

30TH ALASKA STATE LEGISLATURE  
FIRST SESSION  
CONFERENCE COMMITTEE ON HB57  
June 22, 2017  
12:18 p.m.

12:18:51 PM

CALL TO ORDER

Chair Seaton called the Conference Committee meeting on HB57 and HB59 to order at 12:18 p.m.

MEMBERS PRESENT:

House:

Representative Paul Seaton, Chair  
Representative Neil Foster  
Representative Lance Pruitt

Senate:

Senator Lyman Hoffman, Vice-Chair  
Senator Anna MacKinnon  
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

Representative DeLena Johnson; Representative Cathy Tilton;  
Representative Lora Reinbold.

SUMMARY

HB 57        APPROP: OPERATING BUDGET/LOANS/FUNDS

CCSHB 57 was REPORTED OUT of Committee with  
accompanying fiscal notes.

#HB57

CS FOR HOUSE BILL NO. 57(FIN) am(brf sup maj fld)(efd fld)

"An Act making appropriations for the operating and  
loan program expenses of state government and for  
certain programs; capitalizing funds; repealing

appropriations; and making supplemental appropriations and reappropriations."

and

SENATE CS FOR CS FOR HOUSE BILL NO. 57(FIN) am S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; repealing appropriations; making supplemental appropriations and reappropriations; 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."

12:19:28 PM

Chair Seaton invited Lacey Sanders of the Legislative Finance Division to join legislators at the table. He reported that the conference committee would be addressing open items in HB 57 based on the motion sheets distributed to members earlier in the day dated June 21th on the following:

- Department of Education and Early Development
- Department of Health and Social Services
- Fund Capitalization
- Permanent Fund Dividends
- Permanent Fund ERA Appropriation
- Fund Transfers
- Language
- Supplemental Items

Vice-Chair Hoffman MOVED to ADOPT the following in the Department of Education and Early Development budget:

Item 1 Senate and make a technical correction by changing the second "(2)" in the language to "(3)"  
Item 2 Senate  
Item 3 House  
Item 4 House  
Item 5 House  
Item 6 House  
Item 7 House  
Item 8 House

Item 9 House  
Item 10 Senate for both lines

The increment for the warm storage of the Mt. Edgecumbe Aquatic Center is a One-Time Increment. (The increment is for \$100.0)

Add new intent language: It is the intent of the legislature that the \$4,758,800 fund source change from Unrestricted General Fund to Public School Trust Fund be reversed in the FY19 budget.

Item 11 House  
Item 12 House  
Item 13 Senate  
Item 14 House

There being NO OBJECTION, it was so ordered.

Chair Seaton indicated that the action closed the conference-able items in the Department of Education and Early Development budget.

[12:21:47 PM](#)

Vice-Chair Hoffman MOVED to ADOPT the following in the Department of Health and Social Services budget:

Item 27 Senate

There being NO OBJECTION, it was so ordered.

Chair Seaton indicated that the action closed the conference-able items in the Department of Health and Social Services budget.

[12:22:10 PM](#)

Vice-Chair Hoffman MOVED to ADOPT the following in the Fund Capitalization budget:

Item 1 House plus \$20 million for a revised amount of \$57 million and add intent language per Amendment M.A.16: It is the intent of the legislature to end the state oil and gas tax credit purchase program during the fiscal year ending June 30, 2018, and not to purchase transferable tax credit certificates for

expenditures incurred on or after January 1, 2018, or to pay refunds for payments for expenditures incurred on or after January 1, 2018.

There being NO OBJECTION, it was so ordered.

[12:23:06 PM](#)

Vice-Chair Hoffman MOVED to ADOPT the following in the Fund Capitalization budget:

Item 2 Adopt new language per Amendment M.A.14, which fully funds K-12 education.

Chair Seaton OBJECTED for the purpose of discussion.

Vice Chair Hoffman explained that the estimated amount necessary to fully fund K-12 education was \$1,159,466,600.

Vice Chair Hoffman continued that after taking into consideration the \$17 million already appropriated into the public education fund, the amendment appropriated the remaining estimated amount necessary to fully fund K-12 education of \$1,159,466,600.

[12:24:02 PM](#)

AT EASE

[12:24:37 PM](#)

RECONVENED

Vice Chair Hoffman restated that after taking into consideration the \$17 million already appropriated into the public education fund, the amendment appropriated the remaining estimated amount necessary to fully fund K-12 education of \$1,159,466,600.

Chair Seaton WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

Chair Seaton indicated that the actions closed the conference-able items in Fund Capitalization.

[12:25:15 PM](#)

Vice-Chair Hoffman MOVED to ADOPT the following in Permanent Fund Dividends:

Item 1 House minus \$33,795,000 for a revised amount of \$760 million and change the language per Amendment M.A.18, which appropriates the amount necessary, estimated to be \$760 million from the earnings reserve account to the dividend fund to provide for a permanent fund dividend of \$1100 in FY18.

There being NO OBJECTION, it was so ordered.

Chair Seaton indicated that the actions closed the conference-able items in Permanent Fund Dividends.

[12:26:03 PM](#)

Vice-Chair Hoffman MOVED to ADOPT the following in the Permanent Fund ERA Appropriation:

Item 1 House minus \$1,611,644,400 for a revised amount of zero.

Representative Pruitt OBJECTED.

Representative Pruitt requested the Item 1 remain open.

Vice Chair Hoffman WITHDREW his MOTION to ADOPT Item 1.

Chair Seaton indicated that conference-able Item 1 was left open in the Permanent Fund ERA Appropriation.

[12:26:59 PM](#)

Vice-Chair Hoffman MOVED to ADOPT the following in Fund Transfers:

Item 1 Senate

There being NO OBJECTION, it was so ordered.

Chair Seaton indicated that the action closed the conference-able Items in Fund Transfers.

[12:27:14 PM](#)

Vice-Chair Hoffman MOVED to ADOPT the following in Language Items:

Item 4 Senate plus Amendment M.A.7

Chair Seaton OBJECTED for the purpose of discussion.

Vice Chair Hoffman explained that the amendment modified the language in subsection (b) by citing the three FY18 appropriation bills. Language in new subsection (c) provided for up to \$200 million of other appropriations that took effect in FY18, similar to FY17 language.

Chair Seaton WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

Chair Seaton indicated that the actions closed the conference-able items in Language.

12:28:00 PM

Vice Chair Hoffman MOVED to REPOEN Supplemental Items and adopt new Supplemental Item 7, Amendment A.9.

Chair Seaton OBJECTED for the purpose of discussion.

Vice Chair Hoffman explained that the amendment added all of the operating and capital supplemental appropriations that were currently in the House's version of SB 23 into HB 57. Reappropriations were not included.

Vice Chair Hoffman indicated that timing was critical for these supplemental appropriations as agencies would have to establish accounting structures; get appropriations recorded in the accounting system (a multi-step multi-agency process); potentially draw/receive revenues; process all payments; and close the agencies' FY17 accounting books in two short months. Most agencies would stop FY17 transactions by mid-August, leaving the last two weeks to troubleshoot and fix any issues. All agency FY17 transactions would cease on August 31, 2017.

Vice Chair Hoffman continued that rather than further compress the timeframe, the amendment would provide agency staff the longest amount of time to accomplish required tasks.

Vice Chair Hoffman reported that LFD's three operating and two capital reports were provided that list all of the included supplementals:

\$57.0 million for operating supplementals and \$5.6 million for capital supplementals combined for a total of \$62.6 million of Unrestricted General Funds.

(Medicaid had nearly \$27 million; Fire Suppression \$15 million, Judgments and Settlements nearly \$7 million and Disaster Relief Fund capitalization of \$3 million total \$52 million of the \$57 million UGF for operating supplementals.)

The supplemental combined total funds amount was \$357.8 million, of which Federal Funds comprised \$290.2 million of the combined total.

Chair Seaton WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

Chair Seaton indicated that the action reclosed the conference-able items in Supplemental Items.

12:30:50 PM

AT EASE

12:31:17 PM

RECONVENED

Chair Seaton indicated that the committee would recess to the call of the chair

12:31:22 PM

RECESSED

1:01:45 PM

RECONVENED

Vice-Chair Hoffman MOVED to ADOPT the following in the Permanent Fund ERA Appropriation:

Item 1 House minus \$1,611,644,400 for a revised amount of zero.

There being NO OBJECTION, it was so ordered.

Chair Seaton indicated that the actions closed the conference-able items in the Permanent Fund ERA Appropriation.

[1:02:31 PM](#)

Vice Chair Hoffman MOVED to give Legislative Finance and Legislative Legal Services the ability to make technical and conforming adjustments to the Conference Committee Substitute for House Bill 57.

There being NO OBJECTION, it was so ordered.

[1:02:54 PM](#)

Vice Chair thanked the staff of LFD for all of their hard work. He also thanked his finance aide, James Armstrong, for all of the hours he committed to the operating budget. He thought the committee report had many compromises in it from both bodies. He invited other members to make additional comments.

Chair Seaton thanked Vice-Chair Hoffman and his aide, James Armstrong for all of their efforts. He also wished Mr. Armstrong a very happy retirement, as he was retiring after the current legislative session. He also extended his thanks to Senator MacKinnon, Senator Olson, Representative Foster, Representative Pruitt, and to all of their staff. He thanked David Teal and Lacey Sanders and the exceptional LFD crew. He thanked Megan Wallace, the very talented budget bill drafter and the rest of the staff at Legislative Legal Services. He wished Megan a very Happy Birthday as well. He also thanked Pat Pitney and her staff at the Office of Management and Budget and the finance committee assistants and secretaries. He gave a special thank you to his staff, Joan Brown and Arnie Liebelt.

[1:04:42 PM](#)

Vice-Chair Hoffman MOVED to report CCSHB 57 out of Committee.

Chair Seaton WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

1:05:05 PM

AT EASE

1:06:28 PM

RECONVENED

CCSHB 57 was REPORTED OUT of Committee with accompanying fiscal notes.

#

ADJOURNMENT

1:06:51 PM

The meeting was adjourned at 1:06 p.m.