

SENATE FINANCE COMMITTEE

May 11, 2016

3:01 p.m.

[3:01:43 PM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 3:01 p.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Peter Micciche, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy

MEMBERS ABSENT

Senator Pete Kelly, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson

ALSO PRESENT

Laura Cramer, Staff, Senator Anna MacKinnon.

SUMMARY

SB 138 BUDGET: CAPITAL

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

#sb138

SENATE BILL NO. 138

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

[3:02:24 PM](#)

Vice-Chair Micciche MOVED to ADOPT proposed committee substitute for SB 138, Work Draft 29-GS2741\P (Martin, 5/10/16).

Co-Chair MacKinnon OBJECTED for discussion.

[3:02:45 PM](#)

AT EASE

[3:03:43 PM](#)

RECONVENED

Co-Chair MacKinnon explained that the capital budget was being considered.

LAURA CRAMER, STAFF, SENATOR ANNA MACKINNON, discussed the most recent changes to the bill, referring to a document entitled "Changes to SB 138 from Version E to P" (copy on file).

Section 1

Page 4, line 28: Department of Health and Social Services Health Information Exchange Providers incentive Program, \$480.0 in UGF, leverages \$3,600.0 in federal funds.

Page 7, line 22: State Equipment Fleet Replacement reduced by \$4,600.0

Page 7, line 24: Federal Program Match, increased Federal-Aid Highway State match on line 27 by \$7,000,000. This is the result of removing some reappropriations in section 25(d)

Ms. Cramer specified that the reduction to the state equipment fleet resulted in \$20 million in funding rather than the requested \$24.6 million. She discussed the increase to the federal-aid highway state match, specifying that the unrestricted general fund (UGF) had been reduced with \$20 million in capital income fund, which was reflected elsewhere. She continued that the funds were an increase over the previous committee substitute.

[3:05:27 PM](#)

Ms. Cramer continued discussing the summary of changes:

Section 4

Page 24, line 23: Legislature - Office Building and Land Purchase located at 1500 W Benson Boulevard in Anchorage, \$12,500,000 Alaska Capital Income Fund

Section 7

Page 28, line 9: Department of Health and Social Services, Juvenile Justice facility staffing and health care \$1,000.0 UGF. This was a supplemental request by the Governor

Ms. Cramer relayed that the juvenile justice item had been an outstanding item between the House and the Senate. She continued to discuss the summary of changes:

Page 28, line 29: Department of Natural Resources, Administration and Support Services, technical fix due to conference committee error in FY16 budget

Ms. Cramer clarified that the funds for the technical fix had been appropriated out of the in-state gasline fund, and should have been GF dollars.

[3:07:37 PM](#)

Ms. Cramer continued to address the summary:

Section 17

Page 35, line 24: Department of Corrections - Alaska Corrections Offender Management System and Victim Information Notification System to accommodate new probation and parole incentives amount was increased by \$250,000 from \$1,250,000 to \$1,500,000 (alcohol and other drug abuse treatment and prevention fund) - Result of Senate Bill 91- Criminal Justice Reform. This is contingent on the passage of justice reform legislation. Contingency language found on page 49, line 27

Section 20

Page 40, line 12: Department of Fish and Game-

Changing the appropriation made in 2012 for the Research Vessel Resolution from Replacement to Refurbishment and Repair

Ms. Cramer discussed the criminal justice reform funding, which had originally had been funded at \$1.25 million. She elaborated that the Department of Corrections had communicated that the funding amount would not suffice for what they were hoping to accomplish with the passage of SB 91 [an omnibus criminal justice reform bill in the current legislature]. The change brought the funding up to the full \$1.5 million that was requested.

[3:09:28 PM](#)

Ms. Cramer continued to discuss the summary of changes:

Section 21

Page 40, line 19: Department of Health and Social Services

Modifications to the Medicaid Management Information System as a result of Senate Bill 74 - Medicaid Reform. \$910.0 UGF leverages \$9,403.2 Federal Funds. This is contingent on the passage of Medicaid reform legislation. Contingency language found on page 49, line 31

Section 22

Page 40, line 28: Department of Law
Reduces the amount appropriated during the 2015 AKLNG special session by \$4,100.0. Dept. of Law is planning to lapse this amount

Ms. Cramer recounted that during the October 2015 special session, the Department of Law had received \$10.1 million for the Alaska's Liquefied Natural Gas (AKLNG) project. The department had communicated that \$4.1 million of the funding was set to lapse, and the new language would reduce the appropriation to \$6 million.

Ms. Cramer continued to discuss the summary:

Section 24

Page 42, line 13: Department of Revenue

Reprogramming of the tax revenue management system and revenue online tax portal. \$1,200.00 UGF. This is contingent on the passage of tax credit reform legislation. Contingency language found on page 50, line 3

Page 42, line 29:

Reappropriation total has be reduced from \$19,731,605 to \$13,507,546, this is the result of the removal of several projects originally identified with balances

Ms. Cramer elaborated that the reappropriation for the Department of Transportation and Public Facilities (DOT) was revised as a result of receiving feedback from the Office of Management and Budget as well as DOT. Several of the reappropriations in the previous version of the bill had been encumbered, and there had been issues with some of the reappropriations. Consequently, approximately 15 reappropriations in the section had been taken out and revised.

Ms. Cramer continued to address the summary of changes:

Section 26

Page 47, line 16: Gives the Alaska Travel Industry Association statutory receipt authority to spend outstanding receipts estimated to be \$1,364,802 that were originally collected by the Department of Commerce, Community and Economic Development from advertisement sales and industry contributions for the Alaska Travel Guide. The management of this program was eliminated from the Operating Budget and the legislature has directed industry to take over the program. Without this language and giving this authority these receipt would go unspent.

[3:13:17 PM](#)

Section 29

Page 49, line 7: Fund Capitalization
Takes the lapsing funds from the Department of Law, identified in Section 22, and deposits them into the AKLNG Fund

Transfers \$26,000.0 from the In-State Natural Gas Pipeline Fund to the Alaska Liquefied Natural Gas Project Fund - Intent for administration to pay for AKLNG expenses through AGDC and the fund

Ms. Cramer discussed the motivation for transferring the \$26 million from the in-state natural gas pipeline fund to the AKLNG fund. She discussed the different agency funding requests for tasks relating to the AKLNG project. The change would require agencies to go through Alaska Gasline Development Corporation (AGDC) to get money from the AKLNG fund in order to work project-specific tasks.

Ms. Cramer continued to summarize the changes:

Section 32

Page 49, line 23: Retroactivity clause has been updated, should this bill pass after the June 30, 2016 date certain sections would be retroactive

Section 33

Page 49, line 27: Contingency language relating to the passage of justice reform, Medicaid reform, and tax credit reform

Section 34 page 50, line 6: Immediate effective date for supplemental, FY17 Operating, judgments and settlements, fire suppression, and the retroactivity clause

	SCS 17 Capital:	SCS Total Op, Cap, & Sup:
TOTAL:		1,547,455.7
1,626,997.7		
UGF:	69,337.1	
136,976.8		
DGF:	49,705.9	
63,982.6		
Other:	103,178.1	
96,052.4		
FED:	1,325,234.6	
1,329,985.9		

Total capital reduction UGF from Governor to Senate CS:

(112,275.2)

Ms. Cramer concluded that the new capital budget total of UGF was \$69,337,000. With the inclusion of the operating and supplemental appropriations found in the bill, the total was \$136,976,800. She noted that the total reduction from the governor's proposed budget was \$112,275,000.

[3:16:16 PM](#)

Co-Chair MacKinnon WITHDREW her OBJECTION. There being NO further OBJECTION, CSSB 138(FIN) version P was ADOPTED.

[3:16:41 PM](#)

AT EASE

[3:16:55 PM](#)

RECONVENED

Co-Chair MacKinnon noted that the public hearing on the capital budget had been opened and closed on April 6, 2016. She continued that there would be a hearing on the bill the following day, and with the support of the members she hoped to move the bill out of committee.

#

ADJOURNMENT

[3:17:53 PM](#)

The meeting was adjourned at 3:17 p.m.