

SENATE FINANCE COMMITTEE  
March 19, 2020  
9:00 a.m.

[9:00:41 AM](#)

CALL TO ORDER

Co-Chair von Imhof called the Senate Finance Committee meeting to order at 9:00 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

PRESENT VIA TELECONFERENCE

John Sweeney, Chief Financial and Administrative Officer, City and Borough of Sitka, Sitka; Marilyn Menish-Meucci, Self, Petersburg; Brian Merritt, Self, Wrangell; David Beebe, Self, Petersburg; Jeffrey Short, Juneau School Board, Juneau; Joel Jackson, President, Organized Village of Kake; Malena Marvin, Self, Petersburg; Robert Purcell, KBBi Radio, Homer; Gary Paxton, Mayor of Sitka, Sitka; Elizabeth Medicine Crow, Self, Anchorage; Adam Davis, Self, Kake; Tommy Glanton, Chief Clinical Officer, Seaview Community Services, Seward; Marla Howard, Self, Kake; Rebecca Knight, Self, Petersburg; Dianna Carbonell, Self, Homer; Christine Bitterman, City Clerk, City of Kake; Terry Haines, Self, Kodiak; Douglas Pengilly, Self, Kodiak; Deborah Potter, Self, Skagway; Scott Meszarous, City Manager, Seward; Rachel Lord, Self, Homer; Herman Morgan,

Self, Aniak; Charity Pomeroy, Self, Skagway; Della Cheney, Self, Juneau; Bridget Weiss, Superintendent, Juneau School District, Juneau; Jeff Meucci, Self, Petersburg; Phillip Moser, Self, Juneau; Rudy Bean, Self, Kake; Penny Vadla, Board President, Kenai School District, Kenai; Jody Tow, Finance Director, Petersburg Borough, Petersburg; Pat Branson, Mayor of Kodiak, Kodiak; Mark Larsen, Self, Skagway; Carrie Harris, Self, Anchor Point; Scott Arndt, Kodiak Island Borough, Kodiak; Lloyd Davis, Mayor, Kake; Sharon Hunter, Self, Petersburg; Kaitlyn Jareg, Self, Skagway; Paul Kelly, Juneau Board of Education, Juneau; Joy Baker, Self, Nome;

SUMMARY

SB 154      APPROP: CAPITAL; SUPP; OTHER APPROP.

SB 154 was HEARD and HELD in committee for further consideration.

CSHB 205(FIN)(Corrected) am(brf sup maj fld)  
APPROP: OPERATING BUDGET/LOANS/FUNDS

CSHB 205(FIN) was HEARD and HELD in committee for further consideration.

Co-Chair von Imhof explained that the committee would be hearing public testimony on the operating budget. She discussed the parameters for offering testimony.

#sb154

#hb205

SENATE BILL NO. 154

"An Act making appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

CS FOR HOUSE BILL NO. 205(FIN)(Corrected) 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; making

supplemental appropriations; and providing for an effective date."

^PUBLIC TESTIMONY: KETCHIKAN, WRANGELL, PETERSBURG, SITKA, KENAI, SEWARD, VALDEZ, HOMER, CORDOVA

[9:01:42 AM](#)

Co-Chair von Imhof OPENED public testimony.

JOHN SWEENEY, CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER, CITY AND BOROUGH OF SITKA, SITKA (via teleconference), spoke in support of school bond debt reimbursement. He discussed the unprecedented nature of the health crisis of the COVID-19 pandemic. He commented on the importance of the tourism industry for the economy in Southeast Alaska. He lamented that the loss of local tax revenue would result in communities being unable to pay school bond debt service. He asserted that Southeast Alaska and other parts of the state would rely on the government for support to meet the basic needs of Alaskans. He emphasized the need for support through school bond debt reimbursement, the Community Assistance Program, and the Alaska Marine Highway System (AMHS).

[9:04:43 AM](#)

MARILYN MENISH-MEUCCI, SELF, PETERSBURG (via teleconference), testified in support of fully funding the AMHS and public radio. She discussed the adverse effects of being without ferry service. She discussed the importance of public radio for providing updates on COVID-19 virus. She supported funding for the University and public schools. She supported a state income tax and a small permanent fund dividend (PFD).

[9:05:43 AM](#)

BRIAN MERRITT, SELF, WRANGELL (via teleconference), supported not paying a PFD in the current year, but rather using it for social programs such as food stamps. He supported full funding for the AMHS. He thought that barge and ferry systems would be necessary to keep the state in operation. He discussed the need for ferry service for the fisheries.

[9:07:08 AM](#)

DAVID BEEBE, SELF, PETERSBURG (via teleconference), urged the committee to take a triage approach to the budget for the highest and best use of the state's limited resources. He mentioned the Katlian Bay Road in Kake road project, which he did not think was necessary at this time. He thought the social safety net had already been eviscerated. He stressed the importance of the AMHS. He hoped there would be a process through which the state could reappropriate the Kake road funds for the highest and best use.

Co-Chair von Imhof mentioned that Senator Bishop, Senator Olson, Senator Wielechowski, and Senator Wilson had joined the meeting.

[9:10:18 AM](#)

JEFFREY SHORT, JUNEAU SCHOOL BOARD, JUNEAU (via teleconference), supported an increase to the Base Student Allocation (BSA). He emphasized that the legislature had a constitutional duty to support public education. He discussed the adverse effects of past cuts to education and expressed concern that funding for education was not keeping up with inflation.

[9:12:50 AM](#)

JOEL JACKSON, PRESIDENT, ORGANIZED VILLAGE OF KAKE (via teleconference), requested that the committee repeal the unexpected balance of the 2012 Kake Road Project. He referenced a poll in Kake in which 217 people in Kake opposed the road, and 27 supported the road, with 24 people undecided. He stated that the people of Kake wanted to protect its traditional hunting and gathering area. He referenced a letter from the city of Kake to the governor in support of the road and maintained that the larger community was strongly opposed to the road. He urged that the funds be used for another purpose such as education or the AMHS. He listed the myriad of ways the AMHS was vital to rural communities.

[9:15:46 AM](#)

MALENA MARVIN, SELF, PETERSBURG (via teleconference), spoke in support of the AMHS and re-directing Kake Road Project funds. She operated a direct-market seafood company. She echoed the testimony of the previous speaker. She urged the

committee to listen to the people about the road project. She supported full funding for the AMHS. She thought the Kake road project had been shelved because it was not the best use of funds. She believed that the state should govern from a place of consensus and not controversy.

[9:18:37 AM](#)

ROBERT PURCELL, KBBI RADIO, HOMER (via teleconference), supported full funding for public radio. He spoke to his experience in emergency response and had seen the important role played by public radio. He discussed the importance of public radio providing critical information in times of emergency. He relayed that the radio station had a formal agreement with the City of Homer to provide emergency information to the community. He relayed the radio station provided updates on community response to the COVID-19 virus, which he thought was important for addressing needs at the community level. He summarized that public radio was critical at the state and local levels.

[9:21:22 AM](#)

GARY PAXTON, MAYOR OF SITKA, SITKA (via teleconference), testified in support of school bond debt reimbursement, community assistance, and full funding for the AMHS. He stressed that full funding for AMHS should be a priority.

Co-Chair Stedman requested that Mayor Paxton compose a letter summarizing the potential economic impacts of a downturn in fisheries and reduced cruise ship tourism. He offered a brief background of Mr. Paxton.

Mr. Paxton stated the City of Sitka was drafting a letter to provide to the legislature.

[9:23:59 AM](#)

ELIZABETH MEDICINE CROW, SELF, ANCHORAGE (via teleconference), spoke in support of repealing the remaining appropriation for the 2012 Kake Road Project. She was from the community of Kake and worked in Anchorage. She believed that the funds could be better utilized for transportation needed and wanted by the community. She thought the AMHS was incredibly important to Kake and other coastal communities. She considered that the road project was controversial and should be tabled for the time being.

She stressed that the committee should to listen to the people of Kake and Petersburg.

[9:26:04 AM](#)

ADAM DAVIS, SELF, KAKE (via teleconference), supported the Kake Road Project. He stated that the community of Kake needed economic opportunity and believed that the road would provide more economic options. He supported funding the AMHS.

[9:26:58 AM](#)

TOMMY GLANTON, CHIEF CLINICAL OFFICER, SEAVIEW COMMUNITY SERVICES, SEWARD (via teleconference), supported increased capital funding for mental health and substance use disorder treatment. He was a licensed clinical social worker. He expressed significant concern regarding the underserved population in his area during the COVID-19 outbreak. He thought with increased mental health stress there would be need for additional services and physical capacity.

[9:28:29 AM](#)

MARLA HOWARD, SELF, KAKE (via teleconference), testified in support of reappropriating Katlian Bay Road Project funds. She discussed the cost of maintaining the road. She asked that the \$40 million be put towards the AMHS. She thought some residents wanted economic growth, but she did not support the road at the cost of the community's way of life.

[9:30:28 AM](#)

REBECCA KNIGHT, SELF, PETERSBURG (via teleconference), supported repealing the remaining appropriation for the Katlian Bay Road Project. She thought there were many more important needs for which the funding could be used.

[9:31:22 AM](#)

DIANNA CARBONELL, SELF, HOMER (via teleconference), spoke in support of funding for public radio. She appreciated the timely and accurate information provided by public radio. She thought it was important to keep citizens informed. She

supported additional revenue measures such as a broad-based tax.

[9:32:36 AM](#)

CHRISTINE BITTERMAN, CITY CLERK, CITY OF KAKE (via teleconference), supported the Katlian Bay Road Project. She was not aware of a petition that was put forth by the city.

[9:33:19 AM](#)

TERRY HAINES, SELF, KODIAK (via teleconference), spoke in support of additional funding for the AMHS and public radio. He supported funding the Community Assistance Program. He supported funding for coastal communities during the COVID-19 crisis. He supported school bond debt reimbursement. He pointed out that school bond debt reimbursement did not affect all communities in the same way. He thought there should be a reasonable oil tax system that would provide dependable revenue. He supported a broad-based tax.

[9:35:51 AM](#)

DOUGLAS PENGILLY, SELF, KODIAK (via teleconference), supported funding for public radio at the level proposed by the House, or higher. He discussed the importance of public radio in remote areas, specifically during a health crisis. He discussed isolation during the global pandemic, and the importance of public radio. He believed that now was not the time to rely on the public for funding as many people have lost their jobs due to COVID-19.

[9:38:38 AM](#)

DEBORAH POTTER, SELF, SKAGWAY (via teleconference), testified in support of full funding for public radio and the AMHS. She thought the COVID-19 pandemic had showcased the public safety role that public radio played in Alaska life. She noted there had been a special city meeting that had been livestreamed in her community. She discussed the importance of public radio in the community, for disseminating up to date important information during mandatory social isolation. She expressed support for AMHS.

[9:40:26 AM](#)

SCOTT MESZAROUS, CITY MANAGER, SEWARD (via teleconference), testified in support of additional capital funding for additional bed capacity for opioid and drug rehabilitation. He thanked the committee for its work. He supported closing airport operations save for freight. He noted that the Alaska Sea Life Center was shut down and had been severely impacted economically.

[9:42:12 AM](#)

RACHEL LORD, SELF, HOMER (via teleconference), testified in support of community assistance and bong debt reimbursement. She was on the Homer City Council. She supported funding for community jails and the court system, public broadcasting, K-12 education, the university, healthcare, road maintenance, and AMHS. She discussed the importance of continuity in education.

[9:44:20 AM](#)

HERMAN MORGAN, SELF, ANIAK (via teleconference), testified in support of a PFD payback as proposed by the governor. He spoke in support of an austere budget. He discussed the importance of the PFD. He did not think the state could afford Medicaid for all. He thought the legislature was going the wrong way regarding the budget.

[9:47:08 AM](#)

CHARITY POMEROY, SELF, SKAGWAY (via teleconference), urged the committee to fully fund public radio. She discussed the importance of public radio in Skagway and described it as a lifeline. She stressed that many did not have reliable internet in their homes. She thought public radio was additionally important during the isolation required by the COVID-19 pandemic.

[9:48:30 AM](#)

DELLA CHENEY, SELF, JUNEAU (via teleconference), supported funding for the AMHS. She opposed the road from Kake to Petersburg. She pointed out that the journey would require a ferry for part of the trip. She noted that there was a new ferry terminal in Kake. She urged the legislature to support the AMHS.

[9:50:01 AM](#)

BRIDGET WEISS, SUPERINTENDENT, JUNEAU SCHOOL DISTRICT, JUNEAU (via teleconference), spoke in support of funding for education. She thought there had been an absence of voices in education over the past week because of the COVID-19 pandemic. She emphasized the need for major maintenance funding for districts. She stated that at times it was possible for the Juneau School District to supplement with funds, and she noted the deep impact of the local economy due to the pandemic would make funds scarce. She discussed increasing needs from utility costs and salaries. She explained that flat funding was a reduction in funding because of increasing costs. She anticipated that schools would be closed for an extended time because of the pandemic and encouraged funding to support districts through this difficult time.

[9:52:44 AM](#)

JEFF MEUCCI, SELF, PETERSBURG (via teleconference), spoke in support of public radio. He expressed concern about his community's preparedness for the COVID-19 pandemic. He was on the borough assembly. He said that the Raw Fish tax was very important to Petersburg. The local radio station had been providing updates from the hospital. He discussed the Katlian Bay Road Project and suggested that the remaining project funds be redirected for issues related to the pandemic.

[9:55:20 AM](#)

PHILLIP MOSER, SELF, JUNEAU (via teleconference), testified in support of funding for public radio and the AMHS. He did not support continued funding for the Katlian Bay Road Project. He discussed his past use of the ferry system. He thought the Kake road was a waste of funds that could be used elsewhere for existing infrastructure.

[9:58:00 AM](#)

RUDY BEAN, SELF, KAKE (via teleconference), supported funding the Katlian Bay Road Project. He thought the road was important for the survival of the community. He cited economic growth and affordable electricity as benefits of the road. He supported the Department of Transportation and Public Facilities 50-50 grant program. He hoped the allocation could be increased to \$2 million.

[10:00:07 AM](#)

Co-Chair von Imhof handed the gavel to Senator Hoffman.

PENNY VADLA, BOARD PRESIDENT, KENAI SCHOOL DISTRICT, KENAI (via teleconference), testified in support for increased funding for public education. She worried that the community would not be able to retain teachers due to lack of adequate resources. She believed that funding education was the most important issue in the state and strongly supported continued and increased funding for education. She expressed concern for the consequences that would result without the promised \$30 million in education funding.

[10:02:19 AM](#)

JODY TOW, FINANCE DIRECTOR, PETERSBURG BOROUGH, PETERSBURG (via teleconference), testified in support of full funding for municipal debt reimbursement and community assistance. She described the ways in which the school bonds had improved the community and hoped that the state would honor its commitment to communities by providing school debt reimbursement.

[10:04:17 AM](#)

PAT BRANSON, MAYOR OF KODIAK, KODIAK (via teleconference), hoped that the state would help to financially support local governments. She noted that her community had the largest community jail in the state and hoped that funding could be increased by \$3 million. She supported funding for the AMHS.

[10:05:35 AM](#)

Co-Chair von Imhof took back the gavel.

[10:05:56 AM](#)

MARK LARSEN, SELF, SKAGWAY (via teleconference), supported funding for public radio. He discussed the importance of public radio for smaller Alaskan communities. He stressed that public radio was critical for small communities. He believed that public radio was crucial for the dissemination of real and fact-based news.

[10:08:04 AM](#)

Senator Hoffman understood the importance of public radio. He shared that the funding in the current budget contained funding equal to FY 19 numbers. A combined total of approximately \$2.7 million.

[10:09:03 AM](#)

Co-Chair Stedman interjected that budget subcommittees were hard at work on the issue of funding for public radio.

Co-Chair von Imhof added that the senate had increased the house numbers in the current version of the operating budget.

[10:10:40 AM](#)

CARRIE HARRIS, SELF, ANCHOR POINT (via teleconference), wanted the current budget thrown out and for the process to begin again. She lamented that the PFD had been stolen from the Alaskan people. She named her budget priorities and referred to the committee members as "thieves".

[10:11:56 AM](#)

[10:12:29 AM](#)

AT EASE

[10:12:49 AM](#)

RECONVENED

SCOTT ARNDT, KODIAK ISLAND BOROUGH, KODIAK (via teleconference), supported full funding for school bond debt reimbursement. He echoed the comments of previous testifiers on the matter. He warned against cost shifting to municipalities and boroughs. He felt that considering the recession spurred by COVID-19, funding should be restored to previous levels. He urged support for the AMHS.

[10:14:53 AM](#)

LLOYD DAVIS, MAYOR, KAKE (via teleconference), testified in support of funding for the AMHS. He supported the Katlian Bay Road Project. He thought increased infrastructure would provide for economic growth and employment. He discussed the various ways that the road would improve the community. He lamented that it was expensive to travel from Kake and

the road would alleviate much of that expense. He felt that the petition that had been generated in the community was invalid.

[10:18:57 AM](#)

SHARON HUNTER, SELF, PETERSBURG (via teleconference), urged the committee to include adequate funding for the AMHS and public radio. She thought public radio was crucial during the COVID-19 pandemic. She supported a reduced PFD. She supported a broad-based income tax.

[10:20:44 AM](#)

KAITLYN JAREG, SELF, SKAGWAY (via teleconference), supported additional funding for public radio and the AMHS.

[10:21:14 AM](#)

PAUL KELLY, JUNEAU BOARD OF EDUCATION, JUNEAU (via teleconference), supported additional funding for education. He supported additional funding for the AMHS. He supported allowing the moratorium on school bond debt to expire. He thanked the legislature for the additional \$30 million in education funding, which resulted in \$1 million for the Juneau School District. He asserted that teachers, staff and administration worked harder with less funding each year. He supported increasing the BSA. He was a student at the University of Alaska Southeast. He was concerned that cuts to University were not sustainable. He supported a sustainable source of state revenue.

[10:23:44 AM](#)

JOY BAKER, SELF, NOME (via teleconference), spoke in support of the completion of the design of the Arctic Deep-Draft Port. She continued that the city had assisted the Army Corps of Engineers, which had finalized a plan to submit to congress. She thought that the state was behind the curve in designing a deep-water port in the Arctic to support national and security fleets. She spoke to the timeline of design and construction.

[10:26:32 AM](#)

Senator Olson referenced the deep-water port funding and understood that the requested amount was \$3.2 million. He

asked how far that requested amount would carry the project.

Ms. Baker stated that the funds would complete the design and likely forward the project to the bidding phase for construction.

SB 154 was HEARD and HELD in committee for further consideration.

CSHB 205(FIN)(Corrected) am(brf sup maj fld) was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

10:28:05 AM

The meeting was adjourned at 10:28 a.m.