

HOUSE FINANCE COMMITTEE
March 28, 2019
9:02 a.m.

9:02:58 AM

CALL TO ORDER

Co-Chair Wilson called the House Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Tammie Wilson, Co-Chair
Representative Jennifer Johnston, Vice-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Kelly Merrick
Representative Colleen Sullivan-Leonard
Representative Cathy Tilton

MEMBERS ABSENT

None

ALSO PRESENT

John Sturgeon, Board Member, Alaska Mental Health Trust Authority; Nancy Meade, General Counsel, Alaska Court System; Remond Henderson, Staff, Representative Tammie Wilson; Kate Sheehan, Director, Division of Personnel Services, Department of Administration; Paul Labolle, Staff, Representative Neal Foster; Amanda Holland, Management Director, Office of Management and Budget for Department of Transportation and Public Facilities; Lacey Sanders, Budget Director, Office of Management and Budget; Fabienne Peter-Contesse, Administrative Services Director, Department of Natural Resources, Office of Management and Budget.

SUMMARY

HB 48 TEMP STATE EMPLOYEES IN PART EXEMPT SVCE

HB 48(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (ADM).

HB 53 APPROP: SUPP; CAP; DISASTER RELIEF

HB 53 was SCHEDULED but not HEARD.

HB 77 NUMBER OF SUPERIOR COURT JUDGES

HB 77 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (AJS).

CSSB 38(FIN)

APPROP: SUPP; CAP; DISASTER RELIEF

CSSB 38(FIN) was REPORTED out of committee with six "do pass" recommendations and five "no recommendation" recommendations.

SB 41 NUMBER OF SUPERIOR COURT JUDGES

SB 41 was SCHEDULED but not HEARD.

CONSIDERATION OF GOVERNOR'S APPOINTEES:

JOHN STURGEON, ALASKA MENTAL HEALTH TRUST
AUTHORITY, BOARD OF TRUSTEES

Co-Chair Wilson reviewed the meeting agenda.

^CONSIDERATION OF GOVERNOR'S APPOINTEES: JOHN STURGEON,
ALASKA MENTAL HEALTH TRUST AUTHORITY, BOARD OF TRUSTEES

9:03:37 AM

JOHN STURGEON, BOARD MEMBER, ALASKA MENTAL HEALTH TRUST AUTHORITY, provided detail about his life and career in Alaska. He shared that he had been in Alaska since 1970 and had worked for the U.S. Forest Service, the State of Alaska Division of Forestry, and currently worked for Koncor Forest Products. His last position with the State of Alaska was the Division of Forestry. He served in the U.S. Navy and did two tours in Vietnam. He had volunteered for many boards including the Pacific Northwest Medical University

advisory board and board of trustees. He had also been on boards for the Alaska Resource Development Council and Alaska Forest Association (a timber/forest product nonprofit in Ketchikan).

Mr. Sturgeon discussed his interest in serving on the Alaska Mental Health Trust Authority (AMHTA) board. He shared that over the years he had many experiences with friends and relatives with mental health issues. He elaborated that he had a special needs granddaughter who continued to use mental health services. He had approximately 49 years of resource management experience in Alaska. He managed timberlands and general land management for many years. He was currently the general manager of Koncor Forest Products that harvested timber on Afognak. Additionally, he was the land manager for Ouzinkie Native Corporation, which had about 100,000 acres in the Kodiak area.

Mr. Sturgeon understood the AMHTA had about 1 million acres of land, used for generating revenue. He believed he would be the most helpful in that area due to his experience in land management and timber sales. He had recently completed a large trade with the U.S. Forest Service to improve the quality of timber [inaudible] in Southeast Alaska. He looked forward to helping [AMHTA] with that kind of assistance.

[9:06:18 AM](#)

Vice-Chair Johnston congratulated Mr. Sturgeon on the supreme court and appreciated him stepping up for public service.

Representative Josephson addressed that the AMHTA had been called to task for failing to follow its own rules and statutes, specifically regarding how executive sessions were held, whether conversations had occurred off-record that should not have, and whether decisions had been made in private that should not have. He asked if Mr. Sturgeon would follow the rules and law to the letter relative to those types of matters.

Mr. Sturgeon shared that he had served on numerous boards over the years and was familiar with the rules throughout that time. He noted that he believed it was even more important to follow the rules for a public board, like

AMHTA. He had always followed the rules and would continue to do so.

Representative Josephson asked if the AMHTA seat was a public seat.

Co-Chair Wilson replied in the affirmative.

Co-Chair Wilson stated that the House Finance Committee had reviewed the qualifications of the governor's appointee and recommended forwarding his name to a joint session for consideration. She noted that signing the report to move Mr. Sturgeon's name forward did not reflect intent by any of the committee members to vote for or against his confirmation during any further sessions. She thanked Mr. Sturgeon for his time and testimony.

#hb77

HOUSE BILL NO. 77

"An Act relating to the number of superior court judges in the third judicial district; and providing for an effective date."

[9:08:53 AM](#)

Co-Chair Wilson shared that public testimony had been opened and closed earlier in the week. She asked the department to address the fiscal note.

NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, addressed the fiscal note totaling \$62,000. The amount reflected the difference in salary and benefits between a superior court judge and a district court judge. The difference was about \$35,500 per position, totaling \$71,000 for two positions. The calculation netted back the money the Court System would save in travel by taking the average over the last few years, estimated at \$9,000, for a total fiscal note of \$62,000.

Vice-Chair Johnston MOVED to REPORT HB 77 out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, HB 77 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (AJS).

#hb48

HOUSE BILL NO. 48

"An Act removing from the exempt service of the state persons who are employed in a professional capacity to make a temporary or special inquiry, study, or examination as authorized by the governor and including those persons in the partially exempt service of the state."

9:10:18 AM

Co-Chair Wilson reviewed that public testimony had been opened and closed earlier in the week. She reported that one amendment had been brought to her office.

Co-Chair Wilson MOVED to ADOPT Amendment 1, 31-LS0346\M.1 (Wayne, 3/25/19) (copy on file):

Page 1, line 4, following "state":
Insert "; repealing the authority of the governor or a designee of the governor to authorize higher pay than is otherwise allowable for certain partially exempt employees in the executive branch; and providing for an effective date"

Page 1, line 9:
Delete "is"
Insert "and AS 39.27.011(k)are"

Page 1, following line 9:
Insert new bill sections to read:
"*Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to read:
APPLICABILITY: LIMITED EFFECT OF REPEAL. The repeal of AS 39.27.011(k) by sec. 2 of this Act applies to employment contracts entered into on or after the effective date of sec. 2 of this Act.
*Sec. 4. This Act takes effect immediately under AS 01.10.070(c)."

Representative Josephson OBJECTED for discussion.

REMOND HENDERSON, STAFF, REPRESENTATIVE TAMMIE WILSON, explained that HB 48 moved temporary positions established under AS 39.25.110(9) from exempt service where there were

no salary limits, to partially exempt service where there was an established pay plan. He noted it was a step in the right direction; however, there was a subsection (k) under AS 39.27.011 where the pay plan for state employees was established, that allowed the governor or a designee of the governor on a case-by-case basis to hire an employee at a higher pay than Step F. Although, under HB 48, there would be more transparency when the positions were filled, there would be very few salary limitations.

Mr. Henderson elaborated that written justification was required to hire employees at a higher step; however, it only required the approval of the governor or governor's designee. The amendment would delete subsection (k), which would limit the amount paid to newly hired temporary employees. He clarified that the change would apply only to employment contracts entered into after the effective date that AS 39.27.110(9) was repealed. He relayed the change would not impact the salary of existing employees or individuals hired prior to the bill's effective date.

Representative Josephson asked for an example of an employee in the last 20 years that the bill and amendment would have limited in pay and by moving them to partially exempt status [if it had been law at the time].

Mr. Henderson asked if the question was whether there had been an attempt to move someone from exempt service to partially exempt service.

Representative Josephson clarified he was trying to get a sense of the who the target was.

Co-Chair Wilson underscored they were not talking about any specific individual. She explained that the bill increased transparency. She detailed that currently the Office of Management and Budget (OMB) underneath the Office of the Governor could sign off on their justification. She wanted to make sure a new hire did not begin with a salary of \$300,000. The amendment would cap the salary for new hires. For example, if a person was replacing someone who had been in the position for 20 years, the new person would not receive the outgoing person's salary.

[9:14:22 AM](#)

Representative Josephson remarked he was not trying to identify a specific person. He was asking about the title or description of the staff person or employee. He asked if it was possible to ensure that a future governor could hire someone like Keith Meyer [former president of the Alaska Gasline Development Corporation].

Mr. Henderson responded that if the governor were to hire someone like Mr. Meyer, there were a number of avenues to take. The governor could hire through the exempt service where there were no hiring limitations. He explained that the bill was primarily designed to address temporary employees. He assumed the example by Representative Josephson would apply to a position that was more permanent in nature.

Representative Josephson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

[9:15:17 AM](#)

AT EASE

[9:16:16 AM](#)

RECONVENED

Representative Carpenter asked to hear from the administration on how it would be impacted by the bill.

KATE SHEEHAN, DIRECTOR, DIVISION OF PERSONNEL SERVICES, DEPARTMENT OF ADMINISTRATION, asked Representative Carpenter to repeat the question.

Representative Carpenter complied. He asked if the change limited the administration's ability to hire the technical or subject matter expertise it needed.

Ms. Sheehan asked if Representative Carpenter was referring to the amendment or the bill.

Co-Chair Wilson clarified the amendment had passed.

Ms. Sheehan replied that amending the statute to remove the "special k" [subsection (k)] exception would still allow the administration to hire someone at an advanced step placement. She detailed that the pay schedule included steps A through F and pay increments beginning with J and above. The subsection (k) exception had allowed the

administration to hire someone at a pay increment level. She clarified that the administration would still have the ability to bring someone in above step A through step F.

Representative Carpenter stated that without understanding who had been hired in the past, it was difficult for him to determine what the bill's impact would be. He was trying to determine what the administration would no longer have the ability to do if the bill was implemented.

Ms. Sheehan replied that the [section (k)] exception had been used, but she did not know how frequently. Currently the exception only pertained to partially exempt employees. She clarified that exempt employees could still be brought in at any salary deemed appropriate. Partially exempt employees included directors and deputy commissioners; the category was exempt from some, but not all, of the personnel rules. She explained that for partially exempt employees, the bill would restrict the administration to following the personnel rules, which allow for advanced step placement for exceptional qualifications or recruitment difficulties. She did not know the number of employees that had been brought in under the exception.

[9:19:58 AM](#)

Representative Tilton stated her understanding from Mr. Henderson's testimony that existing partially exempt employees would be grandfathered in under the current system and that the bill would only apply to future hires.

Mr. Henderson replied in the affirmative.

Representative Josephson asked for verification that the executive branch would still have the ability to hire someone at its discretion on contract. He noted the person would not be eligible for benefits because they would be on contract.

Mr. Henderson responded affirmatively.

Co-Chair Wilson asked staff to review the fiscal note.

Mr. Henderson addressed the zero fiscal note from DOA. He assumed the note was zero because the department did not anticipate any costs associated with implementing the bill. He also assumed the department had not put forth any cost

savings because it could not yet project what the savings would be. He relayed there would be some cost savings as people left positions and new people were hired [at lower salaries].

[9:21:36 AM](#)

Vice-Chair Johnston MOVED to REPORT HB 48(FIN) out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, HB 48(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (ADM).

[9:22:07 AM](#)

AT EASE

[9:22:45 AM](#)

RECONVENED

#sb38

CS FOR SENATE BILL NO. 38(FIN)

"An Act making supplemental appropriations for unemployment assistance, fire suppression activities, and restoration projects related to earthquake disaster relief; capitalizing funds; and providing for an effective date."

[9:22:52 AM](#)

PAUL LABOLLE, STAFF, REPRESENTATIVE NEAL FOSTER, reported that the bill was disaster supplemental legislation that dealt with fire suppression and the Cook Inlet Earthquake [that occurred in Anchorage in December 2018]. He provided a sectional analysis of the bill. Section 1 included \$1 million in federal funds for unemployment assistance - for people who found themselves unemployed or who lost business due to the earthquake and were not otherwise qualified for unemployment. Section 2 was \$7.9 million for fire suppression under the Department of Natural Resources (DNR) to cover the projected costs of the coming spring's fire season. Section 3 was for the Department of Transportation and Public Facilities (DOT) and had four subsections: subsection (a) included \$65 million in federal funds for surface repair for roads and buildings damaged by the

earthquake; subsection (b) was the state match of \$6.5 million; subsection (c) was \$1 million to covered damaged items not covered by insurance; and section (d) was \$1 million for those not covered by federal receipts.

Mr. Labolle moved to Section 4 - fund capitalization for the Disaster Relief Fund. Subsection (b) increased the federal receipts from \$9 million to \$46 million. The section also included \$21.9 million from the General Fund to the Disaster Relief Fund. Section 5 included lapse dates. He detailed that appropriations made in Section 3 for DOT lapsed under capital grants. Appropriations made in Section 4 - fund capitalization for disaster relief - did not lapse. Section 6 was the immediate effective date.

Co-Chair Foster listed individuals available for questions. He asked for verification the disaster relief fund was scheduled to run out on April 1 [2019]. He spoke to the need to pass the legislation in order to recapitalize the fund. He detailed the Senate had sent the bill to the House recently and there was an effort to move the bill fairly quickly.

[9:27:22 AM](#)

Mr. Labolle replied in the affirmative. The department had communicated the fund would run out at the end of March.

Vice-Chair Ortiz read from subsection (c) [of Section 3]:

The sum of \$1,000,000 is appropriated from the general fund to the Department of Transportation and Public Facilities, for costs related to damage to state facilities caused by the Southcentral earthquake not reimbursed by insurance.

Vice-Chair Ortiz asked if state was paying a deductible or it had been unaware of some areas where the insurance would not cover damages. He asked for detail.

Mr. Labolle deferred the question to the department. He explained that sidewalks or parking lots that were part of a property but not part of the structure were examples of items not covered by insurance.

Co-Chair Foster asked Mr. Labolle who the appropriate person would be to direct the question to.

Mr. Labolle deferred the question to the Office of Management and Budget (OMB).

AMANDA HOLLAND, MANAGEMENT DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET FOR DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, answered that the \$1 million supplemental was for administrative activities that were not covered. She detailed the supplemental was for repairs related to state facilities that were damaged in the earthquake. Funds would be used for damage assessments; parking lots; sidewalks; heating, ventilation, and air conditioning systems that would need permanent repair (temporary repair was possible in the short-term).

[9:29:56 AM](#)

Vice-Chair Ortiz clarified that his question in no way represented an unwillingness to meet the disaster relief needs. He asked if standard insurance policies did not cover things like the associated public property.

LACEY SANDERS, BUDGET DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, replied that OMB and DOT were working with the Department of Administration's Risk Management to identify what costs could be and could not be put towards insurance. There were some costs, such as parking lots, that were not covered by the state's insurance.

Co-Chair Foster referenced Ms. Holland's testimony about things that were not covered, such as administrative activities. He asked if she had been referencing the \$1 million in subsection (d).

Ms. Holland affirmed that she had been speaking to the surface transportation administrative activities. She elaborated there were some expenses that were not covered by the Federal Highway Administration (FHWA) or the Federal Emergency Management Agency (FEMA). The activities ineligible for reimbursement included things like damage assessments, some overhead costs, project planning and scheduling, and any damage estimated to be \$5,000 or less per site. She detailed that FEMA also did not cover regular work hours for employees, only overtime costs.

[9:31:59 AM](#)

Co-Chair Foster looked at a chart [source: Legislative Finance Division Multi-year Agency Summary - FY 2020 House Structure (copy on file)] showing the disaster supplemental would total \$38,301,000 UGF and \$103,000,002 million in federal funds.

Representative Sullivan-Leonard asked if there was a fiscal note associated with the bill.

Ms. Sanders replied that the bill was an appropriation bill; appropriation bills did not have fiscal notes because the bill made the appropriation.

Co-Chair Wilson looked at Section 4 of the bill that would allocate more than 10 percent to match the \$46 million in federal funds. She asked where the \$68 million figure came from. She asked if the \$46 million was guaranteed. She noted there had been a 10 percent match, but the match included was 20 percent.

Ms. Sanders replied that the bill had initially contained an estimated deposit to the Disaster Relief Fund of \$46 million, which was \$36 million above the estimate in the prior year's appropriation bill. She stated that \$21.9 million had been estimated. The estimate had been given in January. The numbers used to come up with the estimate were the numbers used to apply for the federal disaster declaration. The numbers had been modified and the anticipated amount needed for the remainder of FY 19 and into FY 20 was approximately \$12.2 million in state funds. She detailed it was not a program where the 75/25 percent match could be applied. There were a variety of programs covered under the Disaster Relief Fund, some had 100 percent federal reimbursement, some had a 75 percent reimbursement with a 25 percent match. She explained it was not an easy calculation where the 75/25 percent could be applied.

Ms. Sanders highlighted that the amount of federal receipts received was an estimate - the state could receive all of the federal receipts it was eligible for. The remaining amount of \$9 million (above the identified \$12 million), was in anticipation of any spring disasters that may occur. She detailed that spring flooding typically occurred in the April to June timeframe. She pointed out that amount in the bill reflected an initial request - OMB expected at the high end that \$60 million in state funds may be needed in

total to address the Cook Inlet earthquake; \$6.5 million had already been obligated, but that was within the Disaster Relief Fund. She continued that the budget included another \$12 million and OMB was working on a separate supplemental request to cover the remainder to reach the \$60 million. She expounded that it took about five years to work through the process of declaring a disaster and the payment process. The Department of Military and Veterans Affairs (DMVA) believed the \$12 million was sufficient to get through FY 19 and into FY 20. The administration would be back with a solidified number for the remaining amount as the process moved forward.

[9:36:09 AM](#)

Co-Chair Wilson hoped the administration was going to come back with information on how the state would pay for the disaster funding. She had understood the bill to be primarily for earthquake [disaster] funding, but it went beyond that. She spoke to the fire suppression component and highlighted the \$7.9 million in Section 2 of the bill, which she believed was for the spring fire season. She remarked that the bill included another \$9 million that could be used for fire and/or flooding in anticipation of what may happen. She asked why the administration would not just come back with a supplemental request (as was the normal practice) if needed.

Ms. Sanders addressed the \$7.9 million request from DNR and explained that the bill had been put together as an emergency response - not only addressing the disaster, but also addressing the existing shortfall in fire suppression funding. There had been approximately \$5.2 million in the DNR budget for wildland fire protection. The funding had been sufficient to cover fire costs in the fall; currently there was an unobligated balance of approximately \$1 million. She elaborated that based on the lowest year's cost for fire suppression, the cost would be approximately \$8.9 million for the spring season; the \$7.9 million plus the \$1 million was expected to be enough to get through the end of the year. The department had the ability to use disaster funding for wildfire response without an appropriation; however, that method took a significant amount of administrative overhead. The administration believed it prudent to request the funding from the legislature.

Ms. Sanders highlighted the second component related to the Disaster Relief Fund. She referenced \$9 million above the \$12.1 million need. The balance of the fund was anticipated to run out on March 31 or April 1. She detailed that an appropriation of \$12.9 million was needed. at the time the administration had submitted the request, it had anticipated the amount needed to get through the initial period was \$21 million. The administration believed it was necessary to bring a balance into the fund using the \$9 million in order for spring flooding to be addressed quickly.

[9:39:18 AM](#)

Co-Chair Wilson reviewed her understanding of the funding in the bill. She referenced \$65 million that was earthquake related that would be matched with \$6.5 million. She asked for verification that the GF matching funds could be used even if the total \$65 million [in federal funding] did not come to fruition.

Ms. Sanders replied that the money was appropriated for federal highway surface transportation disaster repair and could not be used for anything else.

Co-Chair Wilson understood the funds had to be used for transportation. She clarified her understanding that if only \$55 million in federal funds came in, it would not prevent the agency for using the full \$6.5 million [in state GF].

Ms. Sanders replied that the \$6.5 million could [only] be used for disaster repair if that was the intent. She explained the intent was to match the \$65 million in anticipated [federal] funds.

Co-Chair Wilson was frustrated the funding was being called matching funds, which made it sound like the funds would only be utilized if certain federal funds were received. In reality, the [state] funding could be utilized even if all of the federal funds did not come in. She pointed out that the legislature would be forward funding possible disasters. She could not recall where in the budget to look to see how the funds were specifically spent. She suggested asking for a balance of the Disaster Relief Fund after the fire and flooding seasons. She did not want funds to be unavailable in the event of a flood, but she did not want a

"slush fund" that was not being used the way the legislature thought it should be.

[9:41:31 AM](#)

Vice-Chair Johnston asked for a historical accounting of the fund balance.

Ms. Sanders replied that the information had been included in her presentation on March 8 and she would follow up with the information.

Vice-Chair Ortiz asked if the bill's \$8.9 million for fire suppression had been discussed in Ms. Sander's March 8 presentation. He asked if the money was in the [disaster] fund currently.

Ms. Sanders corrected that the amount was not a fund; it was an appropriation to DNR.

Vice-Chair Ortiz asked for verification that \$8.9 million reflected the least amount of money that would be needed for fire suppression.

Ms. Sanders replied in the affirmative.

[9:43:07 AM](#)

Representative Carpenter asked what happened to the \$7.9 million for fire suppression (in Section 2 of the bill) if it was not utilized by the end of the fiscal year.

Ms. Sanders replied that the money would lapse back to the General Fund if was not used by the end of the fiscal year.

Representative Carpenter asked for verification the funding would only be used in the event of a fire.

Ms. Sanders responded affirmatively. She detailed the money would go to a separate allocation to DNR for fire suppression activity.

Representative Knopp noted the appropriation under discussion was a supplemental appropriation for FY 19. He highlighted that the budget also included approximately \$8 million in fire suppression funds for FY 20. He considered that the funding for FY 19 may lapse to the General Fund.

He asked for verification there would be a new appropriation for FY 20 on July 1.

Ms. Sanders replied in the affirmative. She explained that the governor's proposal for the FY 19 supplemental and the FY 20 amended budget brought the amount appropriated for fire suppression up to the lowest expected amount in order to have sufficient fire response funding available.

Representative Knopp thought actual fire seasons had cost considerably higher than \$9 million. He wondered about the lapse and asked why the full amount would not be reappropriated for fire suppression.

Ms. Sanders agreed that the figure represented the low end. She elaborated that fire suppression activity was unpredictable and varied annually. She explained that the administration may be back before the legislature the following year with a supplemental request if the fire season exceeded the allocated amount.

[9:45:33 AM](#)

Representative Carpenter directed a question to DNR. He recognized it was not possible to predict when fires would break out. He acknowledged the high cost of fighting fires. He asked if any of the funding was used to reduce the fuel source around population centers that would reduce the cost of fighting fires or reduce the likelihood of spreading around population centers.

FABIENNE PETER-CONTESSÉ, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF NATURAL RESOURCES, OFFICE OF MANAGEMENT AND BUDGET, confirmed that DNR had other funding sources in its operating budget to deal with the issue. She detailed that DNR had a consolidated federal grant used for hazardous fuels mitigation. She elaborated that grant funding paid for wildland firefighter staff to work on hazardous fuel mitigation before and between fires. She had found out the previous day that DNR may receive additional funds to address the spruce bark beetle infestation; the infestation was a problem for the forests and also created hazardous fuels.

Representative Carpenter asked for verification that none of the money in the bill would go towards that type of activity [hazardous fuels mitigation]. He surmised the

funds in the bill were available only in the event of a fire.

Ms. Peter-Contesse replied in the affirmative. She explained that fire suppression activity was in a separate component from fire suppression preparedness. She confirmed that the funds would only be used during firefighting.

[9:48:16 AM](#)

Representative Josephson pointed out that the \$7.9 million was for FY 19 and surmised the funding was for a May or June fire.

Ms. Peter-Contesse replied that DNR had a statutory fire start date of April 1. She reasoned that fires did not observe the budget start date. She explained the funding would augment the \$1 million remaining [from the previous season] to get through June 30, 2019 based on projections. She expounded that \$14 million was about the least the department had spent [in a season] over the past ten fiscal years, which had been in FY 12 and FY 18. The average firefighting cost on the General Fund side was about \$35 million. She stated it was possible, but unlikely, that a portion of the funds would lapse. She informed the committee it was more likely the department would come to the legislature with a supplemental request, given fire service projections. She clarified that was not yet known.

Representative Josephson asked what part of the bill would be used for flooding mitigation.

Ms. Sanders answered that the Disaster Relief Fund could be used for response to flooding, but not for flooding mitigation. For example, the funding could be used if a disaster was declared for spring breakup that resulted in a flood.

Representative Josephson asked if funds had been traditionally allocated for that purpose (prior to flooding).

Ms. Sanders could not speak to mitigation work that had been done on flooding, as it was her understanding that it was not what the Disaster Relief Fund was used for. She would check with multiple agencies to determine whether

anyone did flood mitigation work and would follow up with the committee.

[9:50:47 AM](#)

Representative Josephson asked if the sum reflected anticipated funding. Alternatively, he wondered if the funds could also be used in the event of flooding.

Ms. Sanders replied that the Disaster Relief Fund could be used for any disaster response including flooding, another earthquake, or another type of disaster. The \$9.7 million was not based off of a spring projection that happened over a ten-year period; the cost varied from year-to-year. She would provide the committee with a detailed listing of the historical disasters and the funding allocated.

Representative Josephson asked about the UGF outlay of approximately \$37 million related to the earthquake. He asked if there was confidence the state had done everything within federal law to capture all possible federal revenue.

Ms. Sanders replied that DMVA Homeland Security and Emergency Management was working diligently to ensure the appropriate costs were charged to the federal government or the state (when not covered with federal funds). She stated that DMVA was following very strict rules to ensure funds were allocated appropriately.

[9:52:59 AM](#)

Vice-Chair Johnston pointed to slide 5 of the March 8 presentation from OMB in members' packets [titled "HB 53 - Disaster Relief Supplemental Overview"] (copy on file). She noted that the slide showed a Disaster Relief Fund balance of \$362,900 as of March 5, 2019. She asked if the graph on slide 4 was the graph Ms. Sander's was suggesting showed a historical fund balance. She thought it looked more like an appropriation than a fund balance.

Ms. Sanders agreed. She explained there had been a second presentation given later in March that included the fund balance as of July 1 of each year. She would follow up with the information.

[9:54:11 AM](#)

Co-Chair Wilson MOVED to REPORT CSSB 38(FIN) out of committee with individual recommendations.

There being NO OBJECTION, CSSB 38(FIN) was REPORTED out of committee with six "do pass" recommendations and five "no recommendation" recommendations.

Co-Chair Foster provided the schedule for the following meeting.

ADJOURNMENT

9:55:09 AM

The meeting was adjourned at 9:55 a.m.