

SENATE FINANCE COMMITTEE  
March 20, 2020  
3:37 p.m.

[3:37:51 PM](#)

CALL TO ORDER

Co-Chair von Imhof called the Senate Finance Committee meeting to order at 3:37 p.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

Pete Ecklund, Staff, Senator Bert Stedman.

PRESENT VIA TELECONFERENCE

SUMMARY

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

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

[3:38:19 PM](#)

RECESSED

[5:35:58 PM](#)

RECONVENED

[Co-Chair von Imhof handed the gavel to Co-Chair Stedman.]

#hb205

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."

[5:36:02 PM](#)

Co-Chair von Imhof informed that the committee would consider the operating budget and a good portion of the capital expenditures.

Co-Chair von Imhof MOVED to ADOPT proposed committee substitute for CSHB 205(FIN)(Corrected) am(brf sup maj fld), Work Draft 31-GH2197\0 (Bruce, 3/20/20).

Co-Chair Stedman OBJECTED for discussion.

[5:37:04 PM](#)

PETE ECKLUND, STAFF, SENATOR BERT STEDMAN, addressed the document "2020 Legislature - Operating Budget; Agency Summary - Senate Structure" (copy on file). He noted that the report would be posted online at the Legislative Finance Division webpage.

Mr. Ecklund commented that in general, the last official action the committee had taken was to adopt "CS Zero" which was the governor's proposed budget. He explained that the current cs was the same document, rearranged in the style of Legislative Legal and Legislative Finance. He shared that he would describe some of the high-level changes.

Mr. Ecklund addressed Column 3-1 on page 1 of the document, "2020 Legislature - Operating Budget Agency Summary - Senate Structure" (copy on file), which showed total agency

spending for the senate version at approximately \$43 million above the governor's amended budget, and roughly \$59 million once Statewide Items were added. He estimated that roughly half of the Capital Budget proposed by the governor was in the current CS. He specified that the Federal Highway Aid Match was included.

Mr. Ecklund noted that Report F, "2020 Legislature - Capital Budget Agency Summary - Senate Structure", reflected unrestricted general fund (UGF) spending at approximately \$89 million, roughly half of the figure proposed by the governor.

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Co-Chair Stedman clarified that there was no intent to delete the other half of the Capital Budget. He commented that the legislature was constrained for time and would return in the summer or fall when it was safe to address the other portion of the capital budget and other financial necessities.

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Mr. Ecklund added that normally there was a subcommittee closeout process; which had been truncated because of the COVID-19 virus outbreak. He reiterated that greater detail could be found after the meeting on the Legislative Finance Division website.

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Mr. Ecklund noted the CS put the entire percent of market value (POMV) draw of \$3.1 billion from the Permanent Fund into the General Fund. He related that the original bill had split the amount up with \$2 billion going to the Permanent Fund Dividend (PFD) and \$1 billion going to the General Fund. The CS did not contain inflation-proofing from the Earnings Reserve Account into the corpus. He noted that the legislature had previously deposited \$4 billion into the corpus of the fund to satisfy inflation proofing for the next 4 fiscal years.

Mr. Ecklund continued that under the Department of Commerce, Community and Economic Development (DCCED), the appropriation for Power Cost Equalization (PCE) had been amended, based on the new estimated PCE costs. The CS

removed a \$2.8 million appropriation, based on the balance of the Capstone Avionics fund, and moved the funds to the Alaska Marine Highway System (AMHS) fund. He furthered that in the Department of Health and Social Services (DHSS), the \$9.3 million appropriation to the Alaska Psychiatric Institute (API) had been moved from the language section to the numbers section of the bill.

Mr. Ecklund detailed that the CS contained was open-ended federal receipt authority for Medicaid. He knew that the United States Congress was reacting to the COVID-19 virus and the addition was in response to their action.

Mr. Ecklund continued to give a high-level overview of the CS. He related that open-ended receipt authority had been added in the Department of Labor and Workforce Development (DOL&WD) for Unemployment Insurance and Workforce Services to ensure the ability to accept federal receipts.

Mr. Ecklund noted the Reclamation Interest Bond appropriation had been changed to a single-year appropriation. He added that \$5 million related to fire risk reduction had been moved from the Capital Budget language section to the to the numbers section. He said that an appropriation for special license plate fees had been added to the Department of Military and Veterans' Affairs (DMVA) to fund maintenance of Veterans' memorials. He stated that the authority to issue revenue anticipation notes had been removed from the debt section of the bill. He shared that \$2.4 million UGF had been added in Municipal Debt Reimbursement and the School Bond Debt Reimbursement had been increased to 100 percent of the required formula, totaling \$101 million. He said that \$55 million in debt service for Oil Tax Credit Bonds had been removed. He explained that in Federal and Other Program Receipts language had been clarified to give the Division of Legislative Budget and Audit authority to approve request for proposals (RPL).

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Mr. Ecklund noted that under fund capitalizations, the appropriation for the PCE fund earnings had been adjusted to move \$30 million to the Community Assistance Program. There had been enough in the PCE fund to pay all PCE costs and fund \$30 million to the Community Assistance Program.

Mr. Ecklund stated that an appropriation of \$100,000 had been added to Department of Motor Vehicles (DMV) receipts to the Abandoned Motor Vehicle fund. The REA fund contribution had been increased to 100 percent to match the increase in School Bond Debt Reimbursement, a new total of \$36.7 UGF. He said that the fund transfer for the Passenger Gambling Tax had been moved to the Capital Income Fund. He relayed that the location of the Department of Fish and Game (DF&G) Revenue Bond Redemption Fund balance had been corrected in the legislation. He noted that salary and benefit adjustments reflected the approved contract for firefighters.

Mr. Ecklund noted that there was short-term borrowing language added to the bill, as well as deficit-filling language to cover all the appropriations in the CS.

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Senator Wielechowski asked about the PFD.

Co-Chair Stedman stated that the dividend was not in the bill. The committee would address the matter at a later date.

[5:47:48 PM](#)

AT EASE

[5:48:18 PM](#)

RECONVENED

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, Work Draft 31-GH2197\O was ADOPTED.

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

Co-Chair Stedman informed that the bill and accompanying documents would be posted to BASIS under HB 205.

Co-Chair von Imhof relayed that the meeting the following day would consider the economic impacts of COVID-19. There would be multiple stakeholders available for testimony and committee questions.

Co-Chair Stedman noted that the administration had brought forward amendments pertaining to the state's response to

the virus. The amendments would be considered at a later date.

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ADJOURNMENT

5:50:35 PM

The meeting was adjourned at 5:50 p.m.