

SENATE FINANCE COMMITTEE  
April 7, 2010  
4:13 p.m.

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CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 4:13 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Miles Baker, Staff, Co-Chair Stedman

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 230 BUDGET: CAPITAL, SUPP. & OTHER APPROPS

SB 230 was HEARD and HELD in Committee for further consideration.

SB 220 was SCHEDULED but not HEARD.

#SB230

SENATE BILL NO. 230

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

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Co-Chair Hoffman MOVED to adopt the CS to SB 230, labeled 26-GS2824\E, Kane, 4/7/10 as the working document. Co-Chair Stedman OBJECTED.

MILES BAKER, STAFF, CO-CHAIR STEDMAN, discussed the two report packets included in the CS. He stated that packet number one separates the bill by columns. Column one includes the supplemental capital, which was submitted by the governor as the 2010 capital supplemental items. Column two describes the governor's deferred maintenance bill with some modifications. Column three is considered the 2011 capital budget. Column four includes grants to municipality named recipients with a 2010 effective date. Column five includes the cruise head tax projects and column six comprises the total.

Mr. Baker continued with packet two, which is organized differently. He began with column one including items in the budget and one of the three governor's bills. Column two includes the Senate Committee Substitute (CS) additions. The bottom of the column shows that the Senate CS added \$514.7 million. Column three is the total of the first two with \$2.2 billion. Column four includes the governor's original submission and the final column comprises the changes between the governor's total and the Senate Finance Committee CS.

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Mr. Baker highlighted Section 1, Pages 2-6, the FY10 supplemental capital budget. Sections 2 and 3 are included in Section 1 as the total. Section 4 begins on Page 8 and includes the deferred maintenance budget section. He pointed out Page 8, Line 10 and the governor's house deferred maintenance addition of \$6 million. Page 9 addresses \$5 million in deferred maintenance for hatchery facility upgrades. Section 7, Page 17-52 includes the 2011 capital budget. He continued that Page 18, Line 9 includes the \$4 million for the Kodiak launch complex. Line 16

includes \$10 million to the Alaska Energy Authority (AEA) for the Railbelt large scale hydro planning design and permitting as recommended by the Senate Resources Committee. He noted that Page 22, Lines 13-20 exhibits the Village Safe Water and Wastewater infrastructure projects. The program is structured differently in the bill, but the amounts have not changed. The governor's submission allocated funds on a straight percentage basis against their deferred maintenance list, which is not reflective of the funding destination. He explained that the allocation was separated into two separate allocations, one for \$29.1 million for the first time service projects and the remaining \$19.4 million for expansion upgrade replacement of existing service provided in the communities. He pointed out that Page 22 also addresses the municipal water, sewer, and solid waste facilities grant program. The governor's budget funded the first ten projects in the program. The Senate CS funds an additional ten projects for \$19.7 million. He continued with Page 51, Line 26 with the Senate CS adding \$24 million for the Alaska Court System including their number one priority of \$18 million for the Boney Courthouse Campus in Anchorage.

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Mr. Baker reiterated that Section 10, Page 59 is presented slightly differently. Typically, the section is included in the 2011 Capital budget. This year the grants were removed. The section has a 2010 effective date enabling the grant money to go out immediately. The total for the grant section as listed on the report is approximately \$400 million. Section 13 includes the cruise ship funded projects, which are typically separate. The funding source is documented as "other funds." The "other fund" source was extensive in the past, but currently is exhibited in one of two general fund categories, but the cruise ship funding is considered "other funds" due to its restricted nature. The total spending for cruise ship funding is \$45 million, with \$33 million in the commercial passenger vessel funds and \$11.7 in regional impact funds. The governor's original proposal had \$21 million in spending for the line item. The remainder of the language section begins on Page 90. He pointed out that Section 17 includes \$140 million for the Alaska Gasline Inducement Reimbursement Fund. The CS removes the money from the general fund as opposed to the Alaska Capital Income Corporation as was originally proposed. Line 28, Page 90 shows \$50 million in general

funds for the Renewable Energy Fund, which is \$25 million above the governor's request as recommended by the Senate Resources Committee.

Mr. Baker continued with Line 30 and Power Project fund for \$10 million, \$3 million greater than the governor's request, also a recommendation of the Senate Resources Committee work on the omnibus energy plan. Section 20, Page 91 includes the National Petroleum Reserve-Alaska (NPR) grants. He pointed out that Section 21, Page 92 shows the projected earnings for the Renewable Energy Fund of \$2 million. The earnings are reappropriated back to Alaska Energy Authority (AEA) for the cost of managing the Renewable Energy Grant Program. Section 24 includes a reappropriation of \$5.5 million to the Alaska Center for Treatment Planning and Design in Anchorage.

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Mr. Baker discussed Section 26, Page 93 as the \$60 million transfer from the Marine Highway Vessel Replacement Fund to the new Alaska class ferry. Section 27, Page 94-104 exhibits the legislative lapsing grants or scope changes of previous legislative projects requested through the Senators.

Co-Chair Stedman WITHDREW his OBJECTION.

Version E was ADOPTED.

Co-Chair Stedman commented that the Senate Finance Committee added \$500 million to the capital appropriations, which is a job oriented bill. The committee worked last session to reduce approximately \$488 million from the capital budget. He informed that the committee will continue work on the bill with potential for another CS on Friday.

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Mr. Baker acknowledged the contributions of Rob Carpenter and Amy Fosket in the Legislative Finance Division and Weston Eiler, staff to Senator Stedman.

Co-Chair Stedman credited the crew for working long hours for many days to prepare the document.

Co-Chair Hoffman stated that the Senate Finance Committee agreed to save \$1.5 billion of the additional \$2.2 billion in surplus for 2010. He explained that \$1.1 million would forward fund education and \$400 million would settle the Constitutional Budget Reserve (CBR). He opined that the action addresses most of the capital needs throughout the state. He viewed this as a "catch up and a jobs" bill that will meet the needs of the communities throughout Alaska.

Co-Chair Stedman commented that the current position of savings for the state is approximately \$10 billion with \$12 billion forecasted within the next 18 months.

SB 230 was HEARD and HELD in Committee for further consideration.

SB 220 was SCHEDULED but not HEARD.

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ADJOURNMENT

The meeting was adjourned at 4:31 PM.