

30TH ALASKA STATE LEGISLATURE
SECOND SESSION
CONFERENCE COMMITTEE ON SB 26
May 8, 2018
9:03 a.m.

9:03:23 AM

CALL TO ORDER

Co-Chair MacKinnon called the Conference Committee meeting on SB 26 to order at 9:03 a.m.

MEMBERS PRESENT:

Senate:

Senator Anna MacKinnon, Co-Chair
Senator Lyman Hoffman
Senator Dennis Egan

House:

Representative Neal Foster, Co-Chair
Representative Paul Seaton
Representative Steve Thompson

MEMBERS ABSENT

None

ALSO PRESENT:

Laura Cramer, Staff, Senator Anna MacKinnon.

SUMMARY

SB 26 APPROP LIMIT & PER FUND:DIVIDEND;EARNINGS

CCS SB 26 was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note by the conference committee for various departments.

#SB26

CS FOR SENATE BILL NO. 26 (FIN)

"An Act relating to an appropriation limit; relating to the budget responsibilities of the governor;

relating to the Alaska permanent fund, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to the mental health trust fund; relating to deposits into the dividend fund; relating to the calculation and payment of permanent fund dividends; and providing for an effective date."

and

HOUSE CS FOR CS FOR SENATE BILL NO. 26(FIN)(efd fld H)

"An Act relating to an appropriation limit; relating to the budget responsibilities of the governor; relating to the Alaska permanent fund, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to the mental health trust fund; relating to deposits into the dividend fund; and relating to the calculation and payment of permanent fund dividends."

[9:04:05 AM](#)

Co-Chair MacKinnon explained that the purpose of the meeting was to discuss the conference committee substitute.

Representative Foster MOVED to ADOPT proposed conference committee substitute for SB 26, Work Draft 30-GS1690\Q (Martin, 5/7/18).

Co-Chair MacKinnon OBJECTED for discussion.

LAURA CRAMER, STAFF, SENATOR ANNA MACKINNON, reviewed a Sectional Analysis for the committee substitute (copy not on file):

Section 1: 5.25% percent of market value - effective July 1, 2018 (sec. 9)

Section 2: 5% POMV - effective July 1, 2021 (sec. 8)

Section 3: An Inflation proofing transfer from the ERA is separate from the POMV draw

Section 4: Income earned from Amerada Hess funds are not available for transfer or appropriation under the POMV draw

Section 5: The POMV appropriation to the general fund may not exceed the percentages outline in sections 1 and 2

Section 6: The Alaska Permanent Fund Corporations operating budget shall be treated as part of the market value of the fund

Section 7: Mental Health Trust funds may not be included in the computation of net income or market value available for distribution or appropriation for the POMV draw

Section 8: Effective date of the 5% draw in Section 2 is July 1, 2021

Section 9: All other sections of the bill are effective July 1, 2018

[9:06:25 AM](#)

Co-Chair MacKinnon WITHDREW her OBJECTION. There being NO further OBJECTION, Work Draft 30-GS1690\Q was ADOPTED.

Representative Foster MOVED to REPORT CCS SB 26 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CCS SB 26 was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note by the conference committee for various departments.

Representative Foster remarked on the cooperation shown between the House and Senate in the passage of the bill, which he believed was a great stepping stone. He appreciated the progress, which he believed was a demonstration of the legislature's commitment to working together.

Co-Chair MacKinnon thanked the conference committee members and reflected that it had taken over a year of hard work to get to the particular moment in Alaska's history. The bill was a collaboration of work effort between both legislative bodies. She continued it was an effort to stabilize Alaska's economy by using the percent of market value capped at 5.25 percent for three years, dropping down to 5

percent and an effective rate that was much lower. The FY 19 effective rate draw would be 4.35 percent as analyzed by the legislature's fiscal analysts. She considered that the bill was a way to protect draws and limit spending from the earnings reserve. She appreciated the efforts by the committee, Legislative Legal Services, and the Legislative Finance Division.

[9:09:18 AM](#)

Representative Seaton noted that Section 5 of the bill was a limitation on the legislature's ability to take money from the earnings reserve. He explained that currently with majority votes, the legislature could take any amount. The limitation was structural going forward on the legislature's ability to take money from the earnings reserve.

Co-Chair MacKinnon agreed that the bill represented one step in addressing the state's fiscal challenges. She remarked that the operating budget had yet to pass the legislature and even with the passage of SB 26, there would be a need for a constitutional budget draw from state savings. She concluded that the passage of SB 26 moved the state closer to solving Alaska's problem, but did not solve it entirely.

#

ADJOURNMENT

[9:10:35 AM](#)

The meeting was adjourned at 9:10 a.m.