

HOUSE FINANCE COMMITTEE
April 20, 2014
9:30 a.m.

[9:30:57 AM](#)

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 9:30 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Senator Fred Dyson, Sponsor; George, Staff, Representative Bill Stoltze; Anne Carpeneti, Assistant Attorney General, Legal Services Section-Juneau, Criminal Division, Department of Law; Joe Michel, Staff, Representative Bill Stoltze; Jason Hooley, Special Assistant, Department of Health and Social Services; Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor; Christopher Poag, Assistant Attorney General, Department of Law.

SUMMARY

CSSB 108(FIN)

CONFIDENTIALITY OF CRIMINAL CASE RECORDS

HCS CSSB 108(FIN) was REPORTED out of committee with "no recommendation" and with three previously published zero fiscal notes: FN2 (ADM), FN3 (ADM), FN6 (DHS); one previously published fiscal impact note: FN5 (CRT); and one new zero fiscal note from the Department of Law.

CSSB 119(FIN) am
BUDGET: CAPITAL

HCS CSSB 119(FIN) was REPORTED out of committee with "no recommendation."

[Note: The following meeting was broken up into two separate documents. For the conclusion of the meeting see April 21, 2014 12:00 a.m. minutes.]

#sb119
CS FOR SENATE BILL NO. 119(FIN) am

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

[9:31:02 AM](#)

Co-Chair Stoltze noted that there had been some technical errors in the CS [that had been introduced the prior evening]. He discussed the juggling of multiple projects and noted that a couple of items had been inadvertently left out including energy weatherization funds worked on by the bush caucus. He expressed embarrassment that items for his district had been forgotten. He had paired back a request for his district because he did not like the appearance of adding the items after the CS had been distributed. He communicated his intent to hear amendments later in the day. He relayed that a new CS would be distributed later in the day to incorporate various word changes and the correction of technical errors; at that time the committee would discuss the technical changes and any reappropriation adjustments. He asked members to have amendments submitted by 11:00 a.m. He thanked members and staff for work on pointing out any errors. He relayed that the committee would return to meet at 12:30 p.m.

9:35:23 AM

AT EASE

9:36:13 AM

RECONVENED

Co-Chair Stoltze clarified that amendments should be delivered to his office by 10:30 a.m. and relayed his intent to meet shortly following that time.

9:37:01 AM

RECESSED

3:17:49 PM

RECONVENED

Co-Chair Stoltze addressed the CS (version H). He pointed to the amendments before the committee.

Representative Gara MOVED to ADOPT Amendment 1 (copy on file):

Agency:

Anchorage School District

Project:

Anchorage - Anchorage School District - East High
School - Stadium Seating and Scoreboard
House District: Anchorage Areawide (11-27)

Amount:

\$1,000,000

Funding Source:

GF (1004)

Explanation:

Funding this request at the \$1 million level will allow East High to construct some portion of the following components of the stadium:

- Scoreboard
- Grandstand seating for 2,500
- Pressbox
- Spectator fencing
- Lighting
- Flag pole

Co-Chair Stoltze OBJECTED for discussion.

Representative Gara addressed the amendment. He explained that East High School in Anchorage was the only high school in the city that had no stadium facility. The total project including stadium seating, a scoreboard, and a track was approximately \$3.1 million. He had known that the total funding would not be feasible in the current year and was hoping to have the funds phased over two years. He noted that \$1 million was a start towards the goal. He hoped the funds could be received over two to three years.

Co-Chair Stoltze spoke in favor of the amendment and recognized that it did not provide full funding. He noted that East High had previously received \$2.5 million. He communicated his support for the opportunities and referred to the facilities as turf fields. He spoke about the multitude of activities the fields could be used for. He spoke to reduced maintenance costs. He surmised that more people watched football but that more people participated in other sports. He had worked on providing appropriations for three of the state's turf fields including Chugiak, Colony, and Palmer High Schools. He shared that Colony High School had a donor who provided \$1 million in pro bono work for the turf field. The Palmer and Colony schools had also benefited from voter approved bonds, which Anchorage had not done for its schools. Chugiak High School had received a \$1 million appropriation and funds from the Parks and Recreation Board. He elaborated that the voters and philanthropists in Mat-Su had provided local input. He mentioned philanthropic donations to Dimond High School. He relayed that he had donated funds to the Chugiak High School scoreboard project. He believed that in the future the state would need to be more creative in the integration of community involvement; the state would not be a funding source. He believed East High School was deserving of the funds. He spoke about his familiarity with the field. He spoke to his commitment to fundraising activity and to the importance of local involvement.

[3:22:55 PM](#)

Representative Costello pointed out a letter attached to the amendment (copy on file). She wondered what the \$1

million appropriation would be attributed to. She referred to a list of items included in the request.

Representative Gara believed the \$1 million would sit until the school raised other funds. He surmised that with volunteer labor and \$1.5 million the bleachers and scoreboard could be implemented; the lighting and other items could be funded in the future. He was committed to securing volunteer labor as much as possible and would speak to the city about bonding opportunities. He believed the bleachers were the highest priority. He was happy with the \$1 million increment, but would not object to increasing the figure to \$1.5 million.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

[3:24:24 PM](#)

Representative Gara MOVED to ADOPT Amendment 2 (copy on file):

Agency:
Commerce, Community and Economic Development

Project:
Alaska Craftsman Horne Program - Hands-on
Energy Efficiency Training for Homeowners and
Professionals

Amount:
\$1,000,000

Funding Source:
GF (1004)

Explanation:
Alaska Craftsman Horne Program is requesting \$1,000,000 to purchase and retrofit single-family homes in Anchorage and Fairbanks for the purpose of providing hands-on energy efficiency education and professional training.

Representative Gara explained that that the Alaska Craftsman Home Program was part of the state's energy efficiency and home weatherization framework. The program worked closely with the Alaska Housing Finance Corporation

(AHFC) to increase energy efficiency in homes statewide. He detailed that the program trained people in weatherization and energy efficiency; it also trained home energy raters. The \$1 million increment would largely go to two homes the program would purchase for training purposes. He believed the training was an integral part of the state's energy efficiency program. He surmised that without the training it would be more difficult to provide the work the state's energy efficiency program offered. He believed the training saved money and provided a return to the public. He noted that the Capital Project Submission and Information System (CAPSIS) backup was attached to the amendment.

Representative Wilson noted that the funding request was for a one-time increment. She asked if the program would be self-sufficient if the funds were appropriated.

Representative Gara replied that the increment would allow AHFC to purchase two homes in which to train individuals. He relayed that the agency would be required to justify any additional related requests.

Vice-Chair Neuman had recently been through an inspection process in his own home and had received the inspection within 10 days of his request. He believed the best (training) experience involved going to a variety of homes; homes had been built differently by region. He communicated that he had gone through the Refrigeration Heating Program at Mat-Su Community College where students spent two years learning how energy moved. He remarked that great associates degree programs existed related to energy. He detailed that the programs were offered by community colleges; he would be happy to see an additional \$1 million appropriated to the programs, but he did not believe it was economically feasible. He discussed his personal experience with the home inspection. He was concerned by growth in the capital budget.

[3:29:20 PM](#)

Representative Gara understood about the growth in government. He commented that he historically had not taken up much of the capital budget. He pointed to a letter from the Alaska State Home Building Association attached to the amendment (copy on file). The group had been in the business for 25 years and provided the opportunity at a lower price than a university could offer. The Home

Building Association, the Alaska Energy Authority, and AHFC all recognized the importance of the services. The request was a one-time increment for the two facilities.

A roll call vote was taken on the motion to Adopt Amendment 2.

IN FAVOR: Gara, Guttenberg, Edgmon

OPPOSED: Munoz, Neuman, Thompson, Wilson, Costello, Stoltze, Austerman, Holmes

The MOTION FAILED (3/8).

Representative Gara MOVED to ADOPT Amendment 3 (copy on file):

Page 34, line 15:

Delete "80,000" in both places

Insert "500,000" in both places

Adjust fund sources and totals accordingly.

Co-Chair Stoltze OBJECTED for discussion.

Representative Gara explained that the amendment would provide funds for a mentoring program for Big Brothers Big Sisters. The program tutored at-risk youth who had done poorly in their third grade reading scores (Alaska ranked 48th in the nation on third grade reading comprehension scores). The goal was to allow the students to achieve at a much greater rate. He detailed that the funds would provide tutoring and mentorship in Anchorage, Juneau, Fairbanks, Haines, and Sitka. He noted that the program would need to find other funds to expand. The appropriation would help the program to establish that the pilot program worked based on evidence-based practices and studies. He relayed that if the program worked it would be able to leverage private funding necessary to move ahead. The amendment would delete an \$80,000 increment and replace it with \$500,000. He spoke to the importance of educating youth to prepare them for high school graduation and beyond.

Representative Wilson pointed to a document attached to the amendment showing a \$526,000 increment for FY 15 from the U.S. Department of Education. She asked if the \$526,000 had been received. She wondered if the legislature had appropriated \$1 million in FY 14 and if the funds had been

spent. She understood that much of the program was voluntary. She had a hard time believing the new program had already used the \$1 million.

3:33:06 PM

Representative Gara believed the program had been raising funds for a project that would cost approximately \$3 million; \$2.5 million had been secured. He detailed that the federal funding was restricted to Alaska Native students. The \$500,000 proposed in the amendment would enable the program to complete its funding for the pilot project. He verified that the program did receive money the previous year.

Representative Wilson wondered how much of the \$1 million allocated in FY 14 was remaining. She wondered if there were enough funds remaining to get the program through the next year to help determine the program's success. She believed the funds represented an operating cost that would be ongoing.

Representative Gara replied that the program could not prove the data until there was enough time put into the program to have data available. The increment would provide the program with sufficient funds to enable it to prove the success of the pilot program. He noted that the request was for an extra \$420,000 above the allocated \$80,000 currently in the capital budget.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg

OPPOSED: Neuman, Thompson, Edgmon, Wilson, Munoz, Holmes, Costello, Stoltze, Austerman

The MOTION FAILED (2/9).

Representative Guttenberg MOVED to ADOPT Amendment 4 (copy on file):

Page 56, line 24:

Delete "150,000" in both places

Insert "350,000" in both places

Adjust fund sources and totals accordingly.

Agency:
Department of Natural Resources

Project:
BAK LAP: Upgrade Forest Research Installations for
Wood Biomass Energy, Products,
Science Education (HD 1-5)

Amount:
200,000

Funding Source:
General Funds

Explanation:
This amendment takes the program half way to its second-phase funding goal and will help complete this innovative and extremely promising work to responsibly develop Alaska's natural resources. The kid doing a forest art project in elementary school today may well be the forest entrepreneur that sells you bags of home-grown stove pellets in a few years. And it will have been BAKLAP that made it possible. The original plan for BAKLAP (Boreal Alaska Learning, Adaptation, Production) established a three-and-a-half year, \$1.7 million program to integrate increased understanding of the boreal forest with an emphasis on practical uses (e.g., home heating from biomass energy, locally grown and processed building materials) with local school districts to inspire Alaska kids to pursue lifelong careers in natural resource management. Through classroom activities, field experiences, and original research, students engage in a STEAM (Science, Technology, Engineering, Art, and Math) approach to learning. Students start in familiar and comfortable situations and quickly progress to stewardship and use of the boreal forest grounded in sound science and appreciation of local needs and economics.

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In 2012, the legislature funded the first installment of \$1.0 million to start the program, which has proceeded simultaneously on school and scientific research fronts. The remaining funds sought will complete ground-truthing of the curriculum, demonstrating tangible progress and real-life applications of this integrated approach to scientific

management and smart use of Alaska's natural resources. Other industries, such as mining and fishing, are increasingly interested in applying the BAKLAP approach to fostering the next generation of natural resource sector employees and managers. The remaining portion of the BAKLAP program will complete lesson plans and curriculum elements that can be exported to schools across the state. Building blocks created in this phase will form the basis for further research and pursuit of national-level funding to make the program self-sustaining. For example, the National Science Foundation is interested in using BAKLAP techniques nationwide, and schools in other states are increasingly interested in Alaska's groundbreaking work. BAKLAP's systematic survey of the boreal forest has begun to fulfill a long-standing request from state resource managers and has greatly increased our understanding of realistic rotational strategies of harvest and regrowth - critical information for addressing biomass heating needs through products such as wood pellets and compressed logs, and creating locally grown, sustainably harvested building materials.

Representative Wilson OBJECTED.

Representative Guttenberg explained that the amendment provided a continuation of funding that began in FY 12 for the Boreal Alaska - Learning, Adaptation, Production (BAKLAP). He explained that the program had two components. The first was research conducted in the state's forests; the research focused on learning about forest components that were critical to biomass energy and other. The program had practical application and was poised to go south of the Alaska Range in Southcentral Alaska to understand the needed biomass of the forest (i.e. 50 versus 100 years for sustainability). He relayed that the yearly cycles were now better understood related to the necessary size of a forest. The second component focused on hands-on forestry in the state's schools. The program taught children about plant and tree growth and germination. He relayed that children were excited about the topic and it was encouraging their interest in science. He continued that the program was building the curriculum based on what worked with the children. The amendment would delete \$150,000 and replace it with \$350,000, which represented half of the money the program had requested. The program

was collaborating with the Department of Natural Resources (DNR) Forestry Division.

3:39:03 PM

Co-Chair Stoltze thought the project sounded interesting. He thought the project had merit, but could not support adding the additional funds to the capital budget.

Representative Guttenberg stressed that the state had already invested \$1 million into the program. He relayed that the program was being absorbed and touted by the National Academy of Sciences; the academy loved the curriculum and forestry work and was working on taking the program to other schools across the country. There had been talk about the educational model for use in other industries such as mining in the state. The model of education was working, was hands-on, and provided kids with a practical application. He referred to continual talk about putting curriculum into the classroom that was Alaska oriented.

Representative Munoz wondered if the funds would go to a non-profit organization. She pointed to a \$150,000 allocation in currently in the budget and wondered what it would be applied to.

Representative Guttenberg responded that the program operated through the University of Alaska in the forestry program and collaborated with DNR. The original FY 15 appropriation was \$150,000, which would enable the program to move forward, but the lack of increased funding would slow the program down significantly. He noted that the \$350,000 was half of what the program needed for completion, but it would allow it to continue as a robust program, to build curriculum, and to conduct forestry research.

Representative Munoz asked if the university put money into the program.

Representative Guttenberg replied that the university provided funds for the program's office space. He added that the researchers worked on other things in addition to the program.

Representative Wilson understood that money was tight and could not support the amendment. However, she supported the program and would work with DNR, the Department of Education and Early Development (DEED), and the university to help the program to locate other funds. She believed the capital budget had no additional room to expand. She believed there were other resources benefitting from the program that could help. She opined that there should be more players involved in supporting and funding the program.

Co-Chair Stoltze noted that there were items in the budget that were less meritorious, but he could not support increasing its size.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Edgmon, Gara

OPPOSED: Holmes, Munoz, Neuman, Thompson, Wilson, Costello, Stoltze, Austerman

The MOTION FAILED (3/8).

Co-Chair Stoltze noted that the bill would be back before the committee that night. He discussed that he had worked with the administration and the updated CS would include an additional \$10 million for Susitna (for a total of \$20 million).

[Note: CSSB 119(FIN) was taken up again at 11:32 p.m.]

#sb108

CS FOR SENATE BILL NO. 108(JUD)

"An Act relating to the confidentiality of certain records of criminal cases; and providing for an effective date."

[3:45:44 PM](#)

Co-Chair Stoltze noted that the House Finance Committee CS had not been adopted by the committee. He relayed that there was an amendment that had been agreed upon by the sponsor in a memorandum. The amendment would be offered to the Senate Judiciary Committee version of the bill. He asked for verification that his understanding was correct.

SENATOR FRED DYSON, SPONSOR, replied in the affirmative.

Co-Chair Stoltze WITHDREW a prior motion to adopt the House Finance Committee version of the bill.

Co-Chair Stoltze MOVED to ADOPT replacement Amendment 1 (28-LS0973\R.5):

Page 2, line 3, following "authority":

Insert "and were not dismissed as part of a plea agreement in another criminal case under Rule 11, Alaska Rules of Criminal Procedure"

Representative Wilson OBJECTED for discussion.

Co-Chair Stoltze asked for verification that the amendment offered was the correct version.

GEORGE, STAFF, REPRESENTATIVE BILL STOLTZE verified that 28-LS0973\R.5 was the Legislative Legal drafted version of the original Amendment 1.

Co-Chair Stoltze explained that the amendment provided that if a person's charge was dismissed as part of a plea agreement that the information would not be removed from the public domain on the Court View website.

Senator Dyson corrected that if there were two separate cases and one was plea bargained and a conviction occurred in the second case the records from both cases would remain on Court View.

Co-Chair Stoltze asked the Department of Law (DOL) to address the committee.

ANNE CARPENETI, ASSISTANT ATTORNEY GENERAL, LEGAL SERVICES SECTION-JUNEAU, CRIMINAL DIVISION, DEPARTMENT OF LAW, agreed with Senator Dyson's explanation. She stated that the amendment would clarify that if a case was dismissed in connection with a plea agreement and another separate case that both would remain on Court View and available to the public.

Representative Wilson WITHDREW her OBJECTION. There being NO OBJECTION, replacement Amendment 1 was ADOPTED.

Representative Costello addressed the fiscal notes including three previously published zero fiscal notes from the Department of Health and Social Services, and the Department of Administration. One previously published fiscal impact note from the Alaska Court System totaling \$25,500 in FY 15, and \$3,500 in FY 16 through FY 20. The last fiscal note was a new zero impact note from the Department of Law.

Co-Chair Stoltze relayed that the fiscal notes had been approved in the adoption of the operating budget conference committee report.

Senator Dyson remarked that the last time the bill had been heard by the House Finance Committee he had been told that the House Finance Committee CS had come from the administration. He had since spoken with the governor who had assured him that was not the case.

Representative Holmes believed the sponsor's intent was good. She noted that her concerns had been discussed previously.

Vice-Chair Neuman MOVED to REPORT HCS CSSB 108(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

Representative Guttenberg OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Munoz, Neuman, Thompson, Wilson, Costello, Edgmon, Gara, Austerman, Stoltze
OPPOSED: Holmes, Guttenberg

The MOTION PASSED (9/2).

There being NO further OBJECTION, HCS CSSB 108(FIN) was REPORTED out of committee with "no recommendation" and with three previously published zero fiscal notes: FN2 (ADM), FN3 (ADM), FN6 (DHS); one previously published fiscal impact note: FN5 (CRT); and one new zero fiscal note from the Department of Law.

3:53:04 PM
RECESSED

11:32:30 PM

RECONVENED

#sb119

CS FOR SENATE BILL NO. 119(FIN) am

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

Co-Chair Stoltze pointed to an updated CS.

Vice-Chair Neuman MOVED to ADOPT the proposed committee substitute for CSSB 119(FIN), Work Draft 28-GS2672\T (Martin, 4/20/14).

Co-Chair Stoltze OBJECTED for discussion.

JOE MICHEL, STAFF, REPRESENTATIVE BILL STOLTZE, addressed the changes in the CS. He detailed that \$10 million had been added for the Alaska Energy Authority (AEA) Susitna-Watana Hydroelectric Project. Two grants had been combined into one for the Chugiak-Birchwood-Eagle River Rural Road Service Area (CBERRRSA) road drainage and rehabilitation. Funding had been added for the Alaska Association of Conservation Districts Soil and Water Conservation program (page 18, line 33). Funding for the East High School stadium, seating, and scoreboard project had been increased from \$50,000 to \$1,050,000. Funds had been added for schools including the digital learning program Cook Inlet Tribal Upper One Games (page 37, line 11); \$500,000 had been added for the National Math and Science Initiative in Mat-Su (page 43, line 23). Two items had been removed related to the reduction criminal recidivism for Akeela Inc. and Partners for Progress. The Department of Health and Social Services (DHSS) section included an additional \$4 million for a two-year program that would outline its work to the legislature. The purpose of the change was the idea that DHSS had programs and formulas in place to best judge who would most successfully combat recidivism.

Representative Gara asked for the page number related to the DHSS increment. Mr. Michel pointed to page 53, line 25. He referred to a letter in members' packets from DHSS (copy

on file) outlining that the department accepted the changes and the responsibility.

Co-Chair Stoltze corrected that DHSS had requested the changes. Mr. Michel agreed.

Co-Chair Stoltze added that the change was consistent with testimony by the name grantee (Akeela Inc.) to the Health and Social Services Subcommittee urging competitive grants.

Mr. Michel continued to address changes in the CS. A program had been added to DNR related to federal overreach (page 57, line 32). Additionally, \$2.5 million had been reinserted for AHFC energy programs.

Co-Chair Stoltze noted that the correction had resulted from a mistaken omission.

Mr. Michel relayed that \$500,000 had been added to the Play Every Day Program related to childhood obesity. Page 103, line 12 included language allowing the administrative branch to comment on ballot initiatives. He stated that the related language in the prior CS had been too restrictive; the funding increment had been reduced to \$10,000. The bill included a reappropriation to the Fairbanks North Star Borough related to its wood stove exchange program. The final change removed \$13 million for the University of Alaska Fairbanks power plant. The reduction related to the fiscal note structure that allowed for \$7 million to pay for debt service beginning in FY 15. He clarified that the debt service would not begin until FY 17; therefore, the money had been returned to state savings.

Co-Chair Stoltze hoped there would be restraint and refrain related to the issue.

Mr. Michel summarized that the bill was \$42 million over the Senate version; the additions represented one-fifth of the additions in the Senate.

11:39:46 PM

AT EASE

11:43:10 PM

RECONVENED

Mr. Michel relayed that he was finished listing changes to the bill.

Representative Gara asked about the \$5.6 million reduction to the Akeela House and Partners for Progress for a comprehensive substance abuse treatment program that led to counseling, job training, and transitional housing. He was concerned that the appropriation had been reduced to \$4 million. He did not know what the new program would do.

JASON HOOLEY, SPECIAL ASSISTANT, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, communicated that recidivism, substance abuse, and public inebriates were of significant concern to the department. The department had worked with Jeff Jessee, Chief Executive Officer, Alaska Mental Health Trust Authority on the issue.

Representative Gara asked for the page number. Representative Costello replied the new DHSS increment was on page 53.

Mr. Hooley continued that DHSS wanted to ensure that its outcomes were more fully flushed out and defined. He elaborated that a competitive bid process would be utilized and the department would further explore what it wanted out of the program. The department would be very specific in its proposal request for the services.

Representative Gara had understood that the removed increment had included treatment, counseling, job training, and transitional housing to ensure people would end up with skills and would not be homeless. He did not know what the replacement funds designated to DHSS included. He wondered why he should be okay with the change.

Mr. Hooley understood the concern. The department intended to make sure the aspects were emphasized and required in its program. The department believed it could provide the necessary support and accountability to ensure that the types of program structures were in place through a competitive bid process. At least one of the former grantees was supportive of the competitive process for the additional accountability and structure.

[11:47:03 PM](#)

Vice-Chair Neuman asked for verification that there was over \$96 million in state funds and close to \$100 million in federal funds for behavioral health grants. He believed it was typical to have \$195 million to \$200 million for the grants.

Mr. Hooley replied that there was considerable investment into behavioral health and substance abuse treatment, but he did not have the precise figure available.

Representative Gara wanted a commitment that the funds to DHSS would include the same components of the deleted program by the time the bill reached the House Floor. The information was not included in the letter provided by the department.

Mr. Hooley replied in the affirmative.

Representative Gara objected to the reinsertion of \$10,000 to the governor's office for the governor to use on ballot propositions (page 103, line 12). He noted that the governor could speak to ballot propositions like any legislator, but he believed the increment represented money for campaigning.

Co-Chair Stoltze noted that the increment had originally been for \$25,000 and had included different language.

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, relayed that the \$10,000 request was for the executive branch to provide information that may be used to influence the outcome of the election. She detailed that the requirement was statutory. She explained that if a department was making a presentation and providing information on any of the subject matters that may potentially be on an initiative before the voters and if the information (educational or otherwise) could be used to influence the outcome of an election the law was clear that a specific appropriation was mandatory.

Co-Chair Stoltze asked for verification that the increment complied with the Alaska Public Offices Commission (APOC) requirement. Ms. Rehfeld replied that it was a requirement of law.

Representative Gara noted that laws required appropriations and he did not appreciate \$10,000 going to the governor to campaign to influence the outcome of an election.

Co-Chair Stoltze asked for clarification on whether the money was to go towards campaigning. Ms. Rehfeld replied in the negative. She clarified that the law was specific about providing information that may be used including any kind of information that would be educational in nature that may be used to influence the outcome of an election. She noted that the informational materials could come from any state department to explain or provide information that may be relevant to a voter initiative. She stated that the appropriation was a specific statutory requirement.

Representative Gara responded that a statute could talk about money just like the Renewable Energy Fund could talk about money, which the governor had not appropriated funds to in accordance with the statute. He referred to Ms. Rehfeld's testimony that the money may be used to influence an election and stated that he did not like it. He did not want to appropriate any money for the item.

Co-Chair Stoltze wondered if the item was perceived or intended to influence. He had been concerned about the provision that had been explained as an APOC requirement. He wanted additional clarification on the item.

[11:51:24 PM](#)

Representative Guttenberg understood if the governor had to do something related to educational purposes associated with ballot initiatives; however, he heard from Ms. Rehfeld's testimony that the APOC requirement existed because the governor intended to do work that would influence the outcome of an election. He surmised that the governor was not required to have an appropriation just to put information out on the table, but an appropriation would be required if the governor intended to take action to influence an election.

Ms. Rehfeld replied that DOL would be the appropriate entity to speak to the issue. She relayed that DOL advised the governor's office that it would be appropriate to include a request in the budget related to the issue.

Representative Costello relayed that the language used by Ms. Rehfeld to explain what the funding would be used for was different than the language in the bill.

Ms. Rehfeld read the language in the bill on page 103, lines 12 through 15:

The sum of \$10,000 is appropriated from the general fund to the Office of the Governor for the purpose of providing information about the potential effects of a ballot proposition, if approved by the voters, that would appear on a statewide election ballot in 2014 for the fiscal years ending June 30, 2014 and June 30, 2015.

Co-Chair Stoltze asked for verification that an additional statement on the issue was included in subsection (c) [page 103, lines 16 through 17].

Ms. Rehfeld replied in the affirmative. She read subsection (c):

The statement of purpose for the appropriation made in (b) of this section is intended to satisfy the requirements in AS 15.13.145(b) and 2 AAC 50.356(a).

Co-Chair Stoltze noted that the statutes pertained to APOC. Ms. Rehfeld affirmed.

Representative Guttenberg was concerned that the governor's office was interpreting that it was required to have the appropriation according to the statute, but he wondered whether the statute pertained to campaigning or the normal duties of the administration.

[11:55:13 PM](#)

CHRISTOPHER POAG, ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, relayed that AS 15.13.145 was a state finance campaign law. The law stated that public funds could not be used to influence a campaign regarding a candidate; however, state funds could be used to take a position on a ballot measure if it was in accordance with the appropriation. He noted that the regulations provided clarifying language associated with the statute. He addressed nonpartisan information and stated that APOC believed educational efforts were fairly limited (e.g. location of the election

and what was on the measure). For example, if the DEED commissioner wanted to say something about scientific evidence regarding usage of certain products, the information may not be considered nonpartisan. A per day penalty of \$50 to \$500 could be imposed on the department if the information distributed was considered to be taking a position on an issue. He elaborated that the appropriation in the regulation had to be clear that it was for the purpose of providing information on a ballot measure because public funds were used.

Representative Guttenberg noted that there were many opinions on how APOC was administered. He believed the issue was obscure in nature. He remarked that the ability for the governor or legislators to speak freely about something they were not campaigning on clearly would not be a violation of APOC. He believed it sounded like Mr. Poag disagreed.

Mr. Poag relayed that AS 15.13.140 defined educational efforts as "the publication date and location of an election, the sponsorship of candidate forms..." He elaborated that APOC used the statute to determine what qualified as educational and providing information. The entity had taken a strict reading of the definition. The statute would prevent departments from saying anything about the ballot measure itself that did not pertain to the timing of the election and what the measure was. He stated that due to the restriction the language [in the bill] allowed the departments to speak about the substance of the ballot measure without an allegation that they were exceeding beyond educational efforts. He noted that the requirement may need to be litigated, but for the time being it acted as an insurance policy to allow people to speak about the substance of a ballot measure. He noted that the requirement would probably not be necessary if there was more clarity on what constituted nonpartisan information.

Representative Guttenberg was interested in receiving a letter from APOC on its position. Mr. Poag replied that he could get an APOC attorney to attend a committee meeting.

Representative Gara referred to Ms. Rehfeld's testimony about the money being used to influence the outcome of an election; however, Mr. Poag relayed that the information could only be educational. He read from AS 15.13.145(b):

Money held by an entity identified in this section may be used to influence the outcome of an election concerning a ballot proposition or question.

Representative Gara did not see the word education anywhere in the statute. He pointed to the words "influence the outcome of an election." He acknowledged that the state was legally allowed to act in accordance with the statute, but he did not believe it should be allowed.

[Note: Meeting continued in minutes dated 4/21/14]

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[11:59:00 PM](#)