

SENATE FINANCE COMMITTEE  
March 10, 2016  
9:19 a.m.

9:19:03 AM

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:19 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

James Armstrong, Staff, Senator Pete Kelly; Rob Carpenter, Fiscal Analyst, Legislative Finance Division; Lacey Sanders, Fiscal Analyst, Legislative Finance Division.

SUMMARY

SB 139	APPROP: OPERATING BUDGET/LOANS/FUNDS
	SB 139 was HEARD and HELD in committee for further consideration.
SB 140	APPROP: MENTAL HEALTH BUDGET
	SB 140 was HEARD and HELD in committee for further consideration.
HB 256	APPROP: OPERATING BUDGET/LOANS/FUNDS
	HB 256 was SCHEDULED but not HEARD.

HB 257

APPROP: MENTAL HEALTH BUDGET

HB 257 was SCHEDULED but not HEARD.

#sb139

#sb140

SENATE BILL NO. 139

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, making reappropriations, making supplemental appropriations, and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

SENATE BILL NO. 140

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

9:19:13 AM

Co-Chair Kelly explained that the committee would be considering amendments to the committee substitute (CS) for the operating budget. He asked his staff to discuss the amendments.

JAMES ARMSTRONG, STAFF, SENATOR PETE KELLY, indicated that the first 8 amendments were intent language amendments. He asked if Co-Chair Kelly would like the individual sponsoring members to address the amendments, or himself.

Co-Chair Kelly asked for Mr. Armstrong to discuss the amendments.

Co-Chair MacKinnon MOVED to ADOPT Amendment 1.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed Amendment 1:

ADD: Page 58, Sec. 4 add intent language following section (b):

It is the intent of the legislature that the Executive Branch continues to enforce the Governor's January 5, 2016 restriction on non-essential travel throughout FY17.

Mr. Armstrong conveyed that the administration had enacted a travel restriction that allowed travel only for essential purposes. The amendment intent language asked the administration to extend the restriction through June 30, 2017.

Co-Chair Kelly REMOVED his OBJECTION.

There being NO further OBJECTION, it was so ordered. Amendment 1 was ADOPTED.

[9:21:24 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 2.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed Amendment 2:

DEPARTMENT: Department of Fish and Game  
ADD: It is the intent of the legislature that programs delivering educational materials to the public, or that make educational presentations to the public, and are funded by fish and game fund or Pittman-Robertson fund revenues, shall include a presentation on the history and workings of the North American Model or Wildlife Conservation. The presentation shall make clear that anglers and hunters pay for conservation, and were the founders of the modern conservation movement.

Mr. Armstrong summarized that the amendment asked the Department of Fish and Game (DFG) to establish public educational programs on the subject of DFG funding, and to include how Pittman-Robertson federal funds were used in department activities [The Pittman-Robertson Act was signed into law by President Franklin D. Roosevelt on September 2, 1937; whereby tax on ammunition and firearms used for sport hunting were to be distributed to the States for wildlife restoration].

Senator Dunleavy discussed Amendment 2, and reiterated that the amendment would educate the public as to how the Pittman-Robertson funds were used. He thought there was an acceleration of cultural transition from rural to urban life, and thought it was important to recognize the role of hunting in the history of conservation. He emphasized that the funds went to support all types of activities.

Senator Olson asked how much money was being discussed.

Senator Dunleavy was not aware of the amount of funding and thought the matching funds were dependent upon what passed in the DFG budget.

Senator Olson asked what the funding would be used for if the amendment was not adopted.

Senator Dunleavy stated that if the amendment did not pass, the funds would be used for other things outlined in the budget language.

Co-Chair Kelly REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 2 was ADOPTED.

[9:23:17 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 3.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong conveyed that Amendment 3 pertained to commercial fisheries, and included intent language asking DFG to report back to the House and Senate Finance Committees with information on potential cost-saving measures concerning discreet stock fisheries management in Cook Inlet. He deferred to Senator Dunleavy for further explanation of the amendment.

Senator Dunleavy specified that the amendment was not intended to add new costs to the department, but rather to get a simple report to see if there would be cost savings if the state used a discreet fisheries management approach as opposed to the current management in Cook Inlet.

[9:24:18 AM](#)

AT EASE

9:24:29 AM

RECONVENED

Senator Olson asked if DFG favored Amendment 3.

Senator Dunleavy was not aware if the department favored the amendment or not.

Co-Chair Kelly REMOVED his OBJECTION. He asked the committee if there was further objection.

Vice-Chair Micciche OBJECTED for discussion.

Vice-Chair Micciche discussed fisheries concerning five different species of Pacific salmon. He mentioned fisheries in Bristol Bay, the Yukon-Kuskokwim Delta, and the Cook Inlet. He suggested that discreet management occurred closer to a river system when there was not adequate return of a particular species. He did not support the department spending time on a study that might change a current successful fisheries management practice.

Co-Chair MacKinnon asked if separate species of salmon were counted in distinct ways. She expressed a desire to understand the management practice more fully.

Co-Chair Kelly understood that if there was a discreet salmon stock, it signified a difference in fisheries management that would differentiate by species. He understood that the state was not doing so in the Cook Inlet.

Senator Dunleavy reiterated that the amendment was not asking the department to spend a great deal of time or resources on the matter, but to provide a simple report to inform if different management practices could provide cost savings.

Co-Chair MacKinnon supported the amendment if it was not asking the department to spend a great deal of additional funds to do things differently or if it would not change the existing management practice.

Senator Dunleavy clarified that the intent of the amendment was not to change existing management practice.

9:27:29 AM

AT EASE

9:31:07 AM

RECONVENED

Co-Chair Kelly asked if the objection was maintained.

Vice-Chair Micciche MAINTAINED his OBJECTION.

A roll call vote was taken on the motion to adopt Amendment 3.

OPPOSED: Hoffman, Micciche, Olson, Bishop  
IN FAVOR: Dunleavy, Kelly, MacKinnon

The MOTION FAILED (4/3).

Co-Chair MacKinnon MOVED to ADOPT Amendment 4.

Co-Chair Kelly OBJECTED for discussion.

Senator Dunleavy discussed Amendment 4:

OFFERED BY: Senator Dunleavy  
DEPARTMENT: Department of Fish and Game  
APPROPRIATION: Commercial Fisheries  
ALLOCATION: Commercial Fisheries Entry Commission  
(CFEC)

ADD: It is the intent of the legislature that retaining the Commercial Fisheries Entry Commission Allocation under the Commercial Fisheries Appropriation does not diminish or affect the Commission's statutorily designated budgetary or operational autonomy or authority; nor does it grant the Commissioner of Fish and Game or his designee any budgetary or operational control over the Commercial Fisheries Entry Commission.

Senator Dunleavy related that he had heard the amendment in the Senate Finance Subcommittee for DFG. He stated that it was the intent of the language to make clear regarding Order 279 (if implemented). He noted that the Commercial Fisheries Entry Commission (CFEC) continued to work to streamline itself, and make its operations more efficient. He commented that the amendment would not compromise the

autonomy of CFEC. He furthered that the Limited Entry Act remained the controlling statute. The intent language was provided to retain CFEC's control over its own budget.

Vice-Chair Micciche commented that he was supportive of the amendment, which guaranteed adjudicatory independence for CFEC. He noted that the independence had been a struggle in streamlining the department.

Co-Chair Kelly WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 4 was ADOPTED.

[9:33:44 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 5.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed Amendment 5, which requested the DFG Wildlife Conservation Division to engage in cooperative collaborative consulting with non-departmental entities to increase orphan moose calf survival rates through expedited rescue, rehabilitation, and re-induction efforts.

Senator Dunleavy specified that there was no cost associated with the amendment. He furthered that the amendment concerned weekends, holidays, and after-hours coordination with moose calf rescue organizations to facilitate additional rescues when possible.

Co-Chair Kelly REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 5 was ADOPTED.

[9:34:45 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 6.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed Amendment 6:

Page 58. following line 10:

Insert a new subsection to read:

"(c) It is the intent of the legislature that the commissioner of each department in the executive

branch prepare a report to the legislature, to be delivered to the senate secretary and chief clerk of the house of representatives not later than January 17, 2017, identifying services that can be privatized, including procurement, client services, human resource management, and auditing of certain files."

Mr. Armstrong noted the amendment was offered by Co-Chair Kelly on behalf of Senator Cathy Giessel and Senator Lesil McGuire.

Co-Chair Kelly REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 6 was ADOPTED.

[9:35:36 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 7.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed the amendment, which conformed to an amendment that was adopted in the House two nights previously. The amendment asked OMB to reduce "hollow" receipt authority when preparing the fiscal budget for FY 18. He explained that the effort had been done in the past, and the amendment was conforming to past practices.

Co-Chair Kelly REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 7 was ADOPTED.

[9:36:17 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 8.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed Amendment 8:

DEPARTMENT: Environmental Conservation  
APPROPRIATION: Agency-Wide  
ALLOCATION:

ADD: It is the intent of the legislature that the Department of Environmental Conservation improve

efficiencies in permitting and consider the economic impacts of increasing permit fees before imposing increased fees on users.

EXPLANATION: This intent language was approved by the subcommittee for inclusion in SB 139

Mr. Armstrong explained that the amendment requested that the Department of Environmental Conservation (DEC) look at economic impacts when considering raising user fees, by performing an economic analysis of the fee structure contained within the department.

Vice-Chair Micciche wondered Co-Chair Kelly had envisioned for the implementation of the amendment language. He wondered if Co-Chair Kelly had anticipated a scale of how the department would impose user fees.

Co-Chair Kelly noted that it was difficult to put strong requirements within intent language.

Mr. Armstrong relayed that there had been a joint meeting of the Finance Subcommittees on DEC, and the group had examined all the existing fees and means of reducing the GF impact of some fees. He noted that Co-Chair Kelly was working with the department on legislation. He was hopeful that a bill would be introduced to examine the topics in the intent language.

Co-Chair Kelly REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 8 was ADOPTED.

[9:38:01 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 9.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed Amendment 9, which pertained to a Federal Aviation Administration (FAA) reporting requirement related to rural aviation fuel and taxes. The amendment would expand the reporting to the FAA to adhere to federal requirements.

Co-Chair Kelly asked if Senator Olson had any comments from a pilot's perspective.

Senator Olson asked about the result to the end user, whether it was a private or commercial operation.

Mr. Armstrong wondered if there was an individual from the administration that could address Senator Olson's question.

[9:39:15 AM](#)

AT EASE

[9:39:31 AM](#)

RECONVENED

ROB CARPENTER, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, stated that Amendment 9 had a net zero impact on the budget. He furthered that the amendment signified no fee increases to airports. The amendment was merely to provide clarity in the budget as to what was spent at rural airports, for informational purposes for the FAA.

Senator Olson acknowledged that there was a net zero impact on the budget, but wondered if the end user would be required to pay additional taxes.

Mr. Carpenter answered in the negative.

Senator Olson thought there might be other consequences or benefits to the amendment. He wondered if maintenance to airports would be affected.

Mr. Carpenter explained that the intent of the amendment was to show in the budget what was spent on airports and what was expended on airports. The amendment was entirely related to an FAA requirement that any funds generated by airports built with federal funds must be spent at the same airport.

Co-Chair Kelly REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 9 was ADOPTED.

[9:41:24 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 10.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed Amendment 10:

DEPARTMENT: Natural Resources  
APPROPRIATION: Parks and Outdoor Recreation  
ALLOCATION: Parks Management and Access

ADD: \$35.4 Vehicle Rental Tax (1200)  
DELETE: \$35.4 UGF (1004)  
EXPLANATION: This is a technical correction to fix an error.

Mr. Armstrong explained that Amendment 10 was a technical fix to a funding source contained within parks management and access. The amendment stipulated use of \$35,400 of vehicle rental tax funds instead of UGF.

Co-Chair Kelly REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 10 was ADOPTED.

[9:41:57 AM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 13.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong discussed Amendment 13:

Insert:  
Page 58, Sec. 4, Subsection (c)  
Intent Language  
It is the intent of the Legislature that the Governor develop a plan using best practices to find efficient measures to co-locate the Alaska Aerospace Corporation, the Alaska Energy Authority, the Alaska Housing Finance Corporation, and the Alaska Industrial Development and Export Authority in an effort to reduce administrative costs and duplication of services within these agencies. The plan should be delivered to the co-chairs of the House and Senate Finance Committees no later than October 31, 2016.

EXPLANATION:  
Cost savings could be achieved through co-locating and consolidating work within these quasi-corporations through reduction of lease costs, reduction of duplication of administrative functions, as well as

utilizing the assets of each agency to achieve the appropriate missions and measures to maximize the benefit and return to Alaskans.

Co-Chair MacKinnon discussed Amendment 13. She relayed that the finance subcommittee for the Department of Revenue had looked at enterprise agencies in the budget the previous year. She understood that the governor had proposed something similar to what was outlined in the amendment, and she considered that the amendment was more specific in the intent to save the state money. She referred to the governor's press conference earlier in the day, in which he had mentioned an executive order, as well as studying the agencies and working to honor all contracts. She thought the Senate should support the governor's effort, but adhere to the goal of reducing administrative overhead costs and eliminating duplication of services. She thought the amendment would support the governor in achieving the results he was anticipating.

Co-Chair Kelly REMOVED his OBJECTION.

Senator Hoffman asked what the co-chairs would do with the information once they received a plan from the governor as stipulated in the amendment.

Co-Chair MacKinnon stated that the co-chairs would share the plan with the committee and the rest of the legislature.

There being NO further OBJECTION, it was so ordered. Amendment 13 was ADOPTED.

Mr. Armstrong said "hi" to his mom, who was listening.

[9:44:47 AM](#)

RECESSED

[2:44:49 PM](#)

RECONVENED

Co-Chair Kelly stated that the committee would consider additional amendments.

Senator Dunleavy MOVED to ADOPT Amendment 14.

Co-Chair Kelly OBJECTED for discussion.

Senator Dunleavy discussed Amendment 14:

PART A

Numbers Section:

DEPARTMENT: University of Alaska  
APPROPRIATION: University of Alaska  
ALLOCATION: Matanuska-Susitna College

DELETE: \$116.5 UGF (1004)

PART B

Language Section:

Page 63, following line 13:

Insert a new bill section to read:

\* Sec. 13. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of \$116,500 is appropriated from the general fund to the Department of Education and Early Development for payment as a grant under AS 37.05.316 to the Matanuska-Susitna Borough School District for transporting students to the Alaska Middle College School.

Renumber accordingly.

EXPLANATION: Explain the purpose/impact of the amendment.

Senator Dunleavy emphasized that the amendment would not expend funds. The amendment would transfer \$116,500 of UGF from the University of Alaska Anchorage (Mat-Su campus) to the Matanuska-Susitna Borough School District for the purpose of offsetting its bussing costs. He furthered that the Alaska Middle College concept (which took place in Eagle River) required students from Mat-Su to be bussed to the college from the Mat-Su Valley. When the concept was being developed in previous years, the school district had approached the local University of Alaska campus, which responded with disinterest in having a middle college concept in which high school students could obtain dual-credit. The concept would reduce costs for families as well as the state. He emphasized his support for the program, and mentioned students who had graduated with the opportunity to earn as many as 48 credits or more.

2:46:58 PM

AT EASE

2:47:20 PM

RECONVENED

Co-Chair Kelly referred to Section 13, line 12 of Amendment 14; and asked if the purpose of the amendment was to transfer money from UAA Mat-Su campus to the school district. He was not sure the language in the amendment had the intended effect.

2:47:54 PM

AT EASE

2:49:09 PM

RECONVENED

Co-Chair Kelly explained that he would set Amendment 14 aside.

Vice-Chair Micciche MOVED to ADOPT Amendment 15.

Co-Chair Kelly OBJECTED for discussion.

Vice-Chair Micciche discussed Amendment 15:

DEPARTMENT: Health and Social Services  
APPROPRIATION: Public Assistance  
ALLOCATION: Senior Benefits Payment Program

Add a new section titled Health and Social Services following section 13 to read:

Sec. XX. If the amount necessary to pay benefits under 4 7.45 .302(b) (1) and (2) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the amount necessary, estimated to be \$0, to pay those benefits is appropriated from the general fund to the Department of Health and Social Services, Public Assistance, Senior Benefits Payment Program, for the fiscal year ending June 30, 2017.

EXPLANATION: This amendment ensures that the funding for the Senior Benefits Payment Program will be sufficient to fund the statutory payments to the bottom two (of three) lowest income groups (i.e.,

\$250/month for seniors between 0% and 75% of FPL, and \$175/month for seniors at 76% to 100% of the FPL). This amendment does not provide funding to pay benefits to seniors with incomes at 101 % to 175% of the FPL (i.e., the highest income group under 47.45.302(b)(3)).

Vice-Chair Micciche explained that the amendment would not transfer any funds. The House had made a reduction to the top tier of the highest income group for senior benefits. He wanted to ensure (under the lens of protecting the most vulnerable and needy) that the cut did not impact the two lowest income groups under the Senior Benefits Payment Program, who received \$250 or \$175 per month. The amendment language would safeguard that the reduction would not impact the two lower income groups.

Co-Chair Kelly WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 15 was ADOPTED.

[2:50:15 PM](#)

Senator Olson MOVED to ADOPT Amendment 16.

Co-Chair Kelly OBJECTED for discussion.

Senator Olson read a portion of the explanation for the amendment:

Restore funds for Parents as Teachers and Best Beginnings. Best Beginnings and Parents as Teachers both support parental choice and help communities, parents, and extended family provide meaningful, positive, daily interactions that build young children's brains and lay the foundation for all future learning.

Senator Olson discussed the Best Beginnings program, which provided books for roughly 21,000 children, age 0 to 5, in 105 communities. He referenced the American Academy of Pediatrics, which recommended reading to children beginning at birth to enhance parent child relationships and valuable language and literacy skills. He discussed the Parents as Teachers program, which was an evidence-based, home visiting model that provided parent education and support to pregnant women and families with children between the ages of 0 and 5. He asked for the support of the committee.

Senator Dunleavy OBJECTED.

A roll call vote was taken on the motion to ADOPT Amendment 16.

IN FAVOR: Bishop, Hoffman, Micciche, Olson  
OPPOSED: Dunleavy, MacKinnon, Kelly

The MOTION PASSED (4/3). Amendment 16 was ADOPTED.

[2:52:08 PM](#)

Senator Hoffman MOVED to ADOPT Amendment 17.

Senator Dunleavy OBJECTED for discussion.

Senator Hoffman discussed the amendment, which pertained to the Department of Fish and Game (DFG) and had five parts to it: the commissioner's office, administrative services, state facilities rent, commercial fisheries unallocated appropriation, and statewide fisheries management. The amendment would result in a \$2 million reduction from the governor's budget. The commissioner's office would be reduced by \$244.2 thousand, administrative services would have a total reduction of \$500 thousand, habitat would have a total reduction of \$200 thousand, subsistence would have a total reduction of \$300 thousand, wildlife conservation would have a total reduction of \$300 thousand, commercial fishing would have total reduction of \$400 thousand, sport fish hatcheries would have total reduction of \$55.8 thousand. He noted that the amounts would in addition to the \$7.4 million reduction that the governor had submitted in the FY 16 management plan.

[2:53:22 PM](#)

Senator Dunleavy MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Olson, Kelly, Bishop, Hoffman, Micciche  
OPPOSED: Dunleavy, MacKinnon

The MOTION PASSED (5/2). Amendment 17 was ADOPTED.

[2:53:52 PM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 18.

Co-Chair Kelly OBJECTED for discussion.

Co-Chair MacKinnon addressed the amendment:

DELETE: Language sections 27 (c) and (d) under Shared Taxes and Fees.

Page 80, lines, 3 -12:

Delete all material.

EXPLANATION: The Division of Legislative Audit is concluding their work on the Special Audit of the Commercial Vessel Passenger Tax. The legislature will address the payment of these funds once the audit is concluded.

Co-Chair Kelly WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 18 was ADOPTED.

[2:54:18 PM](#)

Senator Bishop MOVED to ADOPT Amendment 19.

Co-Chair Kelly OBJECTED for discussion.

Senator Bishop discussed Amendment 19:

PART A

DEPARTMENT: Transportation and Public Facilities

APPROPRIATION: Highway, Aviation and Facilities

ALLOCATION: Northern Region Highway and Aviation

ADD: \$1,409,000 Vehicle Rental Tax Receipts 1200

ADD: 10 PFT Positions

INTENT LANGUAGE:

It is the intent of the legislature that the Department of Transportation and Public Facilities, Northern Region re-open and staff the Northway, Chitina and Central maintenance stations.

EXPLANATION:

Vehicle Rental Tax Receipts are appropriated based upon the most recently closed fiscal year's actual tax

collections. For the FY 17 budget the amount available for disbursement is based upon FY 15 collections, and totals \$9.7 million dollars. The current FY 17 budget, has allocated \$8.3 million of the available \$9.7 million dollars, and has allocated it as follows;

- Commerce, Community, and Economic Development, \$336.7 for Economic Development
- Natural Resources, \$2,984.3 for Parks Management and Access
- Transportation and Public Facilities, \$4,999.2 to Central Region Highway and Aviation

This amendment allocates Vehicle Rental Tax Receipts to the Northern Region Highway and Aviation allocation for the express purpose of reversing the maintenance station closures in Northway, Chitina, and Central. This amendment includes the re-instatement of eight positions.

Senator Bishop discussed the amendment, explaining that the amendment would restore three of the five maintenance station reductions in the governor's budget: Northway, Central, and Chitina. He stated that all three maintenance stations were vital to Alaska's transportation needs. He concurred with the remaining two closures. He noted that the PCNs were reduced by two, for a re-instatement of eight positions. He specified that the funding was coming from vehicle rental tax receipts in the amount of \$1.4 million DGF.

Co-Chair Kelly spoke in support of the amendment. He referred to conversations with Senator Bishop and thought that he had made a good argument regarding the long distances between maintenance stations. He was pleased that Senator Bishop had found funds to support the amendment.

Co-Chair Kelly WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 19 was ADOPTED.

[2:56:00 PM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 20.

Vice-Chair Micciche OBJECTED for discussion.

Mr. Armstrong discussed the amendment, which removed 8 public information officer positions throughout the administration, for a total reduction of \$518,700. He continued that the amendment contained intent language that asked the administration to absorb the duties within the office of the governor.

Vice-Chair Micciche asked if the amendment was a reduction of \$519,000 due to the 8 positions being deleted.

Mr. Armstrong answered in the affirmative.

Co-Chair Kelly added that the amendment proposed a UGF reduction.

Vice-Chair Micciche WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 20 was ADOPTED.

[2:57:17 PM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 21.

Senator Dunleavy OBJECTED.

Mr. Armstrong discussed the amendment:

Page 65, line 15, following '.REVENUE.':  
Insert "(a)"

Page 65, following line 19:  
Insert a new subsection to read:  
"(b) The amount necessary, not to exceed \$650,000, is appropriated from the permanent fund dividend fund (AS 43.23.045) to the Department of Revenue, permanent fund dividend division, to perform third-party eligibility analytics for the fiscal year ending June 30, 2017.

Add intent language the Permanent Fund Dividend Division:

It is the intent of the legislature that the appropriation for third-party eligibility analytics under this subsection result in sufficient savings to the state to surpass the amount expended and that the fee amount not exceed 20 percent of anticipated savings. The permanent fund dividend division shall

contract with a third-party provider to acquire the eligibility analytics services."

Co-Chair Kelly commented that there were many programs available through contractors that were more modern and could spot fraud at a higher level than what was currently utilized by the permanent fund dividend division. He referred to a similar discussion regarding Medicaid eligibility verification provisions that were in SB 74, which had been extremely successful across the country and were anticipated to save the state money.

Vice-Chair Micciche commented that the \$650,000 was the most the state could spend on the eligibility analytics and it was required in order to deliver \$3.25 million in savings.

Co-Chair Kelly expected the savings would be much higher than \$3.25 million.

Senator Dunleavy WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 21 was ADOPTED.

[2:59:35 PM](#)

AT EASE

[3:00:17 PM](#)

RECONVENED

Co-Chair Kelly discussed Amendment 14. He referred to the earlier discussion regarding where the funding was directed, and whether it was a direct appropriation.

LACEY SANDERS, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, explained that the amendment would delete \$116,500 of UGF from the University of Alaska's Mat-Su college and would directly appropriate an equal amount to DEED for payment as a grant to Alaska Middle College School.

Senator Dunleavy reiterated that the amendment did not spend additional funds, and was only a transfer of funds.

Co-Chair Kelly WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 14 was ADOPTED.

[3:01:42 PM](#)

AT EASE

[3:03:01 PM](#)

RECONVENED

Senator Dunleavy MOVED to RESCIND the action taken on Amendment 19. There being NO OBJECTION, it was so ordered. Amendment 19 was before the committee for consideration.

Senator Dunleavy OBJECTED to Amendment 19.

A roll call vote was taken on the motion to adopt Amendment 19.

IN FAVOR: Micciche, Olson, Bishop, Hoffman, Kelly

OPPOSED: MacKinnon, Dunleavy

The MOTION PASSED (5/2). Amendment 19 was ADOPTED.

Vice-Chair Micciche clarified that Amendment 16 utilized DGF, and was not an add-in. The funds were from the Higher Education Fund. He asked for Mr. Armstrong or Senator Olson to corroborate the information.

Senator Olson concurred, and noted that Amendment 16 would use DGF.

SB 139 was HEARD and HELD in committee for further consideration.

SB 140 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[3:05:48 PM](#)

The meeting was adjourned at 3:05 p.m.