

SENATE FINANCE COMMITTEE  
April 22, 2011  
4:33 p.m.

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CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 4:33 p.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Johnny Ellis  
Senator Dennis Egan  
Senator Joe Thomas

MEMBERS ABSENT

Senator Donny Olson  
Senator Lesil McGuire, Vice-Chair

ALSO PRESENT

Miles Baker, Staff, Senator Bert Stedman; Senator Joe Paskvan.

SUMMARY

SB 46           BUDGET: CAPITAL

SB 46 was HEARD and HELD in committee for further consideration.

#sb46

SENATE BILL NO. 46

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

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Co-Chair Stedman pointed out that the hearing was the sixth for the capital budget. He stated that the bill was heard February 21, 2011, March 15, 2011, March 16, 2011, March 17, 2011, and April 11, 2011. He noted the intent to adopt a committee substitute and set the bill aside for further review.

Co-Chair Hoffman MOVED to ADOPT Work Draft CSSB 46(FIN) (27-GS1740\T). Co-Chair Stedman OBJECTED for purpose of discussion.

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MILES BAKER, STAFF, SENATOR BERT STEDMAN, discussed the changes in the Committee Substitute (CS). He explained that the CS included seven separate reports. He referred to "2011 Legislature-Capital Budget House District Summary-Senate Structure." (copy on file), which detailed the difference by house district between the first CS and the current CS. The second report provided the project detail and comparisons by house district between the two committee substitutes. The third report included an agency summary report comparing the CSs by agency. The fourth report was a fund totals report illustrating the difference between the two CSs by fund source. The fifth report included a house district summary separating the bill into its sections. The sixth report included the agency summary by section with a comparison to the governor's amended capital budget. The seventh report included statewide fund totals compared to the governor's amended capital budget.

Mr. Baker stated that the last two reports illustrated that the CS amounted to \$2.688 billion including \$1.468 billion in unrestricted general funds, \$44 million of designated general funds, \$96 million of other state funds, and \$1.8 billion in federal funds. He noted the representation of \$734 million increase over the governor's amended capital budget.

Mr. Baker stated that the CS added an additional \$715 million of unrestricted general fund spending, \$11 million of designated general funds, \$6 million of state funds, and approximately \$900 thousand of federal funds.

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Mr. Baker pointed out some changes. He stated that Section 1 referred to several adjusted project titles and grant recipient names. He detailed Page 4, Lines 31-33, which altered the \$50 thousand threshold language. He stated that the language directed the Department of Commerce, Community and Economic Development (DEC) for grants less than \$50 thousand. The change on Page 5, Line 5 stated that "the grant recipient also must agree to return all unexpended funds to the state for deposit into the general fund for deposit into the general fund on project completion." Left over funds would be returned to the state.

Mr. Baker stated that former Section 4 including \$100 million of FY 12 governor capital request was removed. The projects were relocated to Section 1 of the bill. He noted the deletion of \$15.5 million for Kodiak School replaced by 7 projects from Kodiak for a similar amount of money. He pointed out Page 44 and the increase for the Life Alaska Donor Services Grant from \$20 thousand to \$55 thousand. He addressed Page 37, Line 21 and the addition of \$8.2 million for the blood bank of Alaska facilities expansion project. He pointed out Page 47, Line 31 and the addition of \$2 million for the Special Olympics training center and campus improvements. He pointed out Page 55, and a mistake in the DEC matching grant program. Two Ketchikan projects existed on the list from Ketchikan's municipal matching grant program and the dollar amounts had been entered incorrectly.

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Mr. Baker spoke about Page 72, Line 27 and Page 88, which included changes to the intent language. The language in the CS before the committee read "it is the intent of the legislature that when any named project that either increases vehicular capacity or has a construction cost exceeding \$20 million is added to the statewide transportation improvement plan, the department shall provide written notification to the legislature containing a brief project summary to include title, short description of work, geographical location, cost, and estimated construction completion date."

Mr. Baker referred to Page 90, Line 4 and the change in the fund source for the University of Alaska Southeast's Banfield Hall.

Mr. Baker mentioned Section 4, Page 98. He noted the addition of the governor's request of \$10 million into the South East Energy Fund. He stated that the municipal grants and the named recipient grants were moved for review by the Alaska Energy Authority (AEA). He referred to Page 99 Line 17 and the addition of intent language stating "it is the intent of the legislature that the state's capital investment into any of these energy projects not exceed 50 percent of the total investment required to fully complete each project." "The Alaska Energy Authority should evaluate each of the energy projects in this section using criteria similar to that established for the Renewable Energy Grant Fund by the Renewable Energy Advisory Committee." "If during their evaluation, AEA determines that an appropriation exceeds the 50 percent state funding threshold, the authority shall submit to the legislature, recommendations for reductions or reappropriations by February 1, 2012. The intent for the energy projects was for review by AEA in concert with the utilities and communities to determine the full project cost. If these appropriations exceeded a life cycle project cost of 50 percent state investment, then AEA would return next session with recommendations for the reallocation of funds.

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Mr. Baker reviewed Page 100, and stated that the project had been reduced from \$7.5 million to \$3.75 million. The project would receive money from the round four renewable energy grant.

Mr. Baker pointed out Section 10 as the most substantial change in terms of dollar value. He stated that Section 10 was the school infrastructure investment section. He noted that the previous CS funded the major maintenance list at \$275 million. The CS removed 84 of the schools and \$201 million of funding. The CS before the committee funded the first 33 schools for a total of \$73 million.

Mr. Baker pointed out Page 121, Line 26 and the modification to the Kasayulie case intent language, which read "the legislature intends that the following three appropriations for these three rural schools address the recommendations made by the court." He noted the addition of conditional language on Page 22 overlooked in the previous CS.

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Mr. Baker reviewed the language section. He pointed out Page 127, Section 18 and the lapse of the appropriation on June 30, 2015. He noted the addition of two reappropriations from house district 5 and 12 that were not included in the previous CS. He discussed Page 38, Line 19 and the expansion of the scope of the reappropriation to the LB&A committee to broaden the authority of the \$8 million appropriation. He noted Page 138, Section 36 and the contingency language that was limited to the energy section of the bill. He mentioned the addition of Section 37, which was a nonseverability clause for the contingency language in Section 36 stating "if the contingency found in 36 of this act is held to be invalid then the contingency is not severable from the appropriations made in Section 4 of this act."

Co-Chair Stedman removed his objection.

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AT EASE

[4:52:24 PM](#)

RECONVED

Co-Chair Stedman stated that CSSB 46(FIN) 27-GS1740\T was ADOPTED.

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AT EASE

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RECONVENED

SB 46 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 4:54 PM.