

HOUSE FINANCE COMMITTEE
April 28, 2022
2:32 p.m.

2:32:01 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 2:32 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen (via teleconference)
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Sorcha Hazelton, Staff, Representative Kelly Merrick; Senator Donny Olson, Sponsor; James Cockrell, Commissioner, Department of Public Safety; Tally Teal, Staff, Representative Kelly Merrick; Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Rob Carpenter, Deputy Commissioner, Department of Transportation and Public Facilities; Michael Partlow, Fiscal Analyst, Capital Coordinator, Legislative Finance Division.

PRESENT VIA TELECONFERENCE

Joel Hard, Director, Village Public Safety Officer Operations, Department of Public Safety; David Schade, Director, Division of Agriculture, Department of Natural Resources; Theresa Cross, Administrative Service Director,

Department of Natural Resources, Office of Management and Budget, Office of the Governor.

SUMMARY

HB 283 APPROP: CAP; REAPPROP; SUPP

HB 283 was HEARD and HELD in committee for further consideration.

CSSB 81(CRA)

VILLAGE PUBLIC SAFETY OFFICER GRANTS

HCS CSSB 81(FIN) was REPORTED out of committee with nine "do pass" recommendations and one "no recommendation" recommendations and with one previously published zero fiscal note: FN3 (DPS); and one previously published fiscal impact note: FN4 (DPS).

Co-Chair Merrick reviewed the meeting agenda.

#sb81

CS FOR SENATE BILL NO. 81(CRA)

"An Act requiring background investigations of village public safety officer applicants by the Department of Public Safety; relating to the village public safety officer program; and providing for an effective date."

[2:32:28 PM](#)

Co-Chair Merrick explained that the bill was companion legislation to HB 313 sponsored by Representative Zulkosky that was heard in committee on April 5, 2022, and when public testimony was taken.

Co-Chair Foster MOVED to ADOPT the proposed committee substitute for CSSB 81(CRA), Work Draft 32-LS0362\W (Radford, 4/22/22) (copy on file).

Co-Chair Merrick OBJECTED for discussion. She asked her staff to explain the changes in the committee substitute (CS).

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SORCHA HAZELTON, STAFF, REPRESENTATIVE KELLY MERRICK, explained the changes in the CS. She explained that in coordination with the sponsors of both bills the CS before the committee matched the House Special Committee on Tribal Affairs CS, version B bill previously heard by the committee. She added that both bills were substantively the same and there were no changes to what the committee had already heard.

Co-Chair Merrick WITHDREW her OBJECTION.

There being NO OBJECTION, the work draft was ADOPTED.

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Co-Chair Merrick indicated that Representative Wool joined the meeting.

SENATOR DONNY OLSON, SPONSOR, reiterated that the House and Senate bills were almost identical, and he supported the changes in the CS.

Representative Wool cited language in the bill on Page 7, lines 20 through lines 22 and read:

of a misdemeanor crime involving domestic violence unless 10 years have passed since the date of conviction, the conviction was not for an offense against and intimate partner, spouse, child..

Representative Wool asked for clarification of the passage regarding domestic violence.

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Senator Olson deferred the question to the Department of Public Safety (DPS).

JOEL HARD, DIRECTOR, VILLAGE PUBLIC SAFETY OFFICER OPERATIONS, DEPARTMENT OF PUBLIC SAFETY (via teleconference), replied that the bill contained restrictions on who was eligible based on previous convictions. He elaborated that the bill reflected the high standards of the program. He agreed that the bill prohibited anyone previously convicted of a felony, a sex offense, or a misdemeanor crime related to domestic violence. He indicated that the language was intended to

restrain the hiring of people with a specific criminal background.

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Representative Wool surmised that the provision would prohibit a person from passing a background check. He was not advocating on anyone's behalf; however, he recalled in past years based on public testimony that there had been difficulty finding people able to pass the background check. He deduced that other provisions in the bill would negate the 10 year timeframe and cause an applicant to be ineligible. He asked if it would be burdensome in some instances.

Co-Chair Merrick relayed that Representative Rasmussen had joined the meeting via teleconference.

Mr. Hard replied that the bill contained some relaxations of other misdemeanors with a five year limitation. He interpreted the bill and the history associated with the limitations as a recognition that Alaska had a serious problem with sexual and domestic violence; it was not the right place to lessen the standard for eligibility.

Representative Carpenter asked why a waiver needed to be granted in the circumstance. Mr. Hard responded that waivers were granted to access the criminal justice information system to obtain criminal records. He noted that there were restrictions by the Federal Bureau of Investigations (FBI) and the National Crime Information Center (NCIC) regarding who could access the information. Applying for a waiver from DPS was necessary to access the information. Representative Carpenter asked if waivers were currently regularly granted outside of the Village Public Safety Officer (VPSO) program with other officers or individuals within the department. Mr. Hard was unsure of the answer. He stated that similar waivers were necessary for other agencies, but he did not know the frequency of issuance.

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JAMES COCKRELL, COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, answered that the department had granted waivers for criminal justice information to other department members, and it was typically for a Driving Under the Influence

(DUI) conviction and other crimes. He related that he reviewed each case and circumstance in totality and followed guidelines. Representative Carpenter asked if it was typical for domestic violence. Commissioner Cockrell replied he had never granted a waiver for a domestic violence crime. He added that the state's domestic violence statutes were much broader than federal statutes and the state included many victims other than intimate partners in its domestic violence laws. Representative Carpenter deemed that the 10 year exception and the waiver spoke to a necessity. He asked if it was hard to find a candidate lacking a misdemeanor for domestic violence.

2:46:11 PM

Senator Olson interjected that it was difficult to recruit candidates. He mentioned the Northwest Arctic Borough and relayed that there were some recent tragedies, one where a family of four was killed in a fire. He stressed that not one VPSO was located in the area. He had put the bill forward aimed at recruitment and retention, which was a huge problem. Representative Carpenter understood domestic violence and sexual assault was a sensitive topic. He thought wavering on law enforcement officers caused a credibility problem. He thought the decision would have to be on a case by case basis. He stated that it made him uncomfortable. Senator Olson replied that it was on a case by case basis, and the commissioner significantly scrutinized the request.

Representative Edgmon shared that he had served on the working group that preceded the legislation and had extensive knowledge of the program. He provided context to the provision. He confirmed that it was very difficult to hire VPSOs and the best officers know the community well and had ties to the culture and people in the village. He noted that VPSOs responded to all kinds of issues and not just law enforcement. He understood that the language was for the very rare occasion where the situation may occur. He viewed it as an additional tool in the toolbox where there were not enough tools because the state did not have the ability to recruit and retain enough VPSOs. It was his understanding that the waiver would be used sparingly if at all. He hypothesized that a candidate could have committed the crime when he was young, and alcohol might have been involved. It is possible that in ten years the individual had turned their life around. He stated that in that

context the provision was acceptable to him, but he understood others' concerns.

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Senator Olson believed Representative Edgmon had hit the nail on the head with his remarks. He commented that people were all human and he was thankful people had the ability to redeem themselves and move forward. He felt blessed that his community of Golovin had the same VPSO for years and White Mountain had a VPSO for 35 years, but it was the rare exception.

Commissioner Cockrell relayed that the bill gave the department significantly more flexibility to manage the VPSO program than in the past. He stated that if and when he issued a waiver, he took it personally because he was accountable for the decision. He agreed that if a person committed domestic violence or other crimes at the age of 19 and many years later, they were good citizens it did not make sense to continually regard them as ineligible. He stated that the ultimate objective of the bill was to grant the department more flexibility when working together with the program. He felt that the department was married to the VPSO program.

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Co-Chair Merrick appreciated that Commissioner Cockrell acknowledged that the responsibility was on his shoulders.

Representative LeBon asked if there had been restrictions on hiring a person who had used marijuana for a state trooper position. Commissioner Cockrell responded in the affirmative and stated that restrictions on drug use still existed for state troopers in relation to how long ago the use occurred. He recalled that the restriction for marijuana use was 5 years. Representative LeBon referenced the legalization of marijuana. He asked about the policy for marijuana use for VPSOs or interested trooper candidates. Commissioner Cockrell answered that if a person worked at a marijuana facility, under federal law they could potentially be banned from serving as a law enforcement officer. He was uncertain of the answer pertaining to current practices. Representative LeBon asked if state trooper and VPSO candidates were subject to a lie

detector test. Commissioner Cockrell replied that only state troopers were tested.

Representative Wool was in support of the ability for the department to issue waivers. He believed the flexibility was beneficial if used with discretion. He asked if the department had a policy pertaining to domestic violence. He wondered whether an officer who committed a sexual or domestic violence crime was terminated. Commissioner Cockrell answered that it depended on the circumstances. He relayed that troopers were under a labor agreement. The troopers were initially suspended until the investigation was completed. He was aware of troopers losing their job due to domestic violence.

[2:57:25 PM](#)

Co-Chair Merrick OPENED public testimony.

Co-Chair Merrick CLOSED public testimony.

Co-Chair Foster MOVED to REPORT HCS CSSB 81(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

HCS CSSB 81(FIN) was REPORTED out of committee with nine "do pass" recommendations and one "no recommendation" recommendations and with one previously published zero fiscal note: FN3 (DPS); and one previously published fiscal impact note: FN4 (DPS).

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AT EASE

[3:01:56 PM](#)

RECONVENED

#hb283

HOUSE BILL NO. 283

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

3:02:00 PM

Co-Chair Merrick reviewed the intent for the meeting.

Co-Chair Foster MOVED to ADOPT the proposed committee substitute for HB 283, Work Draft 32-GH2436\I (Dunmire, 4/27/22)(copy on file).

Co-Chair Merrick OBJECTED for discussion. She asked her staff to review the changes in the Committee Substitute (CS).

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TALLY TEAL, STAFF, REPRESENTATIVE KELLY MERRICK, explained the changes in the CS. She referenced budget reports A through E generated by the Legislative Finance Division (copy on file) and described their contents. She referenced an additional document titled "Summary of Changes - HB 283, Version A to Version I" (copy on file). She pointed to the Fiscal Summary on page 1 and reported that the Unrestricted General Funds (UGF) total was roughly \$707 million, and the total spend for FY 2022 and FY 2023 was \$3.1 billion. She turned to the Modifications to Governor's Budget beginning in page 1:

Replaced CSLFRF with UGF as a fund source

- Rejected
 - o Voice of the Arctic Inupiat
 - o Food Security Agriculture Incentive Grant Program (split into several appropriations)
 - o Cook Inlet Petroleum Potential
 - o Alaska Psychiatric Institute Wireless Infrastructure Upgrade (moved to mental health budget)
 - o Arctic Fisheries
 - o Information Technology Security Program Assessment (moved to operating budget)
 - o Governor's proposal for school construction funding
 - School construction projects funded by REAA funding, including backpay, in operating budget
- Rejected/modified projects that used Coronavirus Capital Project Fund (CCPF)
 - o Health Record Infrastructure Improvements (DOH) (rejected)

- o Eagle River Fire Crew Facility (DNR) (rejected)
- o Student Information Technology Systems (UA) (modified- UGF funded)
 - Expanded Surface Transportation Plan and Airport Improvement Plan appropriations into allocations

Ms. Teal listed the governor's requested projects that were rejected in the CS. She delineated that the governor proposed using approximately \$72 million of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funding. The CS replaced the funds with UGF. She

[3:07:09 PM](#)

Co-Chair Foster asked about the statement the bill included changes "that we made." He asked if the CS reflected the Senate's version of the bill or if it included changes made in the House. Ms. Teal answered the changes had been made in the Senate and confirmed that it was the Senate's version of the CS.

Representative Carpenter asked if the original House bill included all the items requested by the governor in HB 283. Ms. Teal replied in the affirmative.

Representative Carpenter asked if voting to adopt the CS meant the committee accepted the Senate version. Co-Chair Merrick answered in the affirmative. She asked to hear Infrastructure Investment and Jobs Act (IIJA) changes.

Ms. Teal discussed the next section found on page 2, HB 414 Infrastructure Investment and Jobs Act (IIJA) bill changes:

- Moved Infrastructure Office and IT 24/7 Monitoring to operating budget
- Increased grant to Alaska Municipal League from \$500,000 to \$1,500,000 (page 34, line 18)
- Split Wildlife Management and Research appropriation to separately appropriate \$16,000,000 for Statewide Wildlife Game Surveys (Pittman-Robertson funds and Fish and Game funds) (page 38, line 23)
- Added \$30,000,000 to DOTPF-Alaska Marine Highway for planning and design of a mainline vessel replacement (page 9, line 24)
- Reduced UGF funding for the following projects from \$1,000,000 to \$250,000 each:

- o AGDC- Clean Hydrogen Research, Development, and Demonstration Opportunities (page 33, line 21)
- o AEA- Grid Modernization, Reliability, Resiliency, and Transmission Projects (page 33, line 24)
- o DNR- Carbon Technology Infrastructure Research Development and Demonstration Opportunities (page 40, line 24)
- o University- Mineral Security Projects: Rare Earth Mineral Security; Rare Earth Elements Demonstration Facility (page 45, line 23)
 - Removed federal authority for the previous four projects
 - AHFC Energy Programs Weatherization
- o Removed \$16,000,000 in hollow federal authority

Ms. Teal indicated that the CS incorporated most of the existing appropriations in HB 414. The summary identified items that were changed from HB 414.

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Vice-Chair Ortiz referenced the Summary of Changes document and asked about the second bullet point under the IIJA changes:

Increased grant to Alaska Municipal League from \$500,000 to \$1,500,000 (page 34, line 18)

Vice-Chair Ortiz wondered whether the money could be used for personnel. Ms. Teal replied in the affirmative.

Representative Josephson inquired about the impact of the removal of authority for the previous projects. Ms. Teal deferred to the Office of Management and Budget (OMB).

Co-Chair Merrick recognized Senator Micciche in the room.

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, asked which specific projects Representative Josephson was asking about. Representative Josephson referenced the following projects:

- Alaska Gasline Development Corporation (AGDC)-Clean Hydrogen Research, Development, and Demonstration Opportunities (page 33, line 21)

- Alaska Energy Authority (AEA) - Grid Modernization, Reliability, Resiliency, and Transmission Projects (page 33, line 24)
- Department of Natural Resources (DNR) - Carbon Technology Infrastructure Research Development and Demonstration Opportunities (page 40, line 24)
- University of Alaska (UA) - Mineral Security Projects: Rare Earth Mineral Security; Rare Earth Elements Demonstration Facility (page 45, line 23)

Mr. Steininger replied that the impact would significantly limit the ability of the agencies to do the preparatory work to enhance Alaska's success when competing for the grants. He explained that the amounts were appropriated to ensure the agencies could make its foremost effort to compete for the grants. He added that some of the items offered significant opportunities for the state and only a small number of grants would be awarded. The administration concluded that the state had a competitive "edge" in the areas. Representative Josephson remarked that he did not assume the senators intended to jeopardize the state's competitive capacity.

Co-Chair Merrick voiced that the committee would not assume the Senate's motives on any items in the budget.

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Representative Carpenter asked if enhancing competitiveness meant the money would be spent hiring intellectual capital such as grant writers. He asked how it would be accomplished. Mr. Steininger replied that the expert was Miles Baker, Infrastructure Coordinator, Office of the Governor, but he could briefly provide an answer. He indicated that subject matter experts and grant writing expertise would be sought. He added that expertise was necessary to make the case that Alaska was the proper place to invest the funds. He summarized that the administration would be contracting out expertise and bringing in subject matter experts.

Representative Wool asked for verification the items did not pertain to matching dollars. He exemplified the grid modification which could be millions of dollars in costs - it was strictly for grant writing. Mr. Steininger replied,

"Generally speaking, yes." He elucidated that if there was money available after the grant work it would be applied to the matching funds.

Co-Chair Merrick asked what removing the federal authority would do if the state was successful in receiving the grants. Mr. Steininger responded that the administration had estimated each item would be granted \$5 million, which would authorize the spending authority up to the amount granted to the state. He voiced that if there was a match requirement OMB would need legislative approval. Removing the authority meant that the administration would request it through the Revised Program Legislative (RPL) process or the Supplemental Budget.

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Representative Edgmon recalled that the original projection was \$37 million, which was reduced to \$18 million, and the current action hollowed federal authority. Mr. Steininger answered in the affirmative and added that his statement only applied to the Alaska Housing Finance Corporation (AHFC) Energy Programs Weatherization.

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Ms. Teal discussed Additional Changes to Section 1: FY 23 Budget (pages 2-27), beginning on page 2 of the summary of changes:

Multiple locations Alaska Long Trail
\$14,750,000
Page 2, line 19 AEA-Strategic Plan for Railbelt Assets
\$1,500,00 (from \$2,500,000)
Page 2, line 21 Mariculture Grant program (Gov
proposal)
\$5,000,000 (from \$25,000,000)
Page 3, line 33 Major Maintenance Grant Fund for
School Major Maintenance
\$100,000,000
Page 5, line 31 Sport Fish Recreational Boating and
Angler Access
\$1,500,000
\$6,750,000 FED (from \$2,250,000)
Page 6, line 6 Statewide Deferred Maintenance,
Renovation, and Repair
\$50,000,000 (from \$23,880,000)

Page 7, line 33 Snowmobile Trail Development Program
and Grants
\$250,000 DGF
Pages 8 and 9 AHFC Program Increases:
Senior Citizens Housing Development Program, by
\$750,000
Supplemental Housing Development Program, by \$250,000
Teacher, Health, and Public Safety Professional
Housing, by \$15,000,000
Page 9, line 20 State Equipment Fleet Replacement
\$30,000,000 DGF (from \$25,000,000)
Page 9, line 22 State Funded Road and Bridge
Completion
\$30,000,000
Page 27, line 21 Court Security Projects
\$4,130,000 (from \$1,130,000)

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Ms. Teal turned to the next section in the summary
beginning on page 3, Additional Changes to Section 4: FY 22
Budget (pages 33-45):

Page 33, line 13 Azure Adoption to Assist with Cloud
Migration (fast track supp)
\$23,116,000
Page 33, line 31 Kodiak Fire Hall (Gov G.O. Bond
proposal)
\$15,000,000
Page 34, line 5 AHTNA, Inc. Eagle Trail Fuel Spill
(Gov Amend)
\$382,843
Page 34, line 7 Alaska Community Foundation-Homeless
Housing
\$5,000,000
Page 34, line 12 Alaska Farmers Market Association-
SNAP/WIC/Senior Coupon Doubling Programs
\$500,000
Page 34, line 21 Alaska Primary Care Association-
Alaska's Healthcare Workforce Pipeline Project
\$2,000,000
Page 34, line 32 Bering Sea Fisherman Association-
Improve Stock of Origin Analysis of Western Alaska
Salmon
\$513,150
Page 35, line 8 Bering Sea Fishermen's Association-
Review Current Draft Comprehensive Salmon Plan

\$100,000
Page 35, line 11 Bering Sea Fishermen's Association-
Yukon River Watershed Monitoring
\$1,180,561
Page 35, line 4 Bering Sea Fishermen's Association-
Integrating Genetic and Environmental Data for
Predictive Models of Salmon Bycatch
\$310,000
Page 35, line 14 Blood Bank of Alaska-High-Complexity
Reference Laboratory
\$2,000,000
Page 35, line 16 Bristol Bay Science Research
Institute-Nushagak Salmon Stock Assessment
\$3,750,000
Page 35, line 19 Food Bank of Alaska-Infrastructure
for Alaska's Statewide Food Bank Network
\$10,000,000
Page 35, line 22 Kuskokwim River Inter-Tribal Fish
Commission-Community-Based Harvest Monitoring Network
for Kuskokwim River Chinook Salmon
\$140,000
Page 35, line 26 Kuskokwim River Inter-Tribal Fish
Commission-Salmon Stock Assessment using Environmental
DNA
\$88,000
Page 35, line 29 Kuskokwim River Inter-Tribal Fish
Commission-Tatlawiksuk River Salmon Assessment Project
\$170,000
Page 35, line 32 Lower Kuskokwim School District-
Kwethluk School Power Resilience
\$614,000
Page 36, line 11 Providence Alaska Medical Center-
Crisis Stabilization Center
\$8,000,000
Page 36, line 13 Sealaska Heritage Institute-Alaska
Native Arts Economy and Workforce Training Programming
\$340,000
Page 36, line 16 United Way of Alaska-Restaurant and
Hunger Relief Program
\$500,000
Page 36, line 18 University of Alaska-Maritime Works
\$2,000,000
Page 36, line 20 Volunteers of America-School-based
Mental Health Services
\$960,000
Page 36, line 28 Anchorage-Starner Street Bridge
Replacement

\$1,500,000
Page 36, line 33 Emmonak Port Phase II- Ramp
\$9,400,000
Page 37, line 11 Haines Borough-Lutak Dock Restoration
\$3,211,284
Page 37, line 13 Homer-New Large Vessel Harbor:
Matching Funds for Army Corps of Engineers General
Investigation
\$750,000
Page 37, line 17 Juneau-North State Office Building
Parking
\$5,000,000
Page 38, line 4 Suicide Prevention barriers (fast
track supp)
\$750,000
Page 38, line 8 Mt. Edgecumbe Deferred Maintenance
\$6,163,000
Page 38, line 10 Start-Up and Expansion of School
Breakfast Program
\$600,000

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Ms. Teal noted that the following projects were funded by the Coronavirus Capital Projects Fund (CCPF) that was included in American Rescue Plan Act (ARPA) and totaled roughly \$112 million. The funding would be distributed as grants by the United States (US) Department of Treasury. The governor initially chose the earlier identified three projects that were rejected in the CS because they no longer qualified for the funding. She listed the CCPF projects she hoped would qualify beginning on page 5:

Page 39, line 5 Alutiiq Tribe of Old Harbor-
Construction of Nuniak Community Center (CCPF)
\$4,454,968
Page 39, line 8 Anchorage Library Foundation-Anchorage
Downtown Library (CCPF)
\$2,500,000
Page 39, line 10 Association of Village Council
Presidents-Multi-Purpose Community Facility Projects
(CCPF)
\$10,445,000
Page 39, line 13 Iliukliuk Family and Health Services
Center (CCPF)
\$20,000,000

Page 39, line 15 Kawerak-Multi-Purpose Community Facility Projects (CCPF)

\$12,000,000

Page 39, line 17 Mat-Su First Responder Training Facility (CCPF)

\$8,000,000

Page 39, line 19 Nenana Health and Wellness Complex (CCPF)

\$24,000,000

Page 39, line 21 Petersburg Medical and Public Health Center (CCPF)

\$20,000,000

Page 39, line 23 Rampart Broadband (CCPF)

\$9,000,000

Page 39, line 24 Spruce Island Development Corporation-Ouzinkie Community Internet Café (CCPF)

\$1,400,000

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Vice-Chair Ortiz referenced Ms. Teal's statement that the projects would hopefully qualify for the federal funds. He asked what the statement meant. He inquired about the process and if the grants had to be applied for through the federal government. Ms. Teal understood that OMB would be coordinating the applications and time was short - the applications were due September 24, 2022. However, the federal spending authority was needed if the grants were approved, and it was necessary to include the projects in the CS. Vice-Chair Ortiz asked if the grants were all approved whether any funds remained in the CCPF. Ms. Teal replied in the negative.

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Ms. Teal continued to review the items on page 5 of the summary of changes beginning with:

Page 39, line 30 Alaska Workforce Investment Board-Alaska's Cross Industry Skills Employment and Training Projects

\$2,000,000

Page 40, line 19 Agriculture 3 Phase Electrical Service Infrastructure, Nenana-Totchaket

\$3,000,000

Page 40, line 29 Eagle River Salmon Viewing Deck Replacement

\$200,000 SDPR
Page 40, line 31 Food Security Agriculture Incentive
Grant Program
\$3,000,000
Page 41, line 11 Plant Materials Center Seed
Processing and Storage Capacity Improvements
\$2,000,000
Page 41, line 27 Nenana-Totchaket Agriculture
Development
\$5,000,000
Page 42, line 22 Municipal Harbor Facility Grant Fund
\$20,019,180
Page 45, line 28 University of Alaska Deferred
Maintenance
\$50,000,000

Co-Chair Merrick asked for more information on the \$200,000 in Statutory Designated Program Receipts for the Eagle River Salmon Viewing Deck Replacement. Ms. Teal answered that in the previous year there was a similar reappropriation. She explained that there was an issue with DNR accepting private donations for the viewing deck and the Eagle River Nature Center organization could not convey the private donations to DNR. There had been an RPL on the last day of interim in January to convey the donation money through operating budget authority, but the appropriation was made with capital funding and capital budget authority was more appropriate, hence, it was added to the Capital Budget. Co-Chair Merrick surmised the item was a technical change to allow the state to accept the private donation. Ms. Teal replied in the affirmative.

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Vice-Chair Ortiz asked if all the appropriations designated as CCPF on page 5 were direct GF spending. Ms. Teal replied in the affirmative.

Representative Josephson pointed to the last item on page 5 pertaining to the University of Alaska deferred maintenance at \$50 million. He asked if the funding was expended at the discretion of the Board of Regents. Ms. Teal deferred the answer to the Legislative Finance Division (LFD).

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MICHAEL PARTLOW, FISCAL ANALYST, CAPITAL COORDINATOR, LEGISLATIVE FINANCE DIVISION, answered that once the money was appropriated to the university, the university determined how to spend it. He added that the university developed a priority list that was available to the public.

Representative LeBon referenced the CCPF line items on page 5. He referenced the September deadline for grant requests. He asked if the money was limited to the listed projects. He asked whether the money would lapse to the federal government if the projects on the list failed to obtain the grants. Mr. Partlow responded that it was complicated. He highlighted the language on the last page of the bill that granted authority to OMB on the condition that if any of the grants failed, OMB could apply for other projects that may be eligible using the same authority. Representative LeBon asked whether a backup list existed if the projects listed were not approved. Mr. Partlow understood that OMB had identified a number of projects that were eligible. He deferred to OMB for further answer.

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Mr. Steininger answered that OMB would follow the list as appropriated first. He relayed that OMB had been working with the Department of Health and Social Services (DHSS) and other stakeholders to develop a backup list. There was not currently a backup list of specific projects. The projects outlined on page 5 appeared to be the most eligible but if any listed projects failed, they would identify what projects they would choose next. Representative LeBon stated that the clock was ticking on the grant application process. He asked if the state would know the outcome of the applications in enough time to default to the backup projects and not lose the dollars. He asked if OMB had developed a strategy. Mr. Steininger answered that turnaround time was a concern. He detailed the administration was working with the state's Congressional delegation to put some pressure on the United States (US) Treasury to offer a better timeline for the grants' status. He learned that there was no guarantee turnaround time once the application was submitted. He understood there would be a prioritization of applications of certain types of grants, but they did not know what applications would be reviewed first.

Representative LeBon noticed that the appropriations appeared to be a precise dollar amount. He listed the following project found on page 39, line 5 of the bill [page 5 on Summary of Changes document] amount as an example:

Alutiiq Tribe of Old Harbor-Construction of Nuniag Community Center (CCPF) \$4,454,968

Representative LeBon surmised that the state was attempting to take full advantage of the grant funding and trying to maximize the benefit.

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Ms. Teal cited the Nuniag project and recalled that the project was existing and included background information and deduced that the cost was accurate.

Representative Wool referred to the Nenana-Totchaket Agriculture Development [page 5] project in the amount of \$5 million and wondered what the project was.

DAVID SCHADE, DIRECTOR, DIVISION OF AGRICULTURE, DEPARTMENT OF NATURAL RESOURCES (via teleconference), responded that the funding was for the development of about 100,000 acres of agriculture land located near Nenana. He elaborated that in the prior year funding for phase one of the project was appropriated. The total cost of phase one was \$21 million and the current appropriation advanced phase one of the project. In June 2022, the division would sell approximately 2 thousand acres and the department believed it would sell about 100,000 acres in total. Representative Wool asked if the funding was for developing the land for the sale of the acreage. Mr. Schade responded in the affirmative and listed the work being done to prepare it for agricultural development.

[3:38:52 PM](#)

Vice-Chair Ortiz referenced page 5, and underlined the project found on Page 41, line 11 of the bill as follows:

Plant Materials Center Seed Processing and Storage Capacity Improvements \$2,000,000

Vice-Chair Ortiz requested more information regarding the project.

THERESA CROSS, ADMINISTRATIVE SERVICE DIRECTOR, DEPARTMENT OF NATURAL RESOURCES, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR (via teleconference), deferred to Mr. Schade.

Mr. Schade answered that the center was a 400 acre farm located in The Butte [Matanuska-Susitna Borough] that was operated by the Division of Agriculture. The farm processed seed for farms distributed throughout the state. Currently, the farm was at full capacity and a full upgrade of the facility was needed. He listed the farming areas served: Delta, North Pole, Fairbanks, and the Kenai.

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Ms. Teal discussed page 6 on the summary of changes pertaining to the numbers section of the bill:

SECTION 11: Legislative Reappropriation

SECTION 12: Department of Family and Community Services: appropriates prior capital projects from the existing DHSS to the correct new department.

SECTION 13: Department of Fish and Game: includes language to allow the proceeds of sales of state-owned vessels and aircraft to be used for renewal, replacement, and maintenance of the vessels and aircraft for FY 22 and FY 23.

SECTION 14(a): Department of Health: appropriates prior capital projects from the existing DHSS to the correct new department.

SECTION 14 (b): Appropriates \$5,000,000 to the Department of Health, Child Care Program Office for initiatives in the Child Care and Development Fund Plan for Alaska.

SECTION 16: Legislative Reappropriation

SECTION 18 (b): Includes a Governor's amendment to reappropriate funds from the Fairview Loop Road reconstruction to the Totchaket Road project (\$15,000,000).

SECTION 18 (c): Legislative Reappropriation

SECTIONS 21-29: Legislative Reappropriations

SECTION 24 (l) and (m): Appropriates \$25,000,000 to the Municipality of Anchorage contingent on the \$25,000,000 match by the Municipality (can be in-kind)

for the purpose of preparing a full financial package for final investment decision for the Port of Alaska.

SECTION 30: Adds "transition costs" as an allowable use of the reappropriation.

SECTION 31: Legislative Reappropriation

SECTION 32: Capital lapse language

SECTIONS 33-34: Effective dates

Representative Josephson referenced page 6 that listed the following in Section 18 (b) of the bill:

Includes a Governor's amendment to reappropriate funds from the Fairview Loop Road reconstruction to the Totchaket Road project (\$15,000,000).

Representative Josephson deduced that the Fairview project was in the Mat-Su and the funding was reappropriated to the Totchaket project in the Interior of the state. He asked whether he was correct.

Co-Chair Merrick asked for comment by Mr. Schade.

Mr. Schade answered in the affirmative. He added that the Department of Transportation and Public Facilities (DOT) found other funding for the Fairview Road and reappropriated the funding to the Totchaket Road project.

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Representative Josephson asked if the Fairview Road was in West Susitna. Mr. Schade was unsure of the details of the project.

ROB CARPENTER, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, replied that the Fairview Loop Road was located in the Mat-Su and the Totchaket Road was located in the Interior and lead to an area for resource development. He elaborated that the Fairview Loop Road was initially funded through General Obligation (GO) Bonds and was converted to GF in a prior year to alleviate the bond funding. He noted that the Fairview Loop Road was currently in the right of way and utility relocation stage and there was a potential to convert it to federal money, which freed up GF money for the resource road that was not required to be built to federal standards and could be constructed quickly.

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Co-Chair Foster referenced Section 24 (l) and (m) of the bill listed on page 6 and noted the \$25 million appropriation for the Port of Alaska. He recalled that the port needed \$600 million from the state. Mr. Carpenter answered he was not familiar with the Port of Alaska project. The numbers sounded right to him.

Co-Chair Foster pointed out that the \$25 million was substantially less than the requested amount. He learned that the Senate wanted to emphasize statewide projects. He referred to the document titled "2022 Legislature - Capital Budget House District Summary - House Sup Structure" (copy on file) and noted that it showed Unrestricted General Fund (UGF) spend broken out by district. He pointed to the UGF total spend for the current version I and noted it was \$582 million that fell under the statewide category. He related that statewide items were items like deferred maintenance for schools, the university, state buildings, public safety housing, etc. He believed the goal of the bill was less emphasis on communities and districts and more emphasis was placed on statewide projects instead. He thought that part of the other rationale was not wanting to use all of the surplus funds left over after the operating budget was funded. He believed that there was a desire to put money into savings. He wanted to address the funding for the Port of Alaska and Port of Nome. He asked how much the capital budget normally leveraged for federal funds and recalled that it was about \$150 million. He asked if his statement was correct.

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Mr. Carpenter answered that the number was "fairly accurate" for federal match money. He stated that Co-Chair Foster was "in the ballpark."

Co-Chair Foster discussed what was in the capital budget versus what was not included. He highlighted that the City of Nome had requested \$175 million for its port. He mentioned other requests. He commented on the intent of wanting the budget to focus on statewide needs. He noted that rural Alaska depended on the Port of Alaska for food and supplies. He supported the Port of Alaska as a statewide project. He lauded Senator Murkowski, Senator Sullivan, and the late Congressmen Young for their work

related to the Port of Nome and their inclusion of \$250 million for the port in IIJA. He remarked on the needs for the Port of Nome and listed a Coast Guard presence and to support the Navy. He pointed to leveraging federal funds in relation to highway funding and stated that it was considered desirable and was sought after. He commented on the \$250 million the state's Congressional delegation secured for the Port of Nome and indicated that the matching funds needed to be secured by February 2023. He wanted to highlight the opportunity to leverage the federal funds for the port.

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Representative Wool appreciated the comments regarding the ports. He noted the difference between statewide spending like deferred maintenance versus statewide impact for things like ports and airports. He believed that goods and products from ports were distributed around the state and had statewide impact even though they were located in one place.

Vice-Chair Ortiz understood that IIJA funds that the state would disperse were in the budget. He asked whether he was correct. Ms. Teal answered in the affirmative and noted that the projects listed in HB 414 were included in the bill with the exceptions she noted earlier.

Representative Carpenter asked whether the IIJA projects were spread throughout the budget. Ms. Teal answered in the affirmative. Representative Carpenter asked if it was possible to get a summary of IIJA projects. Ms. Teal would follow up with the information.

Co-Chair Merrick interjected that many of the IIJA projects were in the Statewide Transportation Improvement Program (STIP).

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Co-Chair Merrick WITHDREW her OBJECTION to the adoption of the work draft.

There being NO further OBJECTION, Work Draft 32-GH2436\I was ADOPTED.

HB 283 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the schedule for the following morning.

ADJOURNMENT

[3:57:05 PM](#)

The meeting was adjourned at 3:57 p.m.