

SENATE FINANCE COMMITTEE  
March 10, 2014  
5:21 p.m.

[5:21:31 PM](#)

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 5:21 p.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair  
Senator Kevin Meyer, Co-Chair  
Senator Anna Fairclough, Vice-Chair  
Senator Mike Dunleavy  
Senator Lyman Hoffman  
Senator Donny Olson

MEMBERS ABSENT

Senator Click Bishop

ALSO PRESENT

Nikos Tsafos, Partner, enalytica; Janak Mayer, Partner, enalytica; Heather Shadduck, Staff, Senator Pete Kelly; Suzanne Armstrong, Staff, Senator Kevin Meyer; Senator Peter Micciche.

SUMMARY

SJR 21      CONST. AM: MEMBERSHIP OF JUDICIAL COUNCIL

CSSJR(FIN) 21 was REPORTED out of committee with a "do pass" recommendation and with a previously published fiscal impact note: FN1(GOV) and with a fiscal impact note from the Alaska Court System.

SB 138      GAS PIPELINE; AGDC; OIL & GAS PROD. TAX

SB 138 was HEARD and HELD in committee for further consideration.

SB 191      GENERAL OBLIGATION BOND FUND TRANSFER

CSSB 191(FIN) was REPORTED out of committee with a "do pass" recommendation and with a zero fiscal note from the Department of Revenue.

Presentation by analytica

#sb138

SENATE BILL NO. 138

"An Act relating to the purposes of the Alaska Gasline Development Corporation to advance to develop a large-diameter natural gas pipeline project, including treatment and liquefaction facilities; establishing the large-diameter natural gas pipeline project fund; creating a subsidiary related to a large-diameter natural gas pipeline project, including treatment and liquefaction facilities; relating to the authority of the commissioner of natural resources to negotiate contracts related to North Slope natural gas projects, to enter into confidentiality agreements in support of contract negotiations and implementation, and to take custody of gas delivered to the state under an election to pay the oil and gas production tax in kind; relating to the sale, exchange, or disposal of gas delivered to the state under an election to pay the oil and gas production tax in kind; relating to the duties of the commissioner of revenue to direct the disposition of revenues received from gas delivered to the state in kind and to consult with the commissioner of natural resources on the custody and disposition of gas delivered to the state in kind; relating to the authority of the commissioner of natural resources to propose modifications to existing state oil and gas leases; making certain information provided to the Department of Natural Resources and the Department of Revenue exempt from inspection as a public record; making certain tax information related to an election to pay the oil and gas production tax in kind exempt from tax confidentiality provisions; relating to establishing under the oil and gas production tax a gross tax rate for gas after 2021; making the alternate minimum tax on oil and gas produced north of 68 degrees North latitude after 2021 apply only to oil; relating to apportionment factors of the Alaska Net Income Tax Act; authorizing a producer's election to pay the oil and gas production

tax in kind for certain gas and relating to the authorization; relating to monthly installment payments of the oil and gas production tax; relating to interest payments on monthly installment payments of the oil and gas production tax; relating to settlements between producers and royalty owners for oil and gas production tax; relating to annual statements by producers and explorers; relating to annual production tax values; relating to lease expenditures; amending the definition of gross value at the 'point of production' for gas for purposes of the oil and gas production tax; adding definitions related to natural gas terms; clarifying that credit may not be taken against the in-kind levy of the oil and gas production tax for gas for purposes of the exploration incentive credit, the oil or gas producer education credit, and the film production tax credit; making conforming amendments; and providing for an effective date."

[5:22:23 PM](#)

^Presentation by analytica:

NIKOS TSAFOS, PARTNER, ENALYTICA, began a PowerPoint presentation titled "Cash Calls and Cash Flows & Impact on Oil Revenues" and spoke to slide 4 titled "SOA's Cash Calls and Off-Ramps" (copy on file). He related that the slide was a base case, while the next slide was a stress-case. He pointed out that the slide had 4 groups of bars that included the pre-FEED, FEED, construction, and online stages; all of the numbers were cumulative with the exception of the online numbers, which was an annual number. He stated that the green on the slide assumed the project without TransCanada and no debt. The yellow still assumed no TransCanada, but also that 70 percent of the state's share would be financed with debt. The red reflected an option that had TransCanada with the buyback and was structured with Alaska having 40 percent of the 25 percent of the treatment plant and the pipeline. He reported that the blue-purple reflected a scenario in which TransCanada had 100 percent of the interest in the pipeline and the state only had a 25 percent share in the liquefaction. He pointed out that the first thing that came to mind was that the construction part stood out as far as the costs of the project, but noted that each one of the slide's scenarios had a range between the different

options. He stated that in the first phase, the estimate of costs was somewhere between \$55 million to \$150 million and observed that without TransCanada, the state could be spending about \$500 million; that figure could be coming down around \$250 million to \$330 million. He concluded that the difference between the 2 numbers was what TransCanada would be paying as part of the FEED study.

Ms. Tsafos continued to address slide 4 and related that the key thing to remember before construction was represented in the stop lights on the bottom of the slide. He related that at the end of the pre-FEED study, the state and its partners had 3 options. 1 option was to abandon the project if the numbers did not work at the end of the pre-FEED study; the state would have to reimburse TransCanada because it would have been paying the state's share on the project thus far. He relayed that a second option was to adjust the state's share by selling down some of its equity if it did not want as much of a share as it initially thought. He stated that the third option was represented by the green light, which meant that the state would proceed with the project and authorize the next set of funding, which was reflected by the bar-grouping on the top of \$486 million, \$486 million, \$417 million, and \$266 million. He stated that at the end of the FEED phase, which lasted about 2-3 years, there were again 3 possible pathways; at this point, the project could be still be abandoned and the state would still liable to compensate TransCanada for what it spent on the state's behalf, plus interest. He relayed that the state could also still adjust its equity share to 25 percent, something lower, or something higher. He noted that the state could also move on with the project as is at this point too. He stated that once the project reached the construction phase, the cash outlays would be significantly bigger and were estimated to be almost \$12 billion if you assumed no TransCanada and no debt; the cost estimates fell in each scenario to \$3.5 billion to \$5 billion. He concluded that at construction and FID were reach, it was generally too late to abandon the project; however, the state's share could still be adjusted at any point

Mr. Tsafos continued to speak to slide 4 and recalled a discussion in committee several weeks prior of the Queensland Curtis LNG project in Australia about how its equity ownership had changed over time. He added that during the construction phase, the state would be responsible for covering whatever its share of the

project's costs were; if the project costs rose at this point, the state would have to cover whatever share of equity it had settled on. He stated that a plus regarding the project was that the annual online revenues were estimated at a range of \$2.9 billion to almost \$4 billion counting only gas. He pointed to the green category on the slide and noted that the state generated the most revenue in that category because it did not have to repay any debt; if the state chose that same scenario but took on debt, the \$500 million or so difference was the interest that the state would be paying back its lenders. He stated that the deltas in the scenarios with TransCanada were what the state would be paying back to that company. He concluded that the chart was slightly busy, but that it was a compelling visual display of the all the different phases, cash commitments, and variations that depended on the type of partnership the state chose, as well as how it structured its financing. He reiterated that the slide represented a base-case.

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Mr. Tsafos addressed slide 5 titled "Stress Testing SOA's Cash Calls and Revenues." He related that the slide was the stress-case and was intended to show what a bad scenario would look like. He stated that in general, there were 3 things that analytica thought most impacted the economics of LNG projects; the first was that the project would cost more. Higher than expected costs affected the economics because it required more money up front, but it also required a higher repayment if debt was taken on; it represented a capital expenditure stress. He stated that the second most likely thing to impact the project's economics was the assuming a much lower sales price. He observed that the slide used \$7 per million British thermal units (/MMBTU), which really was a stress-case because there was almost no LNG flowing to Japan and Korea as low \$7/MMBTU; it was way outside of market conditions. He stated that the last major potential impact to the project was utilization and offered that the way to view this aspect was the impact of one-off events, such as having to shut down the plant for 2 to 3 months. He stated that the idea that a project would only run at 80 percent was unlikely and that the plays that usually ran below 100 percent utilization tended to do so because of insufficient gas; this also occurred because a play was diverting the gas to the local market. He added that it was unlikely that

SB 138's project would not have access to enough gas or have a big enough local market to result in under utilizations.

Mr. Tsafos continued to address slide 5 and related that under-utilization did not usually occur because of design reasons. He stated that the slide was meant as a one-year rather than a 25-year stress test. He pointed to the four clusters of bars and number on the slide and stated that the first and third groups were the same as the previous slide's base cases. He added that pre-FEED and FEED were excluded from the slide because cost escalation in those areas would probably not make or break the economics of the project. He stated that the first 2 clusters showed what a 25 percent higher capex would do to the cash calls; the cash calls increased from \$11.8 billion in the first groupings to \$14.7 billion in the no debt/no TransCanada scenario. In the slide's other cases, the call calls increased \$1.2 billion with the buyback from TransCanada, which was reprinted in the first yellow bars; the delta was little less than \$1 billion if TransCanada owned 100 percent of pipeline.

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Mr. Tsafos continued to discuss slide 5 and spoke to the revenue side. He stated that the stress-case was additive and related that higher costs, lower prices, and lower utilization were happening at the same time. He offered that the stress-case represented a perfect storm in LNG terms. He noted that on the right side of the slide, the green bars went from about \$4 billion to \$1.6 billion in the no TransCanada/no debt case. The estimated revenues ranged from the \$3.5 billion to a little under \$1 billion in the no TransCanada/leveraged debt scenario and \$3.2 billion. The revenue ranged from \$3.2 billion to \$700 million in the TransCanada with buyback option. He noted that the lowest-case revenue projection for the state was \$2.9 billion to \$500 million. He stated that the slide's numbers underscored the point that LNG projects generally did not lose money; however, investing the equivalent \$14 billion or \$15 billion in order to annually get \$1.6 billion back was not a wise investment given the time value of money. He offered that under the stress-case, the state would still not be cash-flow negative even in the lowest revenue case and would not be at the point where state reserves were needed for obligations on the project. He

concluded that the scenario would have to be worse than the parameters on the stress test. He stated that quite a bit had to go wrong for the project to not produce positive revenue, but that the core point was that maybe the state would earn a smaller return if things went wrong.

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Co-Chair Kelly inquired if Senator Dunleavy's question from earlier in the day had been answered. Senator Dunleavy replied that he was going through some notes currently and was still processing the issue.

JANAK MAYER, PARTNER, ENALYTICA, added some insight into slide 5. He related that all of the cases that involved some form of debt, which were all of them but the green ones, assumed that the net cash flows after the yearly debt payments on both the principle and interest had been paid.

Senator Dunleavy inquired if \$7 was the low price assumption in the stress-case. Mr. Tsafos replied in affirmative and inquired if Senator Dunleavy did not think that was low enough.

Senator Dunleavy inquired what the price of LNG was currently. Mr. Tsafos replied that the answer depended on the location. Senator Dunleavy inquired what the lowest was that he was aware of. Mr. Tsafos replied that the lowest currently was Henry Hub, which would probably be about \$5/MMBTU, but that it was not a relevant price for SB 138's project. He thought that off the top of his head, there were 3 contracts that were signed in the early 2000s that had met the \$7/MMBTU; the rest of LNG, which was 70 percent of the market, traded at way higher than \$7/MMBTU. He stated for example that if you took a low Henry Hub price of \$3/MMBTU and included all the cheapest costs infrastructure costs as a contract, the gas would still be above \$7/MMBTU by the time it got to Asian markets. He commented that a sustained environment of \$7/MMBTU would probably price out 30 percent to 70 percent the LNG supply. He surmised that a price of \$7/MMBTU would wipe out gas markets in East Africa, Western Canada, a lot of the Lower-48, and Russia; there was not much supply out there that could continue to flow to keep the price that low. He admitted that it was possible that the price could go lower than \$7/MMBTU and that it was 15 years prior; however, in

terms of where the market was now, \$7/MMBTU made a good stress-case.

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Senator Dunleavy requested a brief AT EASE.

[5:41:53 PM](#)

AT EASE

[5:46:20 PM](#)

RECONVENED

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Co-Chair Meyer thought that \$7/MMBTU as the worst case was legitimate and noted that Henry Hub was between \$3/MMBTU and \$5/MMBTU. He stated that there were several contracts back in 2000s that were at \$7/MMBTU, but thought that there was less supply at that time. He noted that gas was being discovered everywhere. He expressed concerns that there was a lot supply for the gas market and hoped that there was enough demand to meet it. He additionally hoped that gas would be coming from high-cost areas that Alaska's gas could compete with. He thought that there was a supply and demand graph somewhere in the charts. He hoped that gas never reached \$7/MMBTU again, but thought that it was a good number to use.

Co-Chair Kelly requested an explanation of the supply and demand graph that Co-Chair Meyer had referenced.

Mr. Tsafos responded that analytica saw demand increasing. He stated that the key part to understand on the supply and demand chart was that the graph was based on what was contracted and what was preliminary contracted and that there was a grab for what was in effect up for grabs. For the project's window, which was the early to mid-2020s, there was no one else marketing to that timeframe. He stated that one of the key benefits of the project was its timing and lack of competing supply that was not speculative. He related that there was a supply and demand chart, but because the project was further out, there was not much competing supply.

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Co-Chair Kelly inquired where the tab was. Vice-Chair Fairclough replied that it was a chart that showed the Asian markets; it had gas sales somehow between \$10/McF and \$17/McF. She noted that she had seen the chart in the Senate Resources Committee.

Mr. Mayer related that the chart was in the initial presentation enalytica had given in the Legislative Budget and Audit Committee.

Co-Chair Kelly stated that there were staff who could find the proper chart and requested that the presentation continue.

[5:50:23 PM](#)

Mr. Mayer spoke to slide 6 titled "In Kind W/Equity Offers More Downside Protection." and related that it was a revised version of a slide that was previously presented to the committee. He relayed that the slide was created to show lower price levels and that Co-Chair Meyer had requested that the slide show prices down to the \$10/MMBTU; however, it went as low as \$8/MMBTU because it was easier to model that way. He related that the green line represented the status quo and that Alaska continued to move forward and was able to tax the project by value at the well head and the net of costs stayed at the 35 percent profit-based tax; the slide showed the scenario regarding total cash over the life of the project to state at a range of different prices. He reported that the red and yellow represented going in kind with equity at a 20 percent or 25 percent share. He stated that if the project went ahead with the current structure at the current price range of \$15/MMBTU-\$18/MMBTU, the economics would look pretty good; it would be even better if you took into account the time value of money. He noted that when you looked at the project at lower prices, the value of being the taxing authority fell away quickly because most of a taxing entity's value lied in the fixed claims embodied by tariffs; those claims were fixed, so as the LNG price went down the impact of them was to magnify the impact of the falling price on the value to the state. He stated that the status quo in value looked good at current LNG prices, but looked less so in the case of lower LNG prices; correspondingly, the opposite was true of what happened to producers and the federal government.

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Mr. Mayer addressed slide 7 titled "SOA Equity Leads to Higher Gov't Take on Average" and stated that it had been shown in committee before; it showed the overall government take and the division of cash within the different stake holders. The slide also revised the producer wedge of the slide to emphasize that there were 3 separate producers. He thought that it is reasonable to assume that the state would be capturing 25 percent of the value of the project and that most of the value would go to the producers. He related that the slide showed that in all cases, the value to the state was much more than a quarter of the total value of the project. He stated that the y-axis of the charts showed the overall percentage split of cash flows to the project. He stated that if the green and blue bars were added, the total undiscounted government take of the state and the federal government could be seen; with the current structure and conditions, that figure stayed around 50 percent. He reminded that the 50 percent was looking at government take across the entire project and not just the upstream components and that as a result, it was expected that the number would be much lower to equivalent oil numbers in previous year where only upstream, which was the most heavily taxed component, was taken into account. He stated that the current structure and LNG prices provided good value to the state.

Mr. Mayer continued to address slide 7 and related that in the in kind or equity scenario, the overall proportion of the value coming to the state was higher; particularly in the 25 percent equity case, the state would be receiving substantially more than a 25 percent share of the overall project. He stated that the green area on the slide was much closer to all 3 producers in the 25 percent case; the share of the state's value of this scenario was much closer to all 3 producers combined

[5:57:12 PM](#)

Mr. Mayer addressed slide 8 titled "Impact of Gas CAPEX on Oil Revenues" and recalled that there had been a previous question regarding the impact of upstream capital spending on gas, and especially what impact it had on production tax revenues from oil. He stated that as SB 138 was currently written and gas moved to a gross-based tax for which there were no deductions of costs, all costs on upstream spending

for oil and gas were deductible against the profit-based tax on oil. He offered that there had been a question of how much of an impact upstream costs associated with developing the gas project could have on the revenues that the state would otherwise receive in the years during the development of oil and that the answer it depended on how much upstream capital was spent; however, slide 8 assumed a \$3 billion base-case and a higher case of \$4.5 billion. He stated that generally speaking, depending on the upstream spending, between \$250 million and \$350 million would be reduced from the revenues that the state would otherwise forecast having in those years as a result of the costs being written against the oil tax liability. He noted that the slide included production tax and royalty, but none of the other elements, such as state income tax and property tax; additionally, it was conceivable that there would be a further impact on state income tax but that would depend on how depreciation of the capital on project worked and whether producers had been able to claim depreciation for some of those assets before the liquefactions project began running. He stated that in other analyses that analytica had conducted of the project that showed a higher total state impact than the slide depicted because there was conservative estimated impact of upstream spending on the state income tax; however, analytica was specifically asked on slide 8 about what the impacts would be on revenues that came specifically from royalties and production tax from oil.

[6:00:06 PM](#)

Senator Dunleavy inquired if there were any changes to the legislation that analytica would advise. Mr. Tsafos replied that he would probably start by maxing out the tax to get to 25 percent equity and work down if he decided over time that he did not want as much. He opined that it would be useful having more clarity regarding AGDC and whether the state would be spending money in parallel for an LNG project and in-state line, as well as how coordinated those two expenditures and streams were. He furthered that he would like to see how those two streams of cash were related. He stated that when looking at the fiscal notes, there was some money for consultants in the bill and offered that this was a great opportunity for the state to formulate a permanent staff with great gas and LNG expertise.

Mr. Mayer agreed with all of Mr. Tsafos' points, but added that he would want assurances on understanding what the envisioned process was in terms of the contractual negotiation process, what executive session briefings would look like and how often they would be likely to occur. He thought that when the end result came, the only way that the involved partners would be comfortable with agreements had been reached was through regular feedback. He relayed that it was critical that everyone was comfortable with how things were likely to play out.

[6:04:01 PM](#)

Mr. Tsafos added that another thing that was not necessarily a thing to change but something that needed to be understood well was that if the project were to get stalled, the state might still be compensating TransCanada for the study expenses. He expressed that he would like to understand the termination clauses of the Memorandum of Understand and determine whether the state would still be on the liable for costs if the project was terminated but not by the state. He thought that it was one thing to say that if the state kicked out a partner, it would be responsible reimbursing that entity for costs, but wondered what would happen if the project fell apart through no fault of the state's.

Senator Dunleavy inquired if enalytica would vote for or against the bill if it was his position. Mr. Meyer was not trying to be evasive, but did not want to step over the line of advising policy versus analysis; however, he thought that it was clear when looking at the fundamental problems and challenges of getting a project moving that large export project was in the best interests of Alaska, there were a number of challenges in making that happen, and that there were a limited number of days to resolve those difficulties. He stated that regardless of what broad structure was chosen, enalytica felt that the core principles had ways of addressing those problems that made a lot of sense. He observed that when enalytica had brainstormed on other ways to solve the project's problems, it was able to come up with a few but none that were compelling better.

[6:06:43 PM](#)

Mr. Tsafos stated that in his experience at PFC energy he had studied or worked on a number of LNG projects. He related that a lot projects gave him a bad gut reaction that they would not happen; however, that was not the reaction he had after spending a month and half in Juneau. He stated that there was not an aspect that enalytica had seen that was insurmountable.

Senator Dunleavy noted that it was a large project that would build a pipeline great distances. He recalled that Alaska had had earthquakes in the past and spoke about a recent quake in 2002 on the eastern side of the state. He assumed that there was insurance somewhere in the market for large-scale projects and inquired if that was correct. Mr. Meyer replied that generally, insurance was available for most risks including catastrophic ones like earthquakes; however, insurance markets became less efficient with a projects as big as \$65 billion. He expounded insurance markets became less and less efficient the bigger the capital expenditures were; even more so, when a high magnitude outcome in terms of the cash at right and the low probably of outcome were combined. He relayed that knowing what the right price was for that insurance and finding and that be an efficiently-priced product would be the difficulty regarding obtaining insurance for the project. He stated all of the questions in terms of understanding the magnitude of that risk and how it would be best mitigated would represent a discussion that the partners would need to understand during the FEED process. He concluded that FEED was a time for very detailed things to be known at the most minute level.

[6:09:17 PM](#)

Senator Dunleavy inquired if the committee could get a list in writing of suggestions and recommendation of what enalytica would advise as the state worked though the project. Co-Chair Kelly acknowledged the request.

Vice-Chair Fairclough believed that each of the items that the consultants had raised had already been brought to the chairman's attention. She thought that Senator Dunleavy had previously met with the consultants and had asked similar questions and thought that the chairman was aware of each of those issues.

[6:10:20 PM](#)

SB 138 was HEARD and HELD in committee for further consideration.

[6:10:27 PM](#)

AT EASE

[6:17:06 PM](#)

RECONVENED

#sjr21

SENATE JOINT RESOLUTION NO. 21

Proposing amendments to the Constitution of the State of Alaska to increase the number of members on the judicial council and relating to the initial terms of new members appointed to the judicial council.

[6:17:54 PM](#)

Co-Chair Kelly MOVED to ADOPT the proposed committee substitute for SJR 21, Work Draft 28-LS1364\0 (Wallace 3/10/14) as a working document. There being NO OBJECTION, it was so ordered.

HEATHER SHADDUCK, STAFF, SENATOR PETE KELLY, explained the change in the new CS and related that it could be found on page 2 on lines 1 and 2. She explained that the original version of the bill stated that the judicial council shall act by a concurrence of a majority of its members who were participating in a vote; this had been changed in the current CS to say that the judicial council shall act by a majority vote of a quorum of at least seven members. She added that this was the only change in the new version of the bill.

[6:19:21 PM](#)

Co-Chair Kelly thought that the Alaska State Constitution was a very fine document, but like all things worldly it was not perfect. He offered that one of the things that the founding fathers of the constitution had gotten wrong was the judicial council wrong; their desire was to de-politicize it, but he felt that had not occurred. He recalled testimony that had indicated that it was very rare that the people's will as represented through non-public members on the judicial council was overridden; it was a

rare occurrence. He clarified that four times in the last two years, public member who were appointed by the governor and confirmed by the legislature had been overridden by attorney members of the council who not confirmed by the legislature or appointed by any elected officials in the state; furthermore, the Supreme Court Justice, who was the tie break in these situations, would usually side with the attorney members to forward nominations to the governor. He noted that attorney members of the council had great power, but were not required to go through a confirmation hearing like other state board and councils. He thought something needed to be addressed in the constitution to prevent a tie from happening where public members were being overruled by people who had never stood before the public for confirmation.

Co-Chair Kelly related that the resolution would increase the number of public members to six and keep three attorney members; it would also increase the required quorum to 7. Hew related that the addition of public members and the quorum of 7, there would never be a scenario where the public was against the attorneys and the justice had to break a tie against the people. He added that in Article 4, Section 8 of the state's constitution, it stated that appointments to the council should be made with due consideration to area representation and without regard to political affiliation. He offered that the problem was that there had been no real way to represent vast areas of the state with so few members and thought that the addition of the members would give the council a shot at regional diversity. He assumed that members had their packets a list of the public and non-public members of the council. He requested a brief AT EASE.

[6:24:12 PM](#)

AT EASE

[6:24:24 PM](#)

RECONVENED

[6:24:29 PM](#)

Co-Chair Kelly noted that the state constitution stated that there shall be regional diversity on the judicial council. He noted that the attorney members were mostly from Juneau, Ketchikan, Fairbanks, and anchorage and there were never any rural members; there were a few non-attorney

rural members, but the last two instances of that was in 1987 and 1916 before that. He did not think that anyone was trying to keep rural members off the judicial council, but that naturally, most of the attorney members would be from urban areas. He asserted that with the current number of members on the council, it could not maintain the regional diversity that the constitution called for.

Co-Chair Meyer observed that there was a small fiscal note attached to the bill that was associated with having a larger judicial council.

[6:26:25 PM](#)

Co-Chair Kelly MOVED to REPORT CSSJR 21 out of committee with individual recommendations and the accompanying fiscal notes.

[6:26:42 PM](#)

Co-Chair Meyer questioned which version of the legislation Co-Chair Kelly had moved.

[6:26:49 PM](#)

AT EASE

[6:27:38 PM](#)

RECONVENED

[6:27:45 PM](#)

Co-Chair Kelly MOVED to REPORT CSSJR 21 out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

[6:28:07 PM](#)

CSSJR(FIN) 21 was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal impact note: FN1(GOV) and with a fiscal impact note from the Alaska Court System.

[6:28:11 PM](#)

AT EASE

[6:29:19 PM](#)

RECONVENED

#sb191

SENATE BILL NO. 191

"An Act relating to the authority to transfer money from the general fund to general obligation bond construction funds or accounts; and providing for an effective date."

[6:29:37 PM](#)

Vice-Chair Fairclough MOVED to ADOPT the proposed committee substitute for SB 191, Work Draft 28-LS1483\N (Wallace 3/7/14) as a working document. There being NO OBJECTION, it was so ordered.

SUZANNE ARMSTRONG, STAFF, SENATOR KEVIN MEYER, related that there had been a title change to the bill to reflect the authority of the Legislative Budget and Audit Committee and when it was necessary to approve the transfer of funds from the General Fund to the construction funds; additionally, it was clarified on page 1, line 12 that the commissioner of the Department of Administration shall obtain approval of the transfer of funds. She stated that on page 2, line 8 it was clarified that the commissioner of the Department of Administration shall notify the Legislative Budget. Co-Chair Meyer discussed the fiscal notes.

[6:31:57 PM](#)

Vice-Chair Fairclough MOVED to REPORT CSSB 191(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

[6:32:18 PM](#)

CSSB 191(FIN) was REPORTED out of committee with a "do pass" recommendation and with a zero fiscal note from the Department of Revenue.

[6:32:19 PM](#)

AT EASE

[6:32:35 PM](#)

RECONVENED

6:32:38 PM

Co-Chair Meyer discussed the following meeting's agenda.

#

ADJOURNMENT

6:32:59 PM

The meeting was adjourned at 6:33 p.m.