

SENATE FINANCE COMMITTEE
April 13, 2015
9:03 a.m.

9:03:59 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Peter Micciche, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Erin Shine, Staff, Senator Anna MacKinnon; Ben Ellis, Director, Alaska State Parks, Department of Natural Resources; John Hutchins, Civil Division, Department of Law.

PRESENT VIA TELECONFERENCE

SUMMARY

SB 34 PCE ENDOWMENT FUND INVESTMENT

CSSB 34(FIN) was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1 (REV).

SB 70 GAS PIPELINE RIGHT-OF-WAY; PARKS; REFUGES

CSSB 70(FIN) was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1 (DNR).

#sb34

SENATE BILL NO. 34

"An Act relating to investment of the power cost equalization endowment fund; and providing for an effective date."

9:04:45 AM

Co-Chair MacKinnon provided a brief history of the legislation.

Vice-Chair Micciche MOVED to ADOPT proposed committee substitute for SB 34, Work Draft 29-GS1018\H (Nauman, 4/10/15).

Co-Chair MacKinnon OBJECTED for the purpose of discussion.

9:05:22 AM

ERIN SHINE, STAFF, SENATOR ANNA MACKINNON, explained the changes in the CS included a change in the fund investment from 7 percent to at least a 4 percent nominal return over a five year period.

9:05:51 AM

Senator Hoffman commented that he thought the legislation made sound investment sense. He said that the state had been favored with strong markets but did not believe casing in at 7 percent was sustainable.

9:06:22 AM

Senator Dunleavy referred to Section 1(a)(2):

(2) invest the fund in a manner likely to achieve a four [SEVEN] percent nominal return over a five-year period to meet the objectives of the power cost equalization and rural electric capitalization fund (AS 42.45.100)[TIME].

Senator Dunleavy understood that four percent was the goal.

Co-Chair MacKinnon replied yes.

[9:07:06 AM](#)

Co-Chair MacKinnon removed her objection. There being NO further OBJECTION, it was so ordered.

[9:07:26 AM](#)

Vice-Chair Micciche reviewed the fiscal note FN1 (REV). He explained that the fiscal note was zero, and no supplemental or capital costs were anticipated.

Co-Chair MacKinnon MOVED to report CSSB 34 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 34(FIN) was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1 (REV).

[9:08:27 AM](#)

AT EASE

[9:10:38 AM](#)

RECONVENED

#sb70

SENATE BILL NO. 70

"An Act relating to exceptions from designation as a special purpose site under art. VIII, sec. 7 of the Constitution of the State of Alaska for portions of Denali State Park, Captain Cook State Recreation Area, Nancy Lake State Recreation Area, and Willow Creek State Recreation Area to allow leasing a right-of-way for a natural gas pipeline."

[9:10:43 AM](#)

Co-Chair MacKinnon read the title of SB 70.

Vice-Chair Micciche MOVED to ADOPT proposed committee substitute for SB 70, Work Draft 29-GS1820\N (Shutts, 4/13/15).

Co-Chair MacKinnon OBJECTED for purpose of discussion.

[9:11:24 AM](#)

Ms. Shine outlined the changes to the bill. She noted the memos between the division of Legislative Legal and the Department of Law (DOL) that spoke to amendment language that had been incorporated into the CS crafted in Senate Resources. She shared that Legislative Legal felt that the language had been ambiguous and the Department of Natural Resources (DNR) and DOL had disagreed.

[9:12:16 AM](#)

Ms. Shine spoke to Page 1, line 6 through Page 2, line 3, which incorporated clarifying language that DOL had suggested. The next change was on Page 4, lines 21 and 22, which was the amended language from Senate Resource Committee. She deferred any questions to DOL and Legislative Legal. Ms. Shine continued with the next change on Page 5, lines 6 through 7, from "operation and 5 years" to "construction and 10 years." She furthered that the next change on Page 5, line 11 changed the effective date from January 1, 2020 to January 1, 2025.

[9:14:19 AM](#)

Ms. Shine noted the aforementioned changes as they appeared throughout the bill.

[9:14:52 AM](#)

Co-Chair MacKinnon commented that the changes were standard.

[9:14:58 AM](#)

Senator Dunleavy queried the change from five years to ten years.

Ms. Shine replied that the change was generated from feedback that the committee had received from AKLNG partners, and had been clarified by DNR, it had been decided that the timeline was too short for the previous language.

[9:15:53 AM](#)

Co-Chair MacKinnon WITHDREW her OBJECTION. There being NO further OBJECTION, it was so ordered.

[9:16:09 AM](#)

BEN ELLIS, DIRECTOR, ALASKA STATE PARKS, DEPARTMENT OF NATURAL RESOURCES, commented that the department felt comfortable with the changes in the bill.

[9:17:27 AM](#)

JOHN HUTCHINS, CIVIL DIVISION, DEPARTMENT OF LAW, echoed Mr. Ellis's response.

Co-Chair MacKinnon noted that the leases would become effective before January 1, 2025.

Mr. Ellis stated that the department supported the change.

[9:17:57 AM](#)

Senator Dunleavy asked whether the administration believed that gas would be online by 2025, even with the change.

Mr. Ellis related that he had not spoken to the administration, yet had clarified the issue with the governor's legislative director - who had given approval.

Senator Dunleavy asked whether the extension in the bill would translate into an extension on when the state could expect gas to be online.

Mr. Ellis deferred the question to the DNR commissioner. He said that to his knowledge the change would not alter the horizon for gas.

Mr. Hutchins added that the extension had nothing to do with when gas was expected to be online, but was an estimate of how long it would take to get certainty on the corridor. He said that the time period had been a guess to begin with.

[9:20:10 AM](#)

Vice-Chair Micciche spoke to the fiscal note attached to the bill and noted that it would need to be updated to reflect the CS version.

9:21:17 AM

AT EASE

9:21:39 AM

RECONVENED

Vice-Chair Micciche MOVED to report CS SB 70 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 70(FIN) was REPORTED out of committee with a "do pass" recommendation and with a previously published zero fiscal note: FN1 (DNR).

9:22:06 AM

AT EASE

9:24:28 AM

RECONVENED

Co-Chair MacKinnon discussed housekeeping.

#

ADJOURNMENT

9:25:01 AM

The meeting was adjourned at 9:24 a.m.