

[8:59:28 AM](#)

Representative Gara did not like the idea of the federal government telling the state how to use its money. He

requested federal language regarding that issue. Mr. Geldhof offered to provide that language.

Representative Kelly also requested a copy of the language. Co-Chair Stoltze stated that all members would receive a copy.

Mr. Geldhof added that federal law roughly parallels state law.

[9:00:47 AM](#)

CHIP THOMA, PRESIDENT, RESPONSIBLE CRUISING IN ALASKA, referred to page 42 of the bill, the cruise ship appropriation, and thought the descriptions of the projects should be more specific in order to avoid lawsuits. He voiced appreciation for the legislature's support.

[9:03:02 AM](#)

KATHY MORGAN, TOK COMMUNITY UMBRELLA CORPORATION, TOK, via teleconference, requested funding for several CIP's: a Tok biomass and processing facility for \$190,000, a new woodchip boiler at the Tok DOT for \$1.5 million, wood pellet stoves in public buildings for \$47,500, and to clear space around disabled, senior, and veterans homes for \$150,000.

[9:04:27 AM](#)

DAN DUAME, EXECUTIVE DIRECTOR, ALEUTIAN HOUSING AUTHORITY ASSOCIATION OF ALASKA HOUSING AUTHORITIES, PALMER, via teleconference, expressed support for the Supplemental Housing Development Grant Program, which saw a decrease in the Senate's version of the bill. He described the program as rehabilitation and development of affordable housing in rural Alaska. The program administers \$90 million in federal housing money directly and leverages additional funds. The Grant Program is one of the sources used as leverage. He related that the allocated state grant program of \$8 million needs to be raised to \$10 million. He requested that the \$10 million amount be restored to be used for affordable housing and jobs. The funds allow for a federal match.

[9:10:10 AM](#)

CHARLES PARKER, ALASKA VILLAGE INITIATIVES, WASILLA, via teleconference, requested funding for fire protection in rural communities. He requested \$1 million for 12 communities. He cited a study on property loss in rural areas when there is no fire protection. He strongly urged support for the program.

[9:12:29 AM](#)

GRANT BAKER, UAA ENGINEERING, ANCHORAGE, via teleconference, spoke of the importance of hiring Alaskan engineers for pipeline jobs. He urged support for an increase in funding for an engineering building. He encouraged finding solutions to stimulate the economy. He thanked the Committee for all its hard work.

Representative Gara appreciated meeting with the engineering students recently. He mentioned other structural needs in Alaska. He suggested also using private sector funds for the engineering building.

[9:16:18 AM](#)

DAN LEINBERGER, MAYOR, BETHEL, via teleconference, recognized the status of the economy; however, he maintained that Bethel has a few necessity items. Bethel's public safety buildings are in decrepit condition. The police and fire station are in need of repairs. More structural deficiencies were discovered during a roof repair to the fire station. He mentioned that Occupational Safety and Health Administration has cited health and safety problems with the structure. He said the situation should not wait another year. He also requested funding for a multi-use Bethel Aquatic Center. He referred to a resolution requesting funding for those projects.

[9:21:11 AM](#)

RICK KOCH, CITY MANAGER, KENAI, via teleconference, testified in support of a capital project in the original budget, the Kenai River Bluff Erosion Project. He explained the details of the erosion and the Corps of Engineers' study. In October 2007, the voters approved a bond proposition to support the project. He mentioned the loss of property and money for improvements if the project is not undertaken. He discussed the federal omnibus bill that removed a Congressional authorization that related to the Corps of Engineers' ability to undertake Alaska coastal erosion control projects. A 35 percent match is now required. The project is ready to move forward and is Kenai's number one priority. He requested a state match of \$13 million.

[9:27:54 AM](#)

BRIAN RODGER, INTERIM CHANCELLOR, UNIVERSITY OF ALASKA, FAIRBANKS, via teleconference, thanked the Committee for its work. He reported that UAF needs \$50 million for deferred maintenance. He requested support to use non-general funds to begin construction of the Energy Building.

Representative Joule asked if the Cold Climate Housing is part of the university. Mr. Rodger replied that it is located on UAF property, but not associated with the university.

CHRIS TURLETES, ASSOCIATE VICE CHANCELLOR, UNIVERSITY OF ALASKA, ANCHORAGE, via teleconference, requested funding for deferred maintenance. He described the university's needs and the amount of funds required to meet those needs. He detailed needs in refurbishing the science building and the arts building. He requested funding for remodeling and renewing and deferred maintenance.

Vice-Chair Thomas assumed the gavel.

[9:36:48 AM](#)

JOHN PUGH, CHANCELLOR, UNIVERSITY OF ALASKA SOUTHEAST, JUNEAU, via teleconference, thanked the Committee for its work on the operating budget. He requested funding for the university's top priority, major remodeling and renewing, as well as for deferred maintenance. He thanked the legislature for its past support of remodeling and renewing projects. He requested that the Committee add back the \$8 million for deferred maintenance.

[9:38:55 AM](#)

ERIC MORRISON, FIRE CHIEF, WHITE MOUNTAIN, via teleconference, testified in support of funding for the public safety building construction in White Mountain. He asked for a 40 percent match, stating that 60 percent of the funds had been lined up from seven other sources. He listed funding sources and emphasized the need for state funds in order to meet the federal match.

[9:40:38 AM](#)

DAN HARRELSON, MAYOR, WHITE MOUNTAIN, via teleconference, requested money for the public safety building. He reported on a fire with loss of lives, and the loss of their school from another a fire.

[9:41:40 AM](#)

LINDA SNOW, CITY MANAGER, ST. PAUL, via teleconference, requested state matching funds for the St. Paul Harbor Project. She described the history of the island and the city's quest to establish its economy. She detailed the phases of the harbor construction. Included in the governor's version of the bill is funding for the final phase which would complete the harbor project.

[9:45:01 AM](#)

TERRI SNYDER, MAT-SU BOROUGH, via teleconference, spoke in support of funding for roads. She talked about unfunded mandates. She emphasized the need for fairness in the distribution of available funds.

[9:47:50 AM](#)

SEDROR KUZMIN, DELTA JUNCTION, via teleconference, testified in favor of funding for fuel for schools and water for the community.

[9:50:10 AM](#)

CYNTHIA HENRY, CHAIR, UNIVERSITY OF ALASKA BOARD OF REGENTS, via teleconference, thanked the Committee for its work. She listed renewal and renovation as the Board's highest priority item. She hoped that there would be an increase in the budget for this appropriation. She emphasized that it was an opportunity for the university to maximize construction dollars.

Representative Kelly mentioned that Representative Fairclough worked hard on the university's budget.

[9:53:36 AM](#)

PAUL KENDALL, ANCHORAGE, via teleconference, requested funding for an energy forum. He suggested looking at the Cook Inlet as an energy source. He reminded the Committee that the stimulus money will disappear in two years. He thought the focus should be on water as an energy source. He suggested ideas for using water for energy. He suggested sticking to core values.

[9:58:36 AM](#)

BILL CHEESEMAN, TRANSPORTATION SUPERVISOR, MAT-SU SCHOOL DISTRICT, via teleconference, agreed with Mr. Duffy's comments on the need for road repair in the Valley. He spoke of safety issues when transporting students in busses.

[10:00:16 AM](#)

MARVIN YODER, MANAGER, WASILLA, via teleconference, requested funding for road bonds to promote health and safety. He stated that the state should support the voters' intentions.

PAUL CAMPBELL, PORT MACKENZIE COMMISSION, MAT-SU, via teleconference, testified in support of funding bonds for ports.

[10:02:53 AM](#)

BISHOP BUCKLE, CHAIR, REAL PROPERTY ASSET MANAGEMENT BOARD, MAT-SU, via teleconference, testified in support of funding for roads and the new prison.

[10:03:49 AM](#)

TOM ADAMS, CIVIL ENGINEER, LOUNDSBURY & ASSOCIATES, MAT-SU, via teleconference, spoke in favor of funding for transportation projects. He stressed the need to fund bond and design projects. He emphasized that it was the wish of the voters to fund these bonds. He recognized that the Mat-Su Borough ratio drops to \$4 dollars per person if major transportation projects are removed. He urged financing a portion of the road bond package.

[10:07:54 AM](#)

DAVE CRUZ, PORT MCKENZIE COMMISSION, MAT-SU, via teleconference, spoke in support of infrastructure improvement projects.

CHUCK BRAUM, OPERATIONS/MAINTENANCE ROAD, MAT-SU, via teleconference, asked that Mat-Su be given a fair share of the capital budget.

[10:09:15 AM](#)

CHRIS REMILK, MAT-SU SCHOOL DISTRICT, via teleconference, spoke in support of the road bond project and pointed out the importance of students being transported safely over the roads.

LYNN WOODS, DEPUTY MAYOR, MAT-SU BOROUGH, testified via teleconference in support of further investment in roads, ports, and the rail system. She maintained that projects are needed to address current and past needs and to grow the economy.

Representative Foster referred to the Senate capital budget structure and pointed out that Mat-Su has \$50 million allotted to it, more than Anchorage area-wide or Kenai. He concluded that Mat-Su has done very well.

Ms. Woods said she was fortunate to have excellent representation in the legislature. She pointed out that she was speaking strictly about the Mat-Su area. Money for prisons does not help with building roads. She thought distribution should be equal throughout the state.

[10:13:58 AM](#)

MICHAEL CAMPFIELD, ENGINEER, MAT-SU TRANSPORTATION ADVISORY BOARD, PALMER, via teleconference, listed projects currently

in the design stage and requested funding for them. He requested \$190 million to maintain those projects. The stimulus package does not cover these projects. He spoke of the approval of the voters. He said that Department of Transportation and Public Facilities supports many of the roads included in the bond package. He maintained that they would reduce accidents, improve safety, and increase emergency response time.

[10:18:30 AM](#)

GREG BELL, PORT MCKENZIE COMMISSION, WASILLA, via teleconference, requested funding for the Port, roads, and railroad expansion.

Representative Fairclough thought that Governor Sheffield was looking for funding for the Port of Anchorage.

[10:20:13 AM](#)

SENATOR LINDA MENARD requested funding for the railroad spur and for roads in the Mat-Su Borough. She mentioned that the area contains three of the most hazardous roads in Alaska. She maintained that the economic return from the projects is key to the Borough.

[10:22:28 AM](#)

FORMER-GOVERNOR BILL SHEFFIELD, DIRECTOR, PORT OF ANCHORAGE, via teleconference, requested funding to finish the north extension of the Port. He thanked the Committee for its support.

[10:23:47 AM](#)

SB 75 was heard and HELD in Committee for further consideration.

#hb207

HOUSE BILL NO. 207

"An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

Vice-Chair Thomas noted that HB 207 would be heard during the afternoon meeting.

HB 207 was heard and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 10:23 AM.