

HOUSE FINANCE COMMITTEE
March 20, 2013
2:03 p.m.

2:03:57 PM

CALL TO ORDER

Co-Chair Austerman called the House Finance Committee meeting to order at 2:03 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative Bryce Edgmon

ALSO PRESENT

Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor; Representative Dan Saddler, Sponsor.

PRESENT VIA TELECONFERENCE

Bill Jeffress, Chair, Alaska Minerals Commission; Deantha Crockett, Executive Director, Alaska Miners Association; Marleanna Hall, Project Coordinator, Resource Development Council; Stephen Trimble, Minerals Commission; Mark Sansouci, Department of Defense, Tacoma; Patricia Senner, Alaska Nurses Association, Anchorage; Jeff Selvey, Executive Director, Alaska Workforce Investment Board, Department of Labor and Workforce Development.

SUMMARY

HB 64 BUDGET: CAPITAL

HB 64 was HEARD and HELD in committee for further consideration.

HB 84 MILITARY TRAINING CREDIT/TEMP. LICENSE

HB 84 was HEARD and HELD in committee for further consideration.

CSHB 99 (RES)

EXTEND ALASKA MINERALS COMMISSION

CSHB 99(RES) was REPORTED out of committee with a "do pass" recommendation and with one fiscal impact note from Department of Commerce, Community and Economic Development.

#hb64

HOUSE BILL NO. 64

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

2:05:05 PM

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, addressed the legislation. She referred to a spreadsheet that included FY 14 capital budget amendments (copy on file). The capital budget request including the amendments and the mental health budget totaled \$1.86 billion. Of that, \$799.2 million was unrestricted general funds for approximately 43 percent of the total budget. She pointed out that \$74.6 million was classified as designated general funds while \$56.6 million was "other funds" and \$938.4 million was federal funds.

Ms. Rehfeld highlighted that designated general funds included the Regional Educational Attendance Area Fund and \$46.2 million was requested for two school construction projects. The Renewable Energy Grant Fund request was \$25 million for round 6 of the renewable energy grants. She noted that "other funds" addressed items like the Highway

Working Capital Fund, International Airport Funds and Statutory Designated Program Receipts.

Ms. Rehfeld noted that HB 64 contained 14 sections. Section 1 was considered the number section of the bill and contained individual department projects. The projects were organized by department in order of priority. She stated that the exception was the Department of Transportation and Public Facilities (DOT/PF), which was organized by program area in alphabetical order. The deferred maintenance requests appeared at the end of each department's budget. Sections 2 and 3 of the bill were the funding summaries for the numbers included section 1. The language section began on page 48.

[2:08:36 PM](#)

Ms. Rehfeld moved to the language section. She pointed to Section 4, which included the Legislative Budget and Audit Committee provisions. Section 5 on page 48, lines 17-21 included requests for fund capitalization. She pointed out that (a) addressed the Alaska Gasline Inducement Act (AGIA) reimbursement for a request of \$25 million. She explained that \$305 had been appropriated for the project and the additional increment would bring the total to \$330 million of the \$500 million. She noted that \$223 million had been paid out in reimbursements in December 2012.

Ms. Rehfeld continued with section 5 (b) and the request for \$2 million for the Emerging Energy Technology Fund created in 2010 for demonstration projects. She repeated that section 6, page 48 addressed fund transfers. She continued with section 7, page 48, which authorized settlements from insurance claims to go to the catastrophic reserve or appropriate state agency. Section 8, page 48 and 49 addressed the National Petroleum Reserve Alaska (NPRA) Grants. She noted that the Office of Management and Budget (OMB) brought forward an estimate of the amount of revenue available for the next fiscal year. The amended budget contained a revised amount and a list of grants. The Department of Commerce, Community and Economic Development (DCCED) managed the annual grant program for communities in the impacted area of the NPRA.

Ms. Rehfeld continued with section 9, page 49 and a request for reappropriation of \$1,750,000 in funds from the Alaska Energy Authority for a project for Akiak Rural Power System

Upgrade. The project was complete and the request was to repurpose the balance for the completion of a project in Atmautluak. Section 10, page 49 included a request to reappropriate remaining balances from projects under the Department of Environmental Conservation (DEC) for the municipal matching grant program for project administration of continuing water, sewer and solid waste facility grants. The amount was estimated at \$359,541.

[2:12:04 PM](#)

Ms. Rehfeld pointed to Section 11 on page 50. She mentioned the Kodiak Near Island Research Facility through the Department of Fish and Game to repurpose the funds for their hunting and fishing licensing system. She continued with Section 12 and the lapse provisions including (a), the NPRA grant and (b) addressed fund capitalizations for AGIA and the emerging technology. Section 13 provided reappropriations and their effective date of June 30, 2013. She added that section 14 was the effective date of the bill July 1, 2013.

Ms. Rehfeld continued to highlight specific funding sources proposed in the budget. Under the Alaska Housing Capital Corporation funding source, \$95.2 million was proposed for the Susitna Watana project. She mentioned that the Alaska Industrial Development and Export Authority annually declared a dividend available and the FY 14 dividend amount was \$20,745,000, which was proposed for utilization in 4 projects. The projects included the Ambler Road to Resources for \$8.5 million, the Dalton Highway improvements for \$7.5 million and the general Roads to Resources program for smaller timber harvest and other roads for \$2 million and the Strategic Mineral Assessment for \$2,745,000.

Ms. Rehfeld noted that the Alaska Housing Finance Corporation (AHFC) did not have dividends available for projects, so their \$10.6 million was allocated for debt service under AHFC. She noted that the energy components of the governor's capital request included the Susitna project, the Alaska Industrial Development and Export Authority (AIDEA) appropriation of \$50 million to leverage other funds and financing for natural gas treatment and distribution for interior Alaska, weatherization at \$31.5 million, home energy rebates at \$20 million, and the renewable energy grants at \$25 million.

Ms. Rehfeld mentioned approximately \$1 billion requested for statewide infrastructure projects. The projects were typically introduced for aviation and highway facilities, the village safe water components municipal water and sewer projects. She included the request for funding for 12 major maintenance projects from the Department of Education and Early Development (DEED) list with an amendment to fund project 13. She noted that year 4 of the governor's deferred maintenance initiative to address state facilities for \$100 million.

[2:16:12 PM](#)

Ms. Rehfeld pointed to a request for \$15 million for the Geologic Materials Center to purchase and renovate an existing facility in Anchorage. She added the Chinook Salmon Research Initiative for \$10 million over a five year period to take a strategic look at sustainability of the initiative.

Ms. Rehfeld discussed the amendment package. She reviewed the spreadsheet, line 2 and DEED's major maintenance project, number 13 on the department's list. She noted that OMB had the opportunity to reappropriate funds from two prior projects; one from Susitna Valley Replacement School and one from Petersburg Elementary School Roof Replacement. She explained the legislative request to repurpose the funds to finish Tununak K-12 Major Maintenance.

Ms. Rehfeld continued with lines three and four of the spreadsheet, which were corrections to the submitted back-up. The dollar amounts were unchanged. She pointed to line 4 and the Nome Airport Runway and Airport Pavement Rehab should include the north apron area. She continued with a request for \$26.5 million in federal receipt authority found on line 5. The request addressed 4 projects found on lines 6, 7, 8 and 9. She mentioned the State Transportation Improvement Program (STIP) amendment process. Most of the projects occurred after the December budget was released. She requested consideration for \$10 million for the Ketchikan Water Street Trestle replacement and \$1.5 million for Parks Highway Passing Lanes. She continued with a request for \$10 million for St. Mary's in Mountain Village Road Rehabilitation. She added line 9 and the Wrangle Evergreen Road Improvements.

Ms. Rehfeld continued with Line 10 and the adjustment to the National Petroleum Reserve Alaska Impact Grant Program containing a list of grants for the individual projects in the back-up. She continued with line 11 and the earlier mentioned reappropriation for the ability to fund the Tununak School. Line 12 was a reappropriation through DOT/PF to continue efforts to build sand storage buildings in central region as part of an Environmental Protection Agency (EPA) requirement.

2:21:06 PM

Ms. Rehfeld looked at line 1 of an additional spreadsheet submitted March 19 (copy on file). The first item addressed the Medallion Foundation. She explained that \$750 thousand would be added to the \$250 thousand requested in the governor's budget. She mentioned the second item for the Northwest Arctic Borough for the Kivalina Evacuation Road. The community of Kivalina had decided on an official relocation site, and the evacuation road would provide safe access to that location. Ultimately, the Kivalina School would require replacement and the evacuation site would house the new school.

Co-Chair Austerman pointed to the four DOT/PF projects and the STIP. He asked if a state match would be requested the following year. Ms. Rehfeld replied that a state match was included annually in the request. She understood that providing the authority would not require additional state funds.

2:23:47 PM

Co-Chair Austerman pointed to reappropriations on page 1. He asked about the Tununak school maintenance with a request of \$727.9 thousand. Ms. Rehfeld responded that there were two components to funding the Tununak project. She noted that the reappropriation with the \$727.9 thousand would total the \$16,381,000 required for the project. She pointed out line 2, which stated the \$727.9 thousand and line 11. The reappropriation estimated at \$15,653,451 would total the amount necessary to fund the Tununak project.

Representative Guttenberg asked about line 8 of the amendments and the Saint Mary's road rehabilitation. He wondered follow-up maintenance was planned for the road.

Ms. Rehfeld replied that DOT/PF would be responsible for the road maintenance.

Representative Guttenberg asked if the department had submitted a maintenance request for the item. He stated that the maintenance was not a priority in the current time and he reported to the committee that driving the 16 mile stretch took approximately one hour.

Representative Wilson asked about safe-water projects (pages 8 through 10 in the legislation). She noted that there was an air-quality problem in Fairbanks. She wondered why the Fairbanks problem was not a priority when safe-water was.

Ms. Rehfeld replied that the Village Safe Water Program for \$8.7 million was a general fund match for federal funds. The projects were not meant to be mutually exclusive to clean air.

[2:28:02 PM](#)

Representative Wilson believed that the state should be responsible for helping to address the air quality issue in Fairbanks.

Representative Gara discussed the legislature's intent to appropriate \$50 million to the Renewable Energy Fund. The intention was to allow for the completion of as many projects as possible. He wondered why \$25 million as opposed to the \$50 million statutory request.

Ms. Rehfeld answered that it was necessary to evaluate budget items every year. She opined that the energy component for the capital budget was robust. She pointed out that the legislature had opportunity to amend the request. She mentioned competing interests. She stated that the administration believed there had been significant investment in renewable energy with many good projects leading to reductions in costs. The package included renewables, the Home Energy Rebate, weatherization, the interior energy project and Susitna.

Representative Gara noted that the decision was not based on an evaluation about whether more than \$25 million of good applications would save communities money. Ms. Rehfeld responded that the Alaska Energy Authority (AEA) had an

annual evaluation process, with a project list submitted to the legislature at the end of January. She noted that AEA had not completed its review process prior to the release of the governor's budget.

Representative Gara asked about the request of \$2 million for the Emerging Energy Grant Fund. He requested further explanation of the fund and its use. Ms. Rehfeld deferred the question to AEA.

[2:31:48 PM](#)

Representative Guttenberg remarked that there had been a long conversation regarding the Kivalina project.

Co-Chair Stoltze noted the bill would come before the committee again.

HB 64 was HEARD and HELD in committee for further consideration.

[2:32:53 PM](#)

AT EASE

[2:37:39 PM](#)

RECONVENED

#hb99

HOUSE BILL NO. 99

"An Act extending the termination date of the Alaska Minerals Commission."

[2:38:09 PM](#)

REPRESENTATIVE DAN SADDLER, SPONSOR, explained the bill. The Alaska Minerals Commission would be extended for an additional 10 years. He read from a statement.

House Bill 99 extends the Alaska Minerals Commission until February 1, 2024 and provides for terms and term limits for those who serve on the Commission. The Commission is currently set to expire on February 1, 2024, and commissioners are not currently subject to terms or term limits.

The Commission was created in 1986 and charged with making recommendations to the Governor and the Legislature on ways to mitigate constraints on the development of minerals in Alaska.

The Commission consists of 11 members: five appointed by the Governor, three by the Speaker of the House, and three by the President of the Senate. Each member must have at least five years of experience in the minerals industry. At least one member must reside in a rural community. Current commissioners represent the placer, hard rock, and coal mining industries across the state.

The Commission annually reports its recommendations to the Governor and the Legislature during the first ten days of the legislative session.

Key recommendations made by the Commission and implemented by the Legislature since the Commission's last reauthorization in 2003 include:

- Funding infrastructure development under the Roads to Resources program
- Reforming state permitting processes to make them timelier and more efficient
- Gathering and publishing geological and geophysical data on Alaska's mineral potential
- Assuming state primacy of the National Pollutant Discharge Elimination System
- Accelerating state land entitlement conveyances in accordance with the Statehood Act
- Reestablishing the citizens Advisory Commission on Federal Areas
- Asserting and defending public access to roads, trails, and navigable waterways
- Funding University of Alaska mineral engineering and geology programs

I urge you to allow the Commission to continue its important work and to help ensure the growth and sustainability of a vital sector of the Alaskan economy by supporting HB 99.

[2:40:01 PM](#)

Co-Chair Stoltze asked about the policy related to term limits. Representative Saddler replied that most commissioners would serve only one term. Especially effective commissioners would be invited to serve a second term. He anticipated that commissioners might wish to serve a second term because they care about the industry tremendously.

Representative Guttenberg asked if an audit had been performed for the upcoming sunset. Representative Saddler replied that an audit had not been done.

Vice-Chair Neuman pointed to budget deficit issues and the need to conserve money. He wondered about the possibility of phasing out commissions following final recommendations to the legislature. He stated that the Alaska Minerals Commission cost \$13 thousand per year, but with hundreds of different commissions, the cumulative state expense was great. He called attention to the role of private industry.

[2:43:13 PM](#)

Representative Saddler believed the question was fair. He opined that the annual cost of \$13 thousand for the board was a "bargain-basement" cost. If the services were contracted out, they would far exceed the cost. He expressed one benefit of the commission was its command of respect of regulators of the private industry for meetings and dialogue.

Vice-Chair Neuman opined that the legislature must review the state commissions and consider phasing some out in the spirit of frugality.

Co-Chair Stoltze made a remark related to the expense of the annual Energy Council conference.

Representative Gara echoed comments made by Vice-Chair Neuman. He wanted evidence that the commission was providing advantages that the governor's office was not already performing.

Co-Chair Stoltze commented that the governor's efforts might have been suggested by the commissions.

Representative Saddler answered that he did not know whether the decisions were made before or after the commission's recommendations.

Co-Chair Stoltze made a remark about the chicken or the egg.

Representative Gara supposed that the information was available if searched for.

[2:47:07 PM](#)

BILL JEFFRESS, CHAIR, ALASKA MINERALS COMMISSION (via teleconference), was available for questions. He stated that the commission supported the legislation. Co-Chair Stoltze referred to Representative Gara's question.

Mr. Jeffress replied that the commission's role was independent. All members had different experiences with the mineral industry in the state. The commission addressed impediments to the minerals industry and actions that could be taken to correct the issues. He stated that the members were the "town criers."

Representative Saddler pointed to the 2004 Alaska Minerals Commission report, which stated the goals of developing more efficient permitting processes to assist in infrastructure development, to benefit mining and other industries, and to acquire baseline geological and environmental knowledge statewide.

[2:50:07 PM](#)

DEANTHA CROCKETT, EXECUTIVE DIRECTOR, ALASKA MINERS ASSOCIATION (via teleconference) expressed strong support for the legislation. She discussed recommendations to Department of Natural Resources and she stressed the importance of the board. The association supported the amendments to the legislation as they believed in circulating board members regularly.

Representative Gara asked if Ms. Crockett was on the commission. Ms. Crockett answered in the negative.

[2:52:31 PM](#)

MARLEANNA HALL, PROJECT COORDINATOR, RESOURCE DEVELOPMENT COUNCIL (via teleconference), spoke in support of the legislation. She stated that historically, the mining industry provided the cornerstone of Alaska's economy. The appointed group made recommendations to the legislature and the governor in an effort to promote Alaska's mineral exploration and development industry. The industry provided some of the state's highest paying jobs. The bill would extend the commission for 10 years. She pointed out that the bill had a low fiscal impact. She pointed to a broad-based membership. She urged the committee to pass the legislation.

Vice-Chair Neuman asked if the council would consider a grant to help relieve financial burdens of the state and private industry. Ms. Hall deferred the question.

Representative Costello believed that other boards and commissions should strive for the frugality of the commission. She requested electronic reports in the future.

STEPHEN TRIMBLE, MINERALS COMMISSION (via teleconference) commented that the list of recommendations in Representative Saddler's sponsor statements were put forth by the commission and enacted by the administration. The commission took a lead role in actively recommending ways to mitigate constraints on state mineral resource development.

Co-Chair Stoltze CLOSED public testimony.

Representative Saddler made a note related to the costs. He noted that the report presented by the Minerals Commission was available electronically.

Representative Costello discussed the fiscal impact note from the Department of Commerce, Community and Economic Development.

Representative Munoz MOVED to REPORT CSHB 99(RES) out of committee with individual recommendations and the accompanying fiscal note.

Representative Gara OBJECTED for discussion. He asked the sponsor to relay to the commission his desire to have their specific ideas brought to the administration's attention.

Representative Gara REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

CSHB 99(RES) was REPORTED out of committee with a "do pass" recommendation and with one fiscal impact note from Department of Commerce, Community and Economic Development.

[3:01:13 PM](#)

AT EASE

[3:03:05 PM](#)

RECONVENED

#hb84

HOUSE BILL NO. 84

"An Act relating to applying military education, training, and service credit to occupational licensing and certain postsecondary education and employment training requirements; providing for a temporary occupational license for qualified military service members; and providing for an effective date."

[3:03:19 PM](#)

REPRESENTATIVE DAN SADDLER, SPONSOR, presented HB 84, which enabled separating service members to transition appropriately into the civilian workforce. He explained that HB 84 asked the Division of Professional Licensing, the University of Alaska and the Department of Labor and Workforce Development to evaluate military training and education and to assign civilian credit where appropriate without compromising current licensing standards. The bill would improve the probability of veterans finding jobs by accelerating the licensing process and/or their educational credits.

Representative Saddler noted that service members often experienced delays and lost opportunities in qualifying for licenses even with the applicable training and experience. As of July 12th, 19 states enacted similar legislation and more than 30 states were in the consideration process for 2013. Forced reductions, sequestration and budget cuts would soon mean that more veterans would be looking for work and he believed that they deserved every opportunity to leverage their military experience and training into

academic credit, job qualification or vocational training credit.

Co-Chair Stoltze commented on the Senate President's veteran's caucus.

[3:05:45 PM](#)

MARK SANSOUCI, DEPARTMENT OF DEFENSE, TACOMA (via teleconference), testified in support of the legislation. He informed the committee of the target to help young veterans who were separating and had received world-class education. He noted that 12 hundred veterans returned annually to Alaska creating approximately 1 million new veterans between 2011 and 2016. He echoed testimony from Representative Saddler regarding decisions made by other states to enact similar legislation. He mentioned that the Joint Service Transcript was unveiled in March 2013, which was meant to ease the burden of translating services into a generic method for transcript evaluation.

[3:08:14 PM](#)

PATRICIA SENNER, ALASKA NURSES ASSOCIATION, ANCHORAGE (via teleconference), supported most aspects of the bill. She spoke to some concerns related to the possibility that veterans could assume automatic eligibility for registered nursing licenses without furthering their education. Since the issue was a national one, the National Council of State Boards and Nursing was developing a document for use by the boards of nursing to make the determination. She explained that the roles and responsibilities of Registered Nurses (RN) and Licensed Practical Nurses (LPN) were different from those of medics, core men and airmen. All RNs serving in the military were licensed as such before entering service. Medics trained by the military were certified as Emergency Medical Technicians. She mentioned programs that would facilitate the transfer of designation for medics or core men to LPNs.

[3:11:20 PM](#)

Representative Wilson asked whether the board ever used Skype for board meetings. Ms. Senner was not on the board and could not answer the question.

JEFF SELVEY, EXECUTIVE DIRECTOR, ALASKA WORKFORCE INVESTMENT BOARD, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), was available for questions.

Co-Chair Stoltze CLOSED public testimony.

Co-Chair Stoltze expressed intent to confer with the sponsor on the issue related to nursing. He did not want to create a false impression that the bill would enable an automatic entry into the field.

Representative Saddler noted that the nursing profession was a special case. He stated that it was up to various entities to judge whether the military credentials and experience met the requirements. He was pleased that nurses were evaluating the potential.

[3:15:03 PM](#)

Representative Thompson asked the sponsor to look at the \$137,000 fiscal note, requiring that 11 different boards meet in person. He believed the amount seemed excessive in light of the technology available. He thought teleconference meetings should be possible to save on travel costs.

Co-Chair Stoltze suggested a delayed effective date to reduce the fiscal impact. He asked the Division of Occupational Licensing for input on the issue.

Representative Gara looked at the 180-day period related to licensing. He wondered if the 180-day period was long enough to achieve the certificates or licenses needed.

Representative Saddler replied that 180 days was determined to be a reasonable time unless unforeseen circumstances arose, in which case an option to extend a second 180 days existed.

Co-Chair Stoltze asked if an opportunity for bar credentials might exist via the legislation. Representative Saddler replied that the board could best address that issue.

Representative Guttenberg requested clarification related to the language on page 2, line 13 "held the current

license." Representative Saddler stated that he would discuss the issue with the drafter.

[3:18:25 PM](#)

Representative Munoz asked for an identification of the names of the boards, which were identified with acronyms in the fiscal note. Representative Saddler replied that he would provide the information to the committee in writing. Representative Munoz appreciated the information.

HB 84 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[3:22:53 PM](#)

The meeting was adjourned at 3:22 p.m.