

HOUSE FINANCE COMMITTEE
February 19, 2020
3:20 p.m.

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CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 3:20 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Jennifer Johnston, Co-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 Adam Wool

MEMBERS ABSENT

Representative Cathy Tilton

ALSO PRESENT

Brodie Anderson, Staff, Representative Neal Foster

SUMMARY

HB 205 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 205 was HEARD and HELD in committee for further consideration.

HB 206 APPROP: MENTAL HEALTH BUDGET

HB 206 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda.

#hb205

#hb206

HOUSE BILL NO. 205

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

HOUSE BILL NO. 206

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

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Co-Chair Johnston MOVED to ADOPT the proposed committee substitute for HB 205, Work Draft 31-GH2197\U (Bruce, 2/19/20). There being NO OBJECTION, it was so ordered.

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BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, explained the changes in the in the committee substitute (CS). The bill included all House Finance subcommittee actions and changes made to the language section compared to the CS introduced the past Monday, February 17, referenced as version M. The new CS [version U] reflected a total agency operations budget of \$9,033,970,300.

Co-Chair Foster asked if Mr. Anderson was referring to the summary of changes document.

Mr. Anderson replied that he was using notes and referencing a Legislative Finance Division document titled "2020 Legislature - Operating Budget Agency Summary - House Structure - Numbers and Language" dated February 19, 2020 (copy on file). He informed the committee that the totals were included on the second page. He restated the agency operations total of \$9,033,970,300. The budget included \$742,469,500 in statewide items including debt services, retirement payments, fund capitalization, and transfers. The following fund totals were included: \$2,871,124,000 in

federal funds; \$897,553,100 in designated general funds (DGF); \$1,602,942,400 in "other" funds including the authorization of interagency receipts, airport receipts, and corporate receipts such as Alaska Industrial Development and Export Authority (AIDEA), Alaska Housing Finance Corporation (AHFC) and Alaska Aerospace; and \$4,404,882,300 [\$4,404,820,300] in unrestricted general funds (UGF). He reported that the UGF spend reflected an increase of \$258,551,200 or 6.2 percent from the original FY 20 adjusted base. A large portion of the increase included the \$128 million correction to Medicaid funding. The budget was \$8.3 million or 0.2 percent above the FY 20 governor's requested budget, not including amendments introduced by the governor that day.

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Mr. Anderson relayed that the numbers section reflected all actions taken by subcommittees. He directed members to a comparison provided in members' packets titled "Summary of Changes - Operating Budget - CS HB 205 - 31-GH2197\U, Bruce, 2/19/20" (copy on file):

Summary of Changes - Operating Budget
CS HB 205 - 31-GH2197\U, Bruce, 2/19/20

1. Deleted the previous sec. 7, which deposited the FY21 AIDEA Dividend to the Alaska Marine Highway System fund.

Mr. Anderson noted that the first item was in line with the normal practice of spending the AIDEA dividend in the capital budget. He continued to review a summary of changes:

2. Sec. 7, p. 53:
a. Line 13, Deleted a section that appropriated royalties to the permanent fund beyond the constitutionally dedicated 25%;

Mr. Anderson noted that the deleted section pertained to royalties from post 1979 fields. He continued to review the changes:

b. Line 17, modified section (b) to deposit the entire percent of market draw of \$3,091,492,927 from the ERA to the general fund;

c. Removed the appropriation for the Permanent Fund Dividend;

d. Line 22, added a new section (d) for inflation proofing, estimated to be \$1,055,600,000.

3. Sec. 9, p. 55, line 17: added a new section 9(e) that amends the FY20 Power Cost Equalization estimate from \$32.4 million to \$29.7 million based on an updated estimate from the Department of Commerce, Community and Economic Development.

4. Deleted the previous section (h) which appropriated the \$2.8 million from the Capstone Avionics Revolving Loan Fund to the Alaska Development Team as a multi-year operating item (supplemental effective date, covering FY20-FY23).

5. Sec. 14(b), p. 58, line 6: added a new section (b) that appropriates the proceeds, estimated to be \$7,800, from Veterans' special request license plates to DMVA for Veterans' memorials.

Mr. Anderson elaborated that the proceeds from veterans' special request license plates would assist in funding repairs and replacements for veteran memorials. He continued reviewing the changes:

6. Sec. 15(a), p. 58, line 17: deleted the multi-year effect for this language and restricted it to a single year.

Mr. Anderson noted that the Department of Natural Resources and the Department of Revenue supported the change in Section 15(a). He moved to the next change:

7. Sec. 15(d), p. 58, line 28: adjusted the estimate for fire suppression from \$8.5 million to \$20.5 million to reflect the ten-year average for this item.

Mr. Anderson relayed the change in Section 15(d) pertained only to federal authority. He continued to review the changes:

8. Sec. 18(e), p. 60, line 3: added debt payments for municipal project debt in DOTPF and AEA. The addition totals \$2,354.4 UGF.

[3:30:56 PM](#)

Mr. Anderson continued reviewing the summary of changes:

9. Sec. 19(a), p. 65, line 7: an additional sentence was added to clarify that receipts under this section do not include prior fund balances. The previous language already prevented this, however, a longstanding misinterpretation led to RPLs being approved that were not consistent with this language.

Mr. Anderson expounded that Section 19(a) allowed the administration to come before the Legislative Budget and Audit Committee to request additional authority. The additional sentence had been added for clarity. He continued reviewing changes:

10. Deleted prior sec. 19(d) that would have allowed for universal carryforward for statutory designated program receipts.

Mr. Anderson relayed that Section 19(d) had been a new request by the governor. He continued to highlight changes:

11. Sec. 20(g), page 66, line 15: amended the amount of the deposit into the Community Assistance Fund to \$30 million from \$28.7 million. The change in section 9(e) that adjusts the PCE estimate for FY20 increases the amount available for appropriation from the PCE fund to the Community Assistance Fund.

12. Sec. 21 Fund Transfers, page 68, beginning on line 29

a. Deleted the prior section (l) that would have deposited the balance of the Large Passenger Vessel Gaming and Gambling Tax account to the Alaska Capital Income Fund;

b. Deleted prior section (m) that would have deposited the balance of the Investment Loss Trust Fund into the Alaska Marine Highway System fund

Mr. Anderson elaborated on Section 21(m) and explained that the normal practice for authorizing and spending the funds was in the capital budget. He continued to review changes:

c. p. 71, line 4: added a new section (l) depositing the \$2.8 million balance of the Capstone Avionics Revolving Loan Fund to the Alaska Marine Highway System fund effective June, 30, 2020. The fund lapses

on July 1, so the FY20 supplemental effective date is necessary for this deposit to occur.

[3:33:42 PM](#)

Mr. Anderson continued reviewing the changes in the CS:

13. Sec. 26 Constitutional Budget Reserve (CBR), page 75, beginning on line 5
 - a. Removed the prior section (b) that would have filled the FY21 deficit from the CBR.

Mr. Anderson noted that because the budget did not reflect a deficit, the language from the prior Section 26(b) was not needed. He concluded his review of the changes:

- b. Added a new section (b) that appropriates interest earned on general fund balances to the CBR for compensation of lost earnings when the CBR is utilized for cash flow. This section does not require a 3/4 vote of the legislature.
14. Sec. 29, p. 75, line 31: adjusted the contingency language for the Alaska Psychiatric Institute appropriation in Section 12 from "over 79 beds" to "70 beds".

Mr. Anderson elaborated on Section 29 and explained that the Alaska Psychiatric Institute (API) had been trending upward to accommodate the needs. The adjusted language would allow API to cover the cost of filling the last ten beds to capacity if needed.

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Co-Chair Foster asked if there were questions on the changes made in the bill.

Representative Wool asked for verification that the changes adopted by the subcommittees were incorporated into the CS.

Co-Chair Foster responded affirmatively. He asked members to contact his office if they had any subsequent questions on the bill. The CS was largely the incorporation of the subcommittee reports and changes to the language section.

Co-Chair Johnston MOVED to ADOPT the proposed committee substitute for HB 206, Work Draft 31-GH2198\U (Bruce, 2/17/20). There being NO OBJECTION, it was so ordered.

Mr. Anderson reviewed the changes in HB 206. He informed the committee that all of the Section 1 changes made by the subcommittee to the operating budget numbers sections were in line with the mental health board recommendations. All of the following items were capital budget items found in the mental health operating budget. He looked at page 3 of the summary of changes document titled "Summary of Changes - Mental Health Budget - CSHB 206 - 31-GH2198\U, Bruce, 2/17/20" (copy on file). He reviewed the changes:

1. Section 1 - changes made by subcommittees to the operating budget numbers sections.
2. Page 10, line 21, AHFC Beneficiary and Special Needs Housing: Adds \$1.75 million of GF/Mental Health and \$250.0 of AHFC Dividends, increasing the total project from \$1.7 million to \$3.7 million. This matches the Mental Health Trust Authority recommendation.
3. Page 10, line 23, AHFC Homelessness Assistance Project: Adds \$850.0 of GF/Mental Health, bringing the project total from \$7.3 million to \$8.15 million. This matches the Mental Health Trust Authority recommendation.
4. A project in the Department of Transportation and Public Facilities, Coordinated Transportation and Vehicles, \$1.3 million, was removed. By tradition, the House and Senate leave an item to the other body to add so that the budget can be addressed in the Conference Committee.
5. There are no changes to the language section.

Mr. Anderson relayed that all of the changes in the CS reflected the recommendations forwarded by the mental health trust board.

Co-Chair Foster asked members to submit amendments by Monday, February 24 at 5:00 p.m. He reviewed the schedule for the following meeting. He reviewed the email address, phone number, and procedure for public testimony.

Representative Josephson highlighted HB 206 as an example. He noted that version M dated January 22 was largely given to the legislature from the Alaska Mental Health Trust

Authority with technical changes made by legislative drafters. He stated his understanding that the current version U was the working document.

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Co-Chair Foster agreed.

Mr. Anderson relayed that amendments would be written to version U of the bills.

Representative Josephson asked for verification that the amendment deadline was Monday at 5:00 p.m.

Co-Chair Foster confirmed that the amendment deadline was Monday at 5:00 p.m. He detailed that public testimony would be taken Wednesday, Thursday, and Friday at 5:00 p.m. and Saturday at 12:00 p.m. He relayed that he had been considering an amendment deadline of Saturday but wanted to give members more time.

HB 205 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[3:44:11 PM](#)

The meeting was adjourned at 3:44 p.m.