

30TH ALASKA STATE LEGISLATURE  
FIRST SESSION  
CONFERENCE COMMITTEE ON HB57 and HB59  
June 20, 2017  
3:03 p.m.

3:03:10 PM

CALL TO ORDER

Chair Seaton called the Conference Committee meeting on HB57 and HB59 to order at 3:03 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:

Rob Carpenter, Analyst, Legislative Finance Division; Lacey Sanders, Analyst, Legislative Finance Division; Representative David Eastman; Representative Justin Parish; Representative Dave Talerico; Representative Geran Tarr; Representative Cathy Tilton; Senator Dennis Egan.

SUMMARY

HB 57      APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 57 was HEARD and HELD in committee for further consideration.

#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."

[3:03:42 PM](#)

Co-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 20th on the following:

- Department of Transportation and Public Facilities
- State Retirement Payments
- Fund Capitalization
- Supplemental Items
- Fiscal Notes for HB 57

Senator Hoffman MOVED to ADOPT the following in the Department of Transportation and Public Facilities budget:

Item 1	House
Item 2	Senate for both lines
Item 3	House
Item 4	House for both lines
Item 5	Senate
Item 6	House
Item 7	Senate

Item 8      Line 1 House minus \$6,000 for a total of  
                 minus \$780,700 of Fund Code 1004

                 Line 2 House plus \$6,000 for a total of  
                 \$780,700 of Fund Code 1249

Item 9      Senate  
Item 10     Senate  
Item 11     Senate

Senator Olson OBJECTED.

Co-Chair Hoffman WITHDREW Item 11 from his motion. He continued with the remaining DOT items:

Item 12     House for both lines  
Item 13     Senate  
Item 14     Senate  
Item 15     House  
Item 16     House  
Item 17     House for both lines  
Item 18     Senate  
Item 19     Senate  
Item 20     House  
Item 21     Senate for both lines  
Item 22     Senate for both lines

Co-Chair Seaton indicated that the action closed all conference-able items, with the exception of Item 11, in the Department of Transportation and Public Facilities budget.

There being NO OBJECTION, it was so ordered.

[3:06:32 PM](#)

Co-Chair Hoffman MOVED to ADOPT Item 11 - Senate.

Senator Olson OBJECTED.

Senator Olson wanted more information. The item indicated rural airports after hour services. He wanted to know the specific airports affected. The item indicated the Northern region would be affected. He was certain that airports in the region needed to be kept open for medivac activities as well as to address the area's transportation issues.

Co-Chair Seaton asked Ms. Sanders from LFD to address the question.

3:07:07 PM

AT EASE

3:07:40 PM

RECONVENED

ROB CARPENTER, ANALYST, LEGISLATIVE FINANCE DIVISION, explained that the provision applied to certified airports, the larger airports in the Northern region. Users would be billed for additional costs associated with operating an airport outside of normal hours of operation. As an example, if an airport closed at 6:00 p.m. and a user had a delayed flight until 6:30 p.m. the user would be required to pay an additional cost. If a user flew into an airport at 7:00 p.m. and had scheduled a landing, they could do so but would have to pay a fee.

3:08:25 PM

Senator Olson assumed additional costs would be passed on to passengers using the available 121 operators. He wondered if he was accurate. He suggested that a common practice of businesses was to pass on costs to their customers.

Mr. Carpenter assumed businesses would pass on costs but was uncertain to what extent.

Senator Olson asked about charges related to medivac services. He wondered who would be charged. He provided a personal example. He had flown with the North Slope Borough Medivac. He was flying a Lear jet at night. If two medivacs were necessary and one had to come from Anchorage, he wondered who would be responsible for the charges.

Mr. Carpenter indicated the senator's question was outside of his area of expertise. He assumed the additional cost would be passed on to the consumer or their insurance company.

Senator Olson MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Senator MacKinnon, Representative Foster,  
Representative Pruitt, Senator Hoffmann, Representative  
Seaton  
OPPOSED: Senator Olson

The MOTION TO ADOPT Item 11 - Senate PASSED (Senate: 2/1 -  
House: 3/0).

[3:10:55 PM](#)

Senator Hoffman MOVED to ADOPT the following in State  
Retirement Payments:

Item 1 Line 1 Senate plus \$29,287.0  
Line 2 Senate minus \$29,287.0  
Item 2 Senate for both lines

And add intent language per amendment M.A.9  
that reads: It is the intent of the  
legislature that the fiscal year 2019 budget  
for state retirement assistance not contain  
funding from the Alaska higher education  
investment fund (AS 37.14.750).

Co-Chair Hoffman relayed that the net effect of the  
transactions was that \$29 million from the Higher Education  
Investment Fund was used for retirement assistance in  
FY 18.

Representative Pruitt OBJECTED. He wanted Ms. Sanders to  
speak to the effect on the Higher Education Investment Fund  
with the changes.

LACEY SANDERS, ANALYST, LEGISLATIVE FINANCE DIVISION,  
responded that LFD had conducted a Higher Education Fund  
balance and projection on the fund. There were higher  
investment earnings reported at the end of May 2017 than  
projected. Utilizing \$29 million for Public Employees'  
Retirement System (PERS) and Teachers' Retirement System  
there was a slight decline of about \$1 million to \$1.5  
million to the fund in future years. It would remain  
sustainable. She added that it would take a significant  
period to deplete the fund.

Representative Pruitt WITHDREW his OBJECTION. He wanted to  
have the impact of the item on record. He wanted assurance  
that the fund's sustainability would not be harmed.

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton indicated that the action closed the conference-able items in State Retirement Payments.

3:13:28 PM

Senator Hoffman MOVED to ADOPT the following in the Fund Capitalization budget:

Item 1	OPEN
Item 2	OPEN
Item 3	Senate
Item 4	Senate
Item 5	Senate
Item 6	House

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton indicated that the action closed the conference-able Items 3 through 6, leaving Items 1 and 2 OPEN in Fund Capitalization.

3:14:02 PM

Senator Hoffman MOVED to ADOPT the following in Supplemental Items:

Item 1	Senate
Item 2	Senate
Item 3	Senate
Item 4	OPEN
Item 5	Senate

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton indicated that the action closed the conference-able Items 1, 2, 3, and 5 leaving Item 4 OPEN in Supplemental Items.

Co-Chair Hoffman MOVED to ADOPT new Item 6, Amendment M.A.8.

Co-Chair Seaton OBJECTED for discussion.

Co-Chair Hoffman explained that the amendment re-appropriated the balance of the Community Quota Entity Revolving Loan Fund, estimated to be \$9.4 million, into the Alaska Marine Highway System Fund, as the loan fund would lapse on June 30, 2017. The re-appropriation was part of the \$40 million fund source change that was just adopted in DOT Item 21.

Co-Chair Seaton WITHDREW his OBJECTION.

Representative Pruitt OBJECTED.

Representative Pruitt spoke to his objection by providing background about the fund. He did not think anyone had been aware of the fund until the previous week. He gave kudos to Representative Tilton who had spent a considerable amount of time trying to understand the available funds. She identified that the particular fund being discussed would be lapsing. He was frustrated that in the prior week the fund was offered as a way of satisfying the concerns of 2 different groups of individuals. A portion would be used to offset the North Juneau Access Road Project and leave the Kivalina School project alone. The remainder of the funds were going to be placed in the general fund (GF). He reported that some minority members opposed the idea because they wanted to see the entire amount of \$10 million go into the GF. The minority caucus had identified the fund and suggested that it be used to meet both sides of a concern. He was frustrated because the amendment proposed to use a portion of those funds for the Alaska Marine Highway System (AMHS) rather than placing them in the GF. He reiterated his frustration. He thought the proposal was disrespectful and that the committee had not considered that the fund would not have been identified without the help of one of his caucus members. He restated his objection having just found out about where the money would be allocated.

Representative Pruitt MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Senator Olson, Representative Foster, Senator MacKinnon, Representative Seaton, Senator Hoffmann.

OPPOSED: Pruitt

The MOTION to ADOPT Item 6 PASSED (House: 2/1 - Senate 3/0).

Co-Chair Seaton indicated that the action closed the conference-able Items 1, 2, 3, 5, and 6 leaving Item 4 OPEN in Supplemental Items.

Co-Chair Seaton relayed that the committee would address fiscal notes that would be incorporated in HB 57.

3:19:15 PM

Co-Chair Hoffman remarked that although the committee had adopted Item 6 he wanted to have further discussion on the item prior to closing out the Supplemental Items.

Co-Chair Seaton asked about the item for clarification.

Co-Chair Hoffman responded, "On the last item that we passed."

Co-Chair Seaton clarified that it was a Supplemental item.

Co-Chair Hoffman responded affirmatively.

Co-Chair Hoffman MOVED to ADOPT the document with the footer "FY18 Fiscal Note Section to HB57, Sec. 2" as section 2 of HB 57. [Co-Chair Hoffman referred to HB 57 as HB 27 correcting himself below].

Co-Chair Seaton OBJECTED for discussion.

Co-Chair Hoffman read the explanation:

1. Section 2 makes appropriations associated with the bills listed.
2. If a bill listed either fails to pass, its substance fails to be incorporated in some other measure, or is vetoed by the Governor, the appropriations associated with that bill are reduced.

Co-Chair Seaton WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

3:20:34 PM

Co-Chair Seaton expected the Conference Committee would be meeting again later in the current week on the remaining open items. Once the date and time were determined, the meeting would be posted on BASIS.

[3:20:56 PM](#)

AT EASE

[3:22:19 PM](#)

RECONVENED

Co-Chair Hoffman restated the previous motion [He had referred to HB 57 as HB 27 above]:

Co-Chair Hoffman MOVED to ADOPT the document with the footer "FY18 Fiscal Note Section to HB57, Sec. 2" as section 2 of HB 57.

Co-Chair Seaton OBJECTED for discussion.

Co-Chair Hoffman read the explanation:

3. Section 2 makes appropriations associated with the bills listed.
4. If a bill listed either fails to pass, its substance fails to be incorporated in some other measure, or is vetoed by the Governor, the appropriations associated with that bill are reduced.

Co-Chair Seaton WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton adjourned the meeting.

#

ADJOURNMENT

[3:23:12 PM](#)

The meeting was adjourned at 3:23 p.m.