

SENATE FINANCE COMMITTEE
April 11, 2009
11:23 a.m.

11:23:26 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 11:23 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Johnny Ellis
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

None

ALSO PRESENT

Miles Baker, Staff, Co-Chair Stedman; Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 75 "An Act making and amending appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

CSSB 75 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

SB 170 "An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; and providing for an effective date."

CSSB 170 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal

note #1 by the Department of Labor and Workforce Development.

[11:24:06 AM](#)

#sb75

SENATE BILL NO. 75

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

AT-EASE: [11:24:37 AM](#)

RECONVENED: [11:27:18 AM](#)

Co-Chair Hoffman MOVED to adopt the work draft to SB 75, labeled 26-GS1-3\T, Kane, 4/10/09.

Co-Chair Stedman OBJECTED for discussion purposes.

[11:28:10 AM](#)

MILES BAKER, STAFF, CO-CHAIR STEDMAN, referred to a document entitled "2009 Legislature - Capital Budget Statewide Totals - Senate Structure" (copy on file). He explained that the first column is principally Section 1 of the bill - the FY 10 capital budget based on the governor's amended request. Section 4 of the bill, the second column, contains the cruise ship fund items. The third column consists of the transportation stimulus items. The fourth column is the FY 09 supplemental budget. The language items were moved into their appropriate sections for totaling purposes in the report.

Mr. Baker discussed the changes in the new version of the bill. One project was accidentally left off - the Department of Commerce Manufacturing Extension Program. The intent was to include all items with federal matches, such as this program. This addition is found on page 3, lines 6 and 7, for \$806,401,000. The only other change that affects the capital numbers is the administration's February 24 amendment which deleted thirteen items out of the transportation portion of the bill. These transportation items were moved to the stimulus portion of the bill. There were three federal project additions which total \$22.9 million. It was the intent to include the federal receipt authority for surface transportation and aviation projects in the FY 10 capital budget.

[11:31:36 AM](#)

Mr. Baker reported that the rest of the changes were technical in nature. There were three Glenn Highway projects and one Parks Highway project where the Milepost numbers were added to the titles of the projects. There was an incorrect statutory reference on page 43 regarding cruise ship head tax funds. In the legislative appropriation section, three re-appropriations were added in: Section 24 on page 70, a Fairbanks area wide reappropriation, Section 33, page 74, line 20, and Section 36, page 75, legislative reappropriations regarding the balance of funds for the Endangered Species Act.

[11:33:28 AM](#)

Mr. Baker addressed two dividend fund source changes: \$29.9 of Alaska Housing Finance Corporation (AHFC) dividends and \$22.7 of Alaska Industrial Development and Export Authority (AIDEA) dividends replaced \$56.2 million in general funds. That is shown on page 62. The \$15 million going to Alaska Gasline Inducement Act (AGIA) is now coming from AIDEA dividends. The sum of \$25 million to the renewable energy grant fund is coming from AHFC dividends. The balance of the \$52.6 million went to federal aid highway state match.

[11:34:53 AM](#)

Mr. Baker summarized that the budget before the Committee is \$28.9 million higher in federal funds due to the DOT projects. It is also \$52.5 million higher in other funds, and \$51.7 million lower in general funds. The difference between the two numbers is due to \$806,000 added for the Manufacturing Extension Program.

[11:35:41 AM](#)

Co-Chair Stedman WITHDREW his objection to the adoption of the CS. There being NO OBJECTION, Version T was adopted.

[11:36:14 AM](#)

Senator Thomas MOVED to ADOPT Amendment 1:

Page 35, line 22:
Delete "10,000,000" in both places
Insert "15,300,000" in both places
Page 35, line 22:
Delete "UA Climate Projects"
Insert "UAF Energy Technology Building"
Page 35, lines 24 - 25:
Delete all material.
Page 39, line 19:
Delete "30,000,000"
Insert "30,300,000"
Page 39, line 21:

Delete "\$33,200,000"
Insert "\$33,500,000"
Page 39, line 25:
Delete "\$1,230,384,368"
Insert "\$1,230,684,368"

Co-Chair Stedman OBJECTED.

Senator Thomas explained the amendment swaps receipt authority for two projects, the University of Alaska Climate Project and the University of Alaska - Fairbanks Energy Technology Building. With the emphasis today on Energy it was deemed more appropriated to use federal receipts on the Energy Technology Building. It has no impact on the budget because it is receipt authority. It would allow the university to begin the project, seek stimulus money, and compete for federal grants and private money. The non-general fund amount would be sufficient to begin the project and reduce the amount of state funds needed to finish the project. This funding is similar to how the West Ridge Research building was funded.

AT-EASE: [11:38:10 AM](#)

RECONVENED: [11:38:57 AM](#)

Co-Chair Stedman noted that this important issue would be worked on during the interim.

[11:40:09 AM](#)

Senator Thomas thought timing was everything. He wanted to have assurance that it would happen.

Senator Thomas WITHDREW Amendment 1.

Co-Chair Stedman stated a commitment from the Senate Finance co-chairs to have the Committee to work on a multitude of issues in Fairbanks this coming summer.

AT-EASE: [11:41:05 AM](#)

RECONVENED: [11:43:56 AM](#)

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, reported that yesterday the revised spring forecast was released, which was not much different than the previous February version. She spoke of a desire to reduce the amount of the draw on reserves at the end of the year. The current CS does make reductions as proposed; however, there are some projects that are missing. Given the revenue picture, the administration is willing to work on addressing those projects when the revenue forecast improves.

[11:46:09 AM](#)

Ms. Rehfeld hoped to continue to dialogue about including the funding necessary to match federal and other fund sources. In the area of energy and resource development, the governor has four specific projects and priorities that are not currently included in the CS that merit continued discussion: the Alaska Spur Line Project, the Dalton Highway Western Alaska Access, and on-going DNR reservoir study work. The administration supports minimizing the draw on the reserve and the budget with the proposed reductions included.

[11:47:31 AM](#)

Senator Huggins asked for more information on the energy projects.

Ms. Rehfeld repeated the requests that needed more discussion: the Dalton Highway - Milepost 9-11, for \$26 million; the Alaska gas spur line, for \$8 million.

Senator Huggins asked if that was for in-state gas. Ms. Rehfeld said it was \$8 million that would go to the Alaska Natural Gas Pipeline Development Authority (ANGDA).

Senator Huggins expressed frustration about lack of funding for the railroad spur line. He requested more information about whether there was a funding priority for the railroad spur line. Ms. Rehfeld recalled funding in last year's budget for the Point McKenzie rail extension. There is no funding in the current CS.

Senator Huggins pointed out that last year there was \$20 million for that project, of which \$2.5 million was vetoed. He expressed frustration about the veto system. He wished for further conversation on that subject.

[11:50:06 AM](#)

Co-Chair Hoffman MOVED to report SB 75, Version T, out of Committee with individual recommendations. There being NO OBJECTION, it was so ordered.

CSSB 75 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

AT-EASE: [11:50:50 AM](#)

RECONVENED: [11:54:08 AM](#)

#sb170

SENATE BILL NO. 170

"An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; and providing for an effective date."

Co-Chair Stedman noted that this was the second hearing of the bill. On April 7, Version S was adopted.

Senator Ellis noted letters of support for the bill from the National Federation of Independent Business and from the Alaska State Chamber of Commerce (copies on file).

Co-Chair Hoffman MOVED to report CSSB 170 (FIN), Version S, as amended, out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSSB 170 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by the Department of Labor and Workforce Development.

#

ADJOURNMENT

The meeting was adjourned at 11:56 AM.