

31ST ALASKA STATE LEGISLATURE
FIRST SESSION
CONFERENCE COMMITTEE ON HB 39 and HB 40
May 14, 2019
8:17 p.m.

8:17:14 PM

CALL TO ORDER

Chair Foster called the Conference Committee meeting on HB 39 and HB 40 to order at 8:17 p.m.

MEMBERS PRESENT:

House:

Representative Neal Foster, Chair
Representative Tammie Wilson
Representative Cathy Tilton

Senate:

Senator Bert Stedman, Vice-Chair
Senator Natasha Von Imhof
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

David Teal, Director, Legislative Finance Division; fiscal analysts with the Office of Management and Budget and Legislative Finance Division; and aides to committee members and other members of the Legislature.

SUMMARY

HB 39 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 39 was HEARD and HELD in committee for further consideration.

HB 40 APPROP: MENTAL HEALTH BUDGET

HB 40 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the agenda for the meeting.

#HB39

#HB40

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 39 (FIN) am (brf sup maj fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; and providing for an effective date."

SENATE CS FOR CS FOR SS FOR HOUSE BILL NO. 39 (FIN) am S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations and reappropriations; and providing for an effective date."

and

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 40 (FIN)

"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."

SENATE CS FOR CS FOR SS FOR HOUSE BILL NO. 40 (FIN)

"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."

[8:17:49 PM](#)

Co-Chair Foster invited David Teal, Director of the Legislative Finance Division, to come to the testifier table.

Co-Chair Foster reviewed how objections would be handled. If there was an objection, he would make note of that Item

and hold it aside. The committee would continue to go through the other Items in the department, adopt them, and then would come back to any Item that had an objection.

In the present meeting the committee would be addressing open items in HB 39 and HB 40 based on the motion sheets distributed to members earlier and dated May 14th for the following departments:

ADMINISTRATION
COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
CORRECTIONS
EDUCATION AND EARLY DEVELOPMENT
FISH AND GAME
OFFICE OF THE GOVERNOR
LAW
NATURAL RESOURCES
PUBLIC SAFETY
TRANSPORTATION
SPECIAL APPROPRIATIONS
FUND CAPITALIZATIONS
FY 19 SUPPLEMENTALS IN HB 39 and HB 40

^ADMINISTRATION

[8:18:52 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in the Department of Administration budget:

Item 8 House

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Item 8 in the Department of Administration budget.

^COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

[8:19:12 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in the Department of Commerce, Community and Economic Development budget:

Item 3 House All Lines
Item 4 Line 1 House plus \$546,600 and plus 2 permanent full-time positions

Line 2 House

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Items 3 and 4 in the Department of Commerce, Community and Economic Development budget.

^CORRECTIONS

8:20:16 PM

Co-Chair Stedman MOVED to ADOPT the following in the Department of Corrections budget:

- Item 1 Senate
- Item 2 Adopt Conference Committee Wordage
- Item 3 Senate replace the number 150 with 100 in both places
- Item 4 House
- Item 5 Change transaction to a one-time increment
Line 1 House minus \$7,510,200
Line 2 House
- Item 6 House
- Item 7 Change transaction to a one-time increment
Senate minus \$565,800 and replace the number 150 with 100
- Item 8 House plus \$20,117,500
- Item 9 House
- Item 10 Senate
- Item 11 House
- Item 12 Senate
- Item 13 House
- Item 14 Senate
- Item 15 House
- Item 16 House
- Item 17 Senate

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Items 1 through 17 in the Department of Corrections budget.

^EDUCATION AND EARLY DEVELOPMENT

8:22:28 PM

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

[8:22:44 PM](#)

Representative Tilton OBJECTED. She explained that the item had to do with forward funding for FY 21 for the Department of Education and Early Development. She had an opinion memo from the Attorney General citing concerns about the funding for the FY 20 budget. She wanted to see the issue resolved.

[8:23:32 PM](#)

Senator Olson asked about a plan if the Attorney General's opinion was found to be correct.

Co-Chair Foster indicated that the legislature had a legal opinion from Legislative Legal Services which reflected that the legislature would prevail. He thought a number of legislators were comfortable with the opinion from Legal Services.

Co-Chair Wilson added that the legislature had forward funded for years because the districts had requested it providing some funding guarantee for the following year. The legislature had never been sued over the previous years. It had been brought to the legislature's attention that it might have been illegal. Currently the legislature was following precedence. She believed the state owed it to its school districts.

Senator Olson agreed that school districts needed additional funding. However, just because forward funding had not been challenged in the past did not mean that it was legal.

Co-Chair Foster asked Mr. Teal if he had any comments on the issue. Mr. Teal responded in the negative.

Senator Olson asked Mr. Teal if he knew what the chances were that the challenge would prevail.

Mr. Teal could not answer the question, only the courts could. He noted that both the legal opinions were both very strong. He agreed with Legal Services that the Legislature would prevail. However, it did not matter what anyone thought, it was what the court ruled.

Senator Olson thought the case would go to the Supreme Court because of the dollar figure. He thought it would be appealed to the higher level.

Co-Chair Foster relayed to the public that in the previous fiscal year the legislature appropriated funds to forward fund education. He continued to explain that there was a concern that if the funding was added to the FY 20 budget, it would be subject to a veto.

Senator Olson thought that it was the prerogative of the executive branch to veto the item. He noted that the legislature had the option to override a veto by the governor.

Co-Chair Wilson added that it was not about what the governor would or would not do, rather, it was about a promise that legislators made to their districts about the amount of funding they would receive. It was her understood that the governor could veto the language if he chose to do so. She was in favor of keeping the language in place.

Representative Tilton WITHDREW her OBJECTION.

[8:27:02 PM](#)

There being NO further OBJECTION, it was so ordered. The action CLOSED conferenceable Item 14 in the Department of Education and Early Development budget.

^FISH AND GAME

[8:27:51 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in the Department of Fish and Game budget:

Item 1	Senate
Item 24	House
Item 26	House
Item 29	House
Item 30	House

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Items 1, 24, 26, 29, and 30 in the Department of Fish and Game budget.

^OFFICE OF THE GOVERNOR

8:28:20 PM

Co-Chair Stedman MOVED to ADOPT the following in the Office of the Governor's budget:

Item 2 House All Lines
Item 3 Senate

Co-Chair Wilson OBJECTED to Item 3. She would be removing her objection. She explained that two new positions were being added. She had hoped to see more efficiency out of the governor's office.

Co-Chair Wilson WITHDREW her OBJECTION.

8:29:17 PM

Senator Olson OBJECTED. He commented that the governor had made several reductions without making some within his own office. Senator Olson WITHDREW his OBJECTION.

There being NO further OBJECTION, it was so ordered. The action CLOSED conferenceable Items 2 and 3 in the Office of the Governor's budget.

^LAW

8:30:06 PM

Co-Chair Stedman MOVED to ADOPT the following in the Department of Law budget:

Item 2 Senate
Item 4 House minus \$88,900 and minus 2 positions
and revise title

Item 5 House All Lines
Item 6 House plus \$48,800 and revise title
Item 7 House All Lines
Item 8 Line 1 Senate
Line 2 Senate change fund source code to
1004 Unrestricted General Fund
Item 9 House
Item 10 House All Lines
Item 11 House All Lines

- Item 12 House minus \$132,800 and minus 2 positions and revise title
- Item 13 House All Lines
- Item 14 House minus one position and revise title
- Item 15 House All Lines
- Item 16 House All Lines
- Item 17 House minus \$47,600 and minus one position and revise title
- Item 18 House All Lines
- Item 19 House
- Item 20 House minus \$54,100 and minus 2 positions and revise title
- Item 21 House All Lines

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Items 2 and 4 through 21 in the Department of Law budget.

^NATURAL RESOURCES

[8:31:13 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in the Department of Natural Resources budget:

- Item 1 Senate
- Item 3 Open

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Item 1 and left OPEN Item 3 in the Department of Natural Resources budget.

^PUBLIC SAFETY

[8:31:45 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in the Department of Public Safety budget:

- Item 3 Senate
- Item 4 Senate
- Item 5 Senate
- Item 6 House
- Item 7 Senate
- Item 8 House
- Item 9 House
- Item 10 Senate

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Items 3 through 10 in the Department of Public Safety budget.

^TRANSPORTATION

[8:32:24 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in the Department of Transportation and Public Facilities budget:

Item 13	House
Item 14	Senate
Item 15	House All Lines
Item 16	House
Item 17	Senate
Item 18	House All Lines
Item 19	House
Item 20	Senate
Item 21	House All Lines
Item 23	Senate
Item 24	House
Item 25	Senate
Item 26	House All Lines
Item 27	House
Item 31	Senate Senator Olson OBJECTED
Item 32	House
Item 33	Senate
Item 34	House All Lines
Item 35	House
Item 36	Senate
Item 39	Senate
Item 40	House
Item 41	Senate
Item 42	House All Lines
Item 44	House
Item 45	House
Item 46	Senate All Lines
Item 47	Senate
Item 48	Senate All Lines
Item 49	Senate

Senator Olson OBJECTED to Item 18.

Senator Olson OBJECTED to Item 31.

Senator Olson OBJECTED to Item 34.

Senator Olson spoke to his objection to Item 18. He explained that the item had to do with the replacement of undesignated general funds (UGF) with the state equipment fleet rebates. He wondered if there were enough rebate funds to cover the costs that would otherwise be coming out of UGF.

[8:37:34 PM](#)

AT EASE

[8:39:02 PM](#)

RECONVENED

Senator Olson WITHDREW his OBJECTION to Items 18 and 31.

Senator Olson explained that he was concerned with a reduction to airport maintenance.

Co-Chair Foster spoke to Item 31. There had been a proposed reduction to rural airport maintenance which he emphasized had not been adopted. He invited Senator Olson to speak to his objection to Item 34.

Senator Olson restated his concerns about replacing UGF with equipment rebates. He wanted to make sure there was enough funding to cover all of the necessary maintenance.

Co-Chair Wilson clarified that the House number was taken for Item 34 resulting in no reductions.

Senator Olson WITHDREW his OBJECTION to Item 34

There being NO further OBJECTION, it was so ordered. The action CLOSED conferenceable Items 13 through 21, 23 through 27, 31 through 36, 39 through 42, and 44 through 49 in the Department of Transportation and Public Facilities budget.

^SPECIAL APPROPRIATIONS

[8:40:30 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in Special Appropriations:

Item 1 House

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Item 1 in Special Appropriations.

^FUND CAPITALIZATIONS

[8:40:45 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in Fund Capitalizations:

Item 2 Senate
Item 4 House All Lines

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Items 2 and 4 in Fund Capitalizations.

^FY 19 SUPPLEMENTALS IN HB 39 and HB 40

[8:41:05 PM](#)

Co-Chair Stedman MOVED to ADOPT the following in FY 19 Supplementals in HB 39 and HB 40:

Item 36 House

There being NO OBJECTION, it was so ordered. The action CLOSED conferenceable Item 36 in FY 19 Supplementals in HB 39 and HB 40.

^AMENDMENTS

[8:41:32 PM](#)

Chair Foster indicated the committee had two amendments.

Vice-Chair Stedman MOVED to ADOPT Conference Committee Amendment 1.

Senator Olson OBJECTED for discussion.

Co-Chair Stedman relayed that the amendment had to do with the National Flood Insurance Program that was being implemented in many of communities across the state. Although Alaska had some flood issues, it had very few

relative to the flood zones in other states. Essentially, Alaska was being thrown in with a pool of other states including Texas and Louisiana known for their flooding and hurricanes. He expressed concerns that Alaskans were paying outrageous flood insurance premiums subsidizing other states' premiums. The amendment would require the state to obtain the loss ratio data that would likely show Alaska was paying for the other states in the form of outrageous flood insurance premiums. He had been working on minimizing the impacts to Alaskans.

Senator Olson WITHDREW his OBJECTION. There being NO further OBJECTION, Conference Committee Amendment 1 was ADOPTED.

[8:44:08 PM](#)

Vice-Chair Stedman MOVED to ADOPT Conference Committee Amendment 2. There being NO OBJECTION, it was so ordered.

Co-Chair Foster concluded the business for the committee hearing. Once the next meeting date and time was determined, the meeting would be noticed on BASIS.

Co-Chair Stedman MOVED to ADJOURN. There being NO OBJECTION, it was so ordered.

HB 39 was HEARD and HELD in committee for further consideration.

HB 40 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

[8:45:00 PM](#)

The meeting was adjourned at 8:45 p.m.