

SENATE FINANCE COMMITTEE

April 30, 2019

9:36 a.m.

9:36:51 AM

CALL TO ORDER

Co-Chair von Imhof called the Senate Finance Committee meeting to order at 9:36 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Lyman Hoffman
Senator Peter Micciche
Senator Donny Olson
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

Senator Mike Shower

ALSO PRESENT

Senator Cathy Giessel; Senator Mia Costello; Bob Armstrong, Electric Operations Manager, Nushagak Electric and Telephone Cooperative; Tim Grussendorf, Staff, Senator Lyman Hoffman; Juli Lucky, Staff, Senator Natasha von Imhof; Caroline Schultz, Staff, Senator Natasha von Imhof.

PRESENT VIA TELECONFERENCE

Corey Warnock, McMillen Jacobs Association, Washington; Robert Himschoot, CEO and General Manager, Nushagak Electric Corporation; Peter Andrew, President, Nushagak Corporation; Mark Lisac, Self, Dillingham; Paul Liedberg, Self, Dillingham.

SUMMARY

SB 91 NUYAKUK RIVER: HYDROELECTRIC SITE

SB 91 was HEARD and HELD in committee for further consideration.

SB 103 PFD APPROPRIATIONS

CSSB 103 (FIN) was REPORTED out of committee with one "do pass" recommendation, and four "amend" recommendations and with one new indeterminate fiscal note from the Senate Finance Committee for the Department of Revenue.

SB 104 APPROPRIATION LIMIT

SB 104 was HEARD and HELD in committee for further consideration.

Co-Chair von Imhof relayed that the committee would consider

#sb91

SENATE BILL NO. 91

"An Act relating to the development and operation of a hydroelectric site at the Nuyakuk River Falls; providing for the amendment of the management plan for the Wood-Tikchik State Park; and providing for an effective date."

[9:37:41 AM](#)

SENATOR LYMAN HOFFMAN, SPONSOR, relayed that he had been trying to address the issue of rural energy costs for some time. He thought SB 91 offered an opportunity to lower energy costs in the Bristol Bay Region. He provided a Sponsor Statement:

SB 91 adds the operation of a hydroelectric site at Nuyakuk River to the Wood-Tikchik Management plan stating that it "is not considered an incompatible use in the Wood-Tikchik State Park".

Nushagak Electric & Telephone Cooperative (NETC) has advanced this project through public outreach, desktop feasibility research using existing data, and onsite work that is permissible under the current statutory and management plan restrictions. SB 91 allows further

onsite studies to advance the project evaluation process.

There are two potential hydroelectric sites currently in the Park enabling statutes, Grant Lake and Elva Lake. SB 91 adds Nuyakuk to that list.

The Nuyakuk site is preferable for several reasons;

- Low impact, this is a diversion project with no dam and no significant change in the natural course of the river
- Production, the project has the potential to provide 100% of the current electric needs for several communities
- Location, this site is close to the Park boundaries and would have a very small footprint in the Park

The Nuyakuk Hydroelectric Project is a regional infrastructure development that will bring both low cost, renewable energy and broadband telecommunications to at least six communities throughout northern Bristol Bay. This design would divert water from above the falls, flow the diversion through an underground 1500' penstock (pipe), through a powerhouse and back into the river in a tail race below the falls. The powerhouse would have a very low visual impact.

The overall cost of this 30-megawatt regional hydroelectric project, including transmission facilities and communications fiber, is estimated at \$140 million. This would be first hydroelectric project in SW Alaska with regional service. In addition to Dillingham, the communities served include Aleknagik, Koliganek, New Stuyahok, Ekwok and Levelock. The potential also exists for service to additional communities.

This project has enjoyed the support of local stakeholders, public administration and park management in the efforts to date. SB 91 is necessary to further project evaluation and permitting.

Senator Hoffman addressed the Sectional Analysis for the bill (copy on file):

Section 1: Adds "or the Nuyakuk River Falls" to AS 41.21.167(c) to include it on a list of sites that are not considered an incompatible use of the Wood Tikchik State Park.

Section 2: Instructs the Wood-Tikchik State Management Council along with the Department of Natural Resources to amend the Wood Tikchik Management Plan to conform with the change made in Section 1.

[9:41:48 AM](#)

Co-Chair Stedman wanted to engage in discussion on the river system in the area. He asked about volumes of water during winter.

Co-Chair von Imhof noted that the demand for freezer space in the summer could also be an issue to consider.

[9:43:34 AM](#)

BOB ARMSTRONG, ELECTRIC OPERATIONS MANAGER, NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, discussed the presentation "Nuyakuk Hydroelectric - Hydropower for Bristol Bay," (copy on file). He relayed he had arrived in Dillingham three years previously at which time he too over operations for the cooperative.

[9:44:22 AM](#)

Mr. Armstrong looked at Slide 2, "Logical Natural Location":

- Glacial moraine defines Wood Tikchik lake system
 - Creates natural dam
 - Lake acts as a natural Sediment deposition site
 - Nuyakuk Falls acts as a natural spillway

Mr. Armstrong directed attention to the map on the slide. He pointed out the line of mountains and the top part of the lake system that came out the Nuyakuk River and broke over the ridge. He explained that the lakes acted as a sediment pond and the falls were like a spillway; altogether the land was like a natural dam.

[9:45:08 AM](#)

Mr. Armstrong spoke to Slide 3, "Tikchik Lake":

- The lake system feeding the falls is 1544 square miles
- This slide compares Tikchik Lakes and Lake Mead
- Each red line is 35 miles

Mr. Armstrong said that the hope was to tap the river at the upper side of the falls. He noted the size of the water reservoir, pointing out Lake Meade of the right and the Tikchik Lake System on the left.

[9:45:21 AM](#)

Mr. Armstrong referenced Slide 4, "Power Production Location and Potential":

- Nuyakuk Falls
- 2.5 miles inside WTSP
- Flow monitored by USGS since 1953
- Initial evaluation is diverting <25% flow - 4.5 to >10 MW
- Enough production for regional distribution
- Production potential matches seasonal demand

Mr. Armstrong stated that he had visited the USGS site, which contained over 60 years of daily flow data, and had used Google Earth Pro to determine a desktop prediction of the drop at the falls. He clarified that the power demand in Dillingham was higher in the summer than in the winter due to fish processing. He added that summer was when river flows were at their height. He shared that the demand for power was lowest in the winter when river flows were slowest.

[9:46:42 AM](#)

Senator Wielechowski asked about the required mega-watt usage for the area.

Mr. Armstrong informed that the area peaked at 4.8 MW, which was the highest ever. He added that the up-river villages were about 600 kilowatt (KW).

Senator Wielechowski asked about a potential plan for transmission lines.

Mr. Armstrong specified that the information was in a future slide.

[9:47:18 AM](#)

Senator Bishop asked about potential ice facilities in the region.

Mr. Armstrong stated that no entity had approached the company about an ice facility. He was certain that the issue would be explored. He noted that lower energy cost savings would be passed on to fishermen.

Senator Bishop thought it was interesting the USGS has been monitoring the flow of the river since 1953. He asked whether hydropotential had been considered for the area in the past.

Mr. Armstrong answered in the negative.

[9:48:40 AM](#)

Co-Chair Stedman asked about the KW rate that communities could expect.

Mr. Armstrong stated that upcoming studies would determine the KW amount. The amount of water that could be used would determine the price. The electric company was cooperative, and therefore not for profit, so the more wattage that could be sold, the less it would cost.

Co-Chair Stedman thought that using current consumption it could be expected that consumption would increase. He was pleased to see there was a proposed increase in generational capacity. He expected that the rates were in the region of \$.50 to \$.60 per KW and hoped that the project would cut those costs in half.

Mr. Armstrong thought a fuel surcharge would come off the cost at the top, \$.17 out of the \$.42 currently charged to residents.

[9:50:55 AM](#)

Senator Wielechowski revealed that he had a potential conflict as he worked for the Electrical Workers Union.

[9:51:16 AM](#)

Co-Chair von Imhof noted the windmills she had seen in Dillingham. She asked whether there was a planned comparison between hydro and wind power. She asked how the transmission line would compare to wind power.

Mr. Armstrong responded that the hydropower would be less expensive than wind. He explained that the problem with wind in Dillingham was that the mountains were set back off the road system, so there were no roads to the mountaintops, where the wind would be optimal. He said that there were smaller windmills that did okay and added that the state had conducted a wind study that had shown that all the sites that would provide enough power for the community were inaccessible.

Co-Chair von Imhof referenced the price of the project, and asked Mr. Armstrong how the funds were to be secured.

Mr. Armstrong stated that the cooperative would go to the Rural Utility Service (RUS), which was a government agency that loaned money to cooperatives across the country. He said that a meeting had occurred in Washington D.C. where it had been established that the service would cover the financing.

Co-Chair von Imhof asked if the \$20,000 fiscal note would be used to cover a business analysis of loan and financing costs. She understood that the question would be answered later in the presentation.

[9:53:27 AM](#)

Mr. Armstrong turned to Slide 5, "Power Plant":

- The falls occur at an oxbow in the river
- An intake above the falls
- Short (approx. 2500 ft. forebay)
- Short power channel (1500')
- Powerhouse with two 5MW bulb-type turbines
- Affected water flow 3000 feet from the top of the falls to the bottom

Mr. Armstrong directed attention to the blue line on the map on the slide, which showed where the falls would be tapped. He said that the process would result in little

water temperature change and the nitrogen levels would remain like the natural levels found in the falls.

[9:54:35 AM](#)

Senator Wielechowski asked whether there were concerns about impacts on fish.

Mr. Armstrong stated that there were strong concerns about fish, which had prompted the urgency to complete the studies. He said that the board had passed a "fish first" policy and would abandon the project if the studies proved that the project would be damaging to the fishery. He mentioned the Federal Energy Regulatory Commission (FERC) process, and which was rigorous in its environmental protections.

Senator Wielechowski asked whether there was a salmon run in the area.

Mr. Armstrong responded in the positive. The cooperative thought the project would leave the fish free to ascend and descend the river. The project was designed to co-exist with the environment.

[9:56:16 AM](#)

Senator Wilson asked about the current stage of the permits for the project.

Mr. Armstrong stated that June 2019 would be the 1-year anniversary on the FERC permit; the permit gave a three-year maximum to complete the studies. There had been two studies done the previous year. Further studies required by the FERC process required the passage of the legislation.

[9:56:57 AM](#)

Co-Chair von Imhof asked which bills Mr. Armstrong was speaking of.

Mr. Armstrong replied SB 91 and the house companion bill HB 99.

[9:57:09 AM](#)

Mr. Armstrong considered Slide 6, "Extent of the watershed that is upstream of the Project." The slide showed the location of the site according to the overall fishery.

[9:57:28 AM](#)

Mr. Armstrong displayed Slide 7, "Transmission System," which showed a map depicting the transmission lines. He noted that the yellow lines indicated already existing lines, the red showed the lines that would be constructed.

[9:57:56 AM](#)

Senator Wielechowski asked whether there was any plan to have transmission lines go to mines in the region.

Mr. Armstrong answered in the negative. He said that the closest mine was 9 miles away and there would not be enough power to support a mining operation.

[9:58:32 AM](#)

Co-Chair Stedman referenced past energy projects and cautioned that it was prudent to expect the project to run over schedule. He recalled one intertie section to Wrangell that came in on budget, but all other projects had been far off original projections. He recommended adding cost overruns to any analysis.

[10:00:03 AM](#)

Co-Chair von Imhof added that a lot of the projects in Southeast Alaska had been funded by grants rather than loans. She thought it was important to incentivize consumers to pay rates.

Co-Chair von Imhof looked at Slide 7 and assumed that the transmission lines were aerial. She noted that there was a great deal of plane activity in the area. She wondered whether part of the study would consider air traffic, and overall environmental, safety.

Mr. Armstrong confirmed that the area would be studied for safety. The line to Aleknagik was at the top of the glacier moraine and was a good route. He added that all the geographic challenges would be included in the studies. He added that the cooperative had been investigating a new

kind of pole that vibrated into the ground, negating the need to dig or pour concrete. He offered that there would not be a huge tower system.

[10:03:00 AM](#)

Mr. Armstrong highlighted Slide 8, "Considerations":

- Project would displace 1.5M gallons of fuel oil annually at current consumption of 25,000 MWHs
 - Estimated yearly average power production for this project is 72,800MWHs this would displace 3+M gallons of fuel
 - Estimated cost to build \$120M

 - Estimated cost avoidance (NETC ONLY) over 40-year license period:
 - Fuel at current cost (\$2.10/gallon) \$126M
 - Scheduled genset maintenance \$9M
 - Regulatory compliance for diesel generation \$12M
 - Total \$147M
- THIS TOTAL IS ASSUMEING ALL THE COST STAY THE SAME FOR THE NEXT 40 YEARS!
- Transmission system would provide a route for Broadband middle mile expansion

Mr. Armstrong thought there might be grant opportunities for some of the proposed project. He explicated that an additional feature would be the hard-line fiber for broadband to upriver villages and to Dillingham.

[10:04:27 AM](#)

Co-Chair Stedman thought as long as the consumer rate was lower than the target of \$.60, he expected that the economic activity in Dillingham was more competitive and there would be economic activity generated by the project.

Mr. Armstrong agreed. He had been working with cooperatives for 30 years. He said that energy costs were the baseline of any community economy.

[10:06:06 AM](#)

Senator Bishop looked at the proposal and considered the issue of global warming and wondered what affect the project would have on the state's carbon footprint.

Mr. Armstrong replied that he did not have a number. He stated that emissions tests had been performed under permit. He stated that the carbon footprint of the project was not part of any study. He offered the numbers from the emissions testing.

Senator Bishop pondered whether the completed FERC study would include the carbon footprint.

Mr. Armstrong said that it would be included in the FERC study.

[10:07:53 AM](#)

Co-Chair Stedman commented that he had villages in his district that used hydropower as well as diesel. He mused that the cost of power prevented villages from enjoying Christmas lights. He thought that bringing lower cost of power to the communities in the area would improves people's lives in small ways like being able to enjoy Christmas lights during the holidays. He reiterated that the time and money budget for the project should plan for additional time and expense.

[10:09:32 AM](#)

Co-Chair von Imhof OPENED public testimony.

COREY WARNOCK, MCMILLEN JACOBS ASSOCIATION, WASHINGTON (via teleconference), spoke in favor of the legislation. He thought he was invited to testify in order to shed light on the FERC regulatory process. He asserted that the intent of the bill was to allow the study to go forward to determine the viability of the project. He stated that there was a rigorous process that needed to take place over the next 3 to 4 years that would determine whether the project could move forward.

[10:12:12 AM](#)

Co-Chair Stedman thought rural Alaskans deserved equal access to energy as those in urban areas.

10:13:06 AM

ROBERT HIMSCHOOT, CEO AND GENERAL MANAGER, NUSHAGAK ELECTRIC CORPORATION (via teleconference), relayed that the corporation had looked at the project and believed that it would get communities off diesel; the overall savings of 1.5 million gallons of diesel per year was considerable. He believed that there was solid regional support for the project and that there had been due diligence to determine the viability of the project. He thought the project held huge potential for the regional economy.

10:15:12 AM

PETER ANDREW, PRESIDENT, NUSHAGAK CORPORATION (via teleconference), said he had served on the board for 20 years. He offered his availability for questions. He noted strong community support for the project.

10:16:35 AM

MARK LISAC, SELF, DILLINGHAM (via teleconference), spoke in support of SB 91. He was a Nushagak Cooperative member and a renewable energy advocate. He had been opposed to past proposed projects, which had been found unfeasible. He supported the bill because it was the only way to get permission to determine the feasibility of the project. He thought the potential energy security and reduction of diesel usage was important to consider.

10:18:37 AM

PAUL LIEDBERG, SELF, DILLINGHAM (via teleconference), supported the bill. He had been a resident of Alaska for 40 years. He had worked in resource management. He thought it was important to consider the original intent of the management plan for the Wood-Tikchik State Park. He noted that considerable debate went into the decision to establish the park. He thought it was important to consider whether the impact of the project was a fair exchange for the impacts to the park, the environment, and the regional communities. He supported the project if it did not materially conflict with the original intent of the park. He could not comment on whether he supported the full development of the project but believed that the studies should move forward. He thought it was important to be

watchful that potential impacts be minimized as the state worked for greater energy access.

[10:21:35 AM](#)

Co-Chair von Imhof CLOSED public testimony.

[10:21:53 AM](#)

Co-Chair Stedman reminded that in the early 1900's the community of Petersburg had built a hydro plant. The venture had been costly and was built to make ice for fishing. The change enabled the fishing fleet to stay longer and have larger catches. The hydro project was still functional. He recalled that the Gold Creek hydro project had been built in the early 20th century and was still functional. He noted that neither of the projects had adversely affected the communities they were build in.

Co-Chair Stedman addressed environmental impacts. He asserted that the worldwide projection of fuel consumption was on the rise and that there were not enough people in Western Alaska to affect the carbon footprint. He discussed population disparities between Western Alaska and other parts of the world. He thought most of the state was a park, and that there was a very small human footprint on the land in the state. He supported moving forward to complete an analysis and electrify the region with hydropower.

[10:25:38 AM](#)

TIM GRUSSENDORF, STAFF, SENATOR LYMAN HOFFMAN, addressed FN 1, OMB Component 3001, from the Department of Natural Resources. The note was for \$20,000 to revise the existing state park management plan and to match the statutory changes required in the bill.

SB 91 was HEARD and HELD in committee for further consideration.

#sb103

SENATE BILL NO. 103

"An Act relating to deposits into the dividend fund and appropriations from the earnings reserve account; and providing for an effective date."

10:26:25 AM

Co-Chair Stedman MOVED to ADOPT proposed committee substitute for SB 103, Work Draft 31-LS0654\G (Nauman, 4/29/19).

Co-Chair von Imhof OBJECTED for discussion.

10:27:44 AM

JULI LUCKY, STAFF, SENATOR NATASHA VON IMHOF, discussed the proposed CS and read from a summary of changes document (copy on file):

Rewords the appropriation language to conform to current practice. The POMV draw is appropriated from the ERA to the general fund. The amount available for appropriation from the general fund to the dividend fund is calculated as 50% of the POMV draw [Page 2, lines 25-27; conforming changes on p2, line 31; and p3, lines 24- 25].

Clarifies the restriction on appropriating more from the ERA than the allowable POMV draw (currently 5.25%, reduced to 5% for FY22) [Page 3, lines 29-31; conforming changes on p4, line 27].

Adds a July 1, 2020 effective date.

Technical corrections recommended by Legislative Legal:

Removes an inapplicable reference [Page 3, lines 25-26].

Removes the sections that made conforming changes to the Mental Health Trust Fund statutes. These were deemed unnecessary by legal since the net income determination is remaining in statute [Previous sec. 6 & 7].

Ms. Lucky noted that in the previous version of the bill Sections 37.13.145(e) and (f) had been repealed. She said that it had been determined that only (f) needed to be repealed, (e) needed to be rewritten. She said that 37.13.145(e) made the statement that the legislature could not appropriate more from the earnings reserve account (ERA) than was allowed under the POMV draw.

[10:30:12 AM](#)

Co-Chair von Imhof WITHDREW her objection.

Co-Chair von Imhof reminded that the bill was a 50-50 split and a financial review of the impacts of that split had been previously discussed. The bill replaced the current statute for calculating the Permanent Fund Dividend. The bill had an effective date of July 1, 2020. She noted that the financial implications of the bill were a deficit of approximately \$800 million.

[10:31:51 AM](#)

AT EASE

[10:33:48 AM](#)

RECONVENED

Co-Chair von Imhof asked whether members had any amendments to offer.

[10:34:20 AM](#)

AT EASE

[10:35:03 AM](#)

RECONVENED

Co-Chair Stedman reviewed a new fiscal note from the Permanent Fund, OMB Component 2616. He directed attention to the analysis on the second page and noted that one column was in millions, while the other was in dollars.

[10:36:10 AM](#)

AT EASE

[10:36:29 AM](#)

RECONVENED

Co-Chair Stedman clarified that the fiscal note had been updated.

Co-Chair Stedman MOVED to report CSSB 103(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

Senator Wielechowski OBJECTED for discussion.

[10:37:22 AM](#)

Senator Wielechowski he thought if there was a change made to the way that the permanent fund was calculated, and if the statutory requirement that the corporation transfer funds from the ERA to the dividend fund were removed, a change should be made to the state constitution.

[10:37:57 AM](#)

Senator Wilson agreed with Senator Wielechowski.

[10:38:23 AM](#)

Senator Wielechowski MAINTAINED his objection.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Bishop, Hoffman, Stedman, von Imhof
OPPOSED: Wielechowski

The motion carried (5/1).

CSSB 103(FIN) was REPORTED out of committee with one "do pass" recommendation, and four "amend" recommendations and with one new indeterminate fiscal note from the Senate Finance Committee for the Department of Revenue.

[10:38:59 AM](#)

AT EASE

[10:42:00 AM](#)

RECONVENED

Co-Chair von Imhof explained that the bill had been previously heard on April 10th and 29th.

#sb104

SENATE BILL NO. 104

"An Act relating to an appropriation limit; relating to the budget responsibilities of the governor; and providing for an effective date."

[10:42:12 AM](#)

Co-Chair Stedman MOVED to ADOPT proposed committee substitute for SB 104, Work Draft 31-LS0804 (Wallace, 4/29/19).

Co-Chair von Imhof OBJECTED for discussion.

[10:43:18 AM](#)

JULI LUCKY, STAFF, SENATOR NATASHA VON IMHOF, noted that there was one substantive change and one technical change in the CS. The changes would not impact the fiscal note.

Ms. Lucky read from an Explanation of changes document (copy on file):

version: 31-LS0804\K

Changes appropriation limit to \$6.0 billion from \$5.0 billion [Page 1, line 13; conforming change page 3, line 11].

Technical correction deleting unnecessary language referencing the use of capital appropriations exceeding the cap in the calculation of the spending limit in subsequent years [Sec. 2].

version: 31-LS0804\U

An exception for capital spending is added. An amount equal to up to five percent of the total allowable spending under the cap can be spent on capital improvements outside the cap.

Technical corrections to two sections of the bill that do not change the intent:

- Spending cap is increased by the **cumulative** change in inflation [Page 1, line 13 through page 2, line 2].
- Debt exceptions are clarified [page 2 lines 5-7 and 19-20].

[10:44:35 AM](#)

Senator Micciche asked whether the bill allowed additional spending on capital in years where there were extra funds and there was additional need for spending.

Ms. Lucky clarified that the bill put in place an appropriation limit of \$6 billion. The capital appropriations language would allow an exception for an amount up to 5 percent of the \$ 6 billion. It would allow an additional expenditure, not included in the cap, of 5 percent of the cap for the given year. Capital spending could be done under the cap as well and would be up to the legislature to decide.

[10:46:15 AM](#)

Senator Micciche asked why the cap went so far above current UGF spend.

CAROLINE SCHULTZ, STAFF, SENATOR NATASHA VON IMHOF, stated that after discussions on SB 103 and SB 104 the previous day in committee, it was considered that the \$5 billion appropriation limit was inadequate. She referenced updated spreadsheets entitled "Unrestricted General Fund short-term budget expectation (1.5 percent inflation)," (copy on file). She clarified that the spreadsheets considered three scenarios: PFD: Surplus to dividend, PFD: 50 percent of POMV, and PFD: Current statutory PFD.

[10:48:06 AM](#)

Senator Micciche summarized that because the bill chose to have the dividend inside of the cap, a realistic probability was that the 5 billion cap would be impossible. He added that even \$6 billion would require prudent spending in the future to remain within the cap.

Ms. Schultz agreed. She added that the second spreadsheet reflected a 50 percent POMV split. Under that calculation for the dividend the cap only allowed an additional \$56 million.

[10:48:59 AM](#)

Co-Chair von Imhof added that the cap would come into play when the state's cash flow increased significantly. She thought that the cap would put pressure to keep spending down. She emphasized that the state did not have to spend

to the cap and could put money into savings. She pondered the purpose of a cap and thought that it was to keep spending down when cashflow was high.

[10:50:30 AM](#)

Senator Micciche appreciated Co-Chair von Imhof's comments. He thought it was unfortunate that the spending cap did not help in the present but would in the future. He asked about the cumulative change in inflation. He asked whether the calculation used the 5-year lagging CPI average.

Ms. Schultz replied in the affirmative. She explained that the clarifying language was intended to emphasize that the 5-year moving average for inflation would be added in subsequent years.

[10:51:58 AM](#)

Co-Chair Stedman looked at row 'T' on page two of the spreadsheet document. He thought that the numeric needed to be changed from "5" to "6."

Ms. Schultz affirmed that the change should be made. She said she would make the change and redistribute. She clarified that the math was still correct.

[10:52:52 AM](#)

Co-Chair von Imhof WITHDREW her objection.

[10:53:10 AM](#)

Senator Wilson OBJECTED for discussion. He spoke to his objection. He shared that he was in favor of removing the dividend from the cap altogether.

[10:54:21 AM](#)

Senator Micciche thought the PFD being inside of the cap signified taking no position on the PFD but highlighted the total amount that would need to be accounted for at payout. He relayed that he did not have a problem with having the PFD inside the cap.

Ms. Schultz agreed with Senator Micciche.

10:55:43 AM

Senator Hoffman agreed with Senator Wilson. He thought the amount of the PFD and the attention the dividend received ensured that it would be a subject of attention for future years. He believed that for the legislature to put the dividend within a spending limit weakened the spending limit because the limit would be ignored. He said that the number one reason that the spending limit would not be adhered to would be because it would be restricted by whatever level the dividend was set.

10:57:51 AM

AT EASE

10:59:28 AM

RECONVENED

Co-Chair von Imhof reminded the committee that Senator Wilson had objected to adopting the CS.

Senator Wilson WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

Co-Chair von Imhof set the bill aside.

SB 104 was HEARD and HELD in committee for further consideration.

Co-Chair von Imhof discussed housekeeping. She noted that the 1:30 PM meeting would be Delayed to the Call of the Chair following floor session.

#

ADJOURNMENT

11:00:31 AM

The meeting was adjourned at 11:00 a.m.