

31ST ALASKA STATE LEGISLATURE
SECOND SESSION
CONFERENCE COMMITTEE ON HB 205
March 27, 2020
9:04 a.m.

9:04:46 AM

CALL TO ORDER

Chair Stedman called the Conference Committee meeting on HB 205 to order at 9:04 a.m.

MEMBERS PRESENT:

House:

Representative Neal Foster, Vice-Chair
Representative Jennifer Johnston
Representative Cathy Tilton

Senate:

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

MEMBERS ABSENT

None

ALSO PRESENT:

Pat Pitney, Director, Legislative Finance Division.

SUMMARY

HB 205 APPROP: OPERATING BUDGET/LOANS/FUNDS

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

#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."

SENATE CS FOR CS FOR HOUSE BILL NO. 205(FIN) am S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; making capital appropriations, supplemental appropriations, and reappropriations; making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; 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."

9:05:26 AM

Chair Stedman noted that the committee would be addressing open items in HB 205 based on the motion sheets distributed to members and dated March 27th on the following:

- Department of Public Safety
- Fiscal Year 2020 Supplemental
- Permanent Fund
- Debt Service

Chair Stedman invited Pat Pitney, Director of the Legislative Finance Division to join the committee at the table.

9:05:52 AM

^DEPARTMENT OF PUBLIC SAFETY:

Vice-Chair Foster MOVED to ADOPT the following in the Department of Public Safety's budget:

Item 1	Open
Item 2	Senate
Item 3	House
Item 4	Senate
Item 5	Senate
Item 6	House
Item 7	House
Item 8	House
Item 9	Senate

Item 10 Senate
Item 11 Senate
Item 12 Senate
Item 13 Senate
Item 14 Senate
Item 15 Senate
Item 16 House

There being NO OBJECTION, it was so ordered. This action CLOSED Item 2 through Item 16 in the Department of Public Safety's budget.

[9:07:14 AM](#)

^DEBT SERVICE:

Vice-Chair Foster MOVED to ADOPT the following supplemental items:

Item 3 Senate

There being NO OBJECTION, it was so ordered. This action CLOSED all items in the conferenceable debt service items.

[9:07:36 AM](#)

PERMANENT FUND:

Vice-Chair Foster MOVED to ADOPT the following permanent fund items:

Item 1 Open
Item 2 House
Item 3 House

Representative Tilton OBJECTED to Item 2.
Representative Tilton OBJECTED to Item 3.

Representative Tilton stated that Item 2 and Item 3 were linked. She spoke to her objection on Item 2 and Item 3. She summarized that the items would provide inflation-proofing from the Earnings Reserve Account into the corpus of the Permanent Fund. She stated that although she believed the fund should be inflation-proofed, she thought there had already been forward-funding with a \$4 billion transfer that would happen at the end of the fiscal year.

Chair Stedman affirmed that Item 2 and Item 3 were linked and he asked to address the items together.

Vice-Chair Foster explained that when the Alaska Permanent Fund Corporation (APFC) recently came to the House Finance Committee, it had made the recommendation that the legislature move forward to inflation proof the fund despite there being intent language for the \$4 billion transfer. He supported the inflation proofing and adopting the House numbers for Item 2 and Item 3.

Representative Johnston stated that Vice-Chair Foster addressed her concerns.

Chair Stedman supported inflation-proofing of the fund. He acknowledged a large cardboard depiction of a check to the Permanent Fund for \$4 billion on the shelf behind him in the committee room. He was concerned that there was significant interest in the legislative body to spend the ERA; and the only way to not access the funds was if it was in a corpus and there was a vote of the people. He supported adding \$1,055,600,000 to the corpus to protect it for future generations of Alaskans.

Senator Olson considered the \$4 billion transfer to the ERA and wondered if it was enough inflation proofing to protect the fund. He thought it was important to have the funds to use for legislative issues being considered. He thought funds put in the corpus were inaccessible and he thought the legislature could have access to whatever funds that were available in a time of emergency. He queried the committee to comment what flaw was in his thinking.

[9:12:13 AM](#)

Chair Stedman estimated that the funds only represented only one-eighth of the balance of the ERA. He recognized that the state was coming into hard times, but after liquidation of the state's savings accounts, he was concerned that the Permanent Fund would fall into the same financial abyss and get liquidated.

Senator Olson had been the Senate Finance Committee previously when Chair Stedman was the co-chair and had put large sums of billions of dollars into state savings. He wanted to thank Chair Stedman.

Representative Tilton was concerned with how fast the state was running through money and used the example of the Constitutional Budget Reserve. She did not want to see the monies from the ERA gone through quickly. She acknowledged that the state did have cash on hand as it once did, and she supported a constitutional spending limit to keep downward pressure on the budget.

Representative Tilton MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: von Imhof, Johnston, Stedman, Foster
OPPOSED: Olson, Tilton

The MOTION PASSED (4/2).

There being NO further OBJECTION, it was so ordered. The action CLOSED Item 2 and Item 3 for the Permanent Fund.

[9:15:07 AM](#)

^FISCAL YEAR 20 SUPPLEMENTAL ITEMS:

Vice-Chair Foster MOVED to ADOPT the following supplemental items:

Item 1 Senate, modified, delete "and development of economic opportunities for the state at the state and federal level"
Item 5 Senate

There being NO OBJECTION, it was so ordered. This action CLOSED all but one of the conferenceable supplemental items.

Chair Stedman informed that he would recess this meeting to the call of the chair, and that he wanted the committee to finish its work later in the day. He mentioned that the state continued to have residents around Southeast Alaska that were infected with the COVID-19 virus, and the committee would proceed expeditiously in an orderly fashion to bring the conference committee to resolution.

[9:17:21 AM](#)

RECESSED

[Chair Stedman adjourned the meeting at 7:01 p.m.]

#

ADJOURNMENT

7:01:14 PM