

SENATE FINANCE COMMITTEE
May 18, 2021
3:51 p.m.

3:51:59 PM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 3:51 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Pete Ecklund, Staff, Senator Bert Stedman.

PRESENT VIA TELECONFERENCE

Alan Weitzner, Executive Director, AIDEA.

SUMMARY

CSHB 69(FIN) am(brf sup maj fld)(efd fld)
 APPROP: OPERATING BUDGET/LOANS/FUNDS

SCS CSHB 69(FIN) was REPORTED out of committee with four "do pass" recommendations, two "do not pass" recommendations, and one "amend" recommendation.

CS HB 71(FIN) am
 APPROP: MENTAL HEALTH BUDGET

SCS CSHB 71(FIN) was REPORTED out of committee with six "do pass" recommendations and with one "no recommendation" recommendation.

#hb69

#hb71

CS FOR HOUSE BILL NO. 69(FIN) am(brf sup maj fld)(efd fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; and making capital appropriations, supplemental appropriations, and reappropriations."

CS FOR HOUSE BILL NO. 71(FIN) am

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date."

[3:52:22 PM](#)

Co-Chair Stedman relayed that the committee would consider a packet of amendments (copy on file).

Co-Chair Bishop MOVED to ADOPT Amendment 1.

Co-Chair Stedman OBJECTED for discussion.

Co-Chair Stedman spoke to Amendment 1, which deleted \$2 billion on line 4, page 123 of the bill, and would insert \$4 billion. The amendment would move \$2 billion in additional funds from the Earnings Reserve Account (ERA), which had a rough balance of \$17 billion with \$5 billion available for appropriation. The proposed transfer would take place in a year or longer. He referenced a transfer that the committee had made a few years previously. The amendment was sponsored by Co-Chair Stedman, Co-Chair Bishop, Senator von Imhof, Senator Wilson, Senator Hoffman, Senator Wielechowski, and Senator Olson.

Co-Chair Stedman WITHDREW his objection. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman thanked the members for looking to the future of Alaskans.

Co-Chair Stedman MOVED to ADOPT Amendment 2.

Co-Chair Stedman OBJECTED for discussion.

Co-Chair Stedman spoke to Amendment 2, which stipulated the amount necessary for a payment of a Permanent Fund Dividend (PFD) in the amount of \$1,000 and for administrative and associated costs estimated to be \$674,900,000 appropriated from the General Fund to the dividend fund. He clarified that there would be several dividend amendments to consider.

[3:55:46 PM](#)

Senator von Imhof thought the amendment presented a difficult choice. She thought the amount of \$674 million for costs to pay a \$1,000 check took almost every dollar available. She thought the consequences of the expense signified less money for the economy, and less money for infrastructure. She thought the cost would bring the Constitutional Budget Reserve (CBR) balance to barely above \$500 million, which she considered was hardly enough to run daily government. She pondered what would happen if there a drop in oil prices, a wildfire, or an earthquake - all of which had happened in the past few years.

Senator von Imhof reminded that the state budget had borrowed from the CBR 28 times since 1970, and if the opportunity was not available the state was putting itself in a fiscal pickle. She acknowledged that the state needed a PFD and that the committee needed to move the budget, so she agreed to support the amendment.

Senator Hoffman stated he was on the record supporting a constitutional dividend and the 50/50 plan [a plan in which half of the Percent of Market Value draw on the ERA would go to government, and half would go to pay dividends], but he thought the decisions (along with rewriting the dividend formula) should take place prior to a PFD amount greater than \$1,000. He believed that if the legislature funded a dividend higher than \$1,000 such as at the 50/50 Plan level, the pressure would not be upon the legislature to rewrite the formula or consider a constitutional amendment. He believed that there would be pressure from the public to

resolve the issue. He thought in order to proceed, the dividend should be no greater than \$1,000.

Senator Olson acknowledged the sensitivity of the PFD issue. He commented on the passion people had for the dividend. He thought there was a balance between not taking too much money from the ERA and still having enough funds to run state government. He thought the PFD had been shorted statutorily. He did not support the amendment.

Co-Chair Stedman WITHDREW his objection.

Senator Olson OBJECTED. He commented that he was only voting against the amendment because he was in support of a full statutory dividend.

A roll call vote was taken on the motion.

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

The motion The MOTION PASSED (4/3). Amendment 2 was ADOPTED.

[4:00:43 PM](#)

AT EASE

[4:01:20 PM](#)

RECONVENED

Senator Wilson MOVED to ADOPT Amendment 3.

Co-Chair Stedman OBJECTED for discussion.

Senator Wilson spoke to Amendment 3. He considered that the amendment would be a starting point for a larger discussion that would happen on the Senate floor. The amendment proposed for the sum of \$1,534,648,008 to be appropriated from the Alaska Housing Capital Corporation Account to the dividend fund.

Co-Chair Stedman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3/4).

[4:02:42 PM](#)

Senator Wielechowski MOVED to ADOPT Amendment 4.

Co-Chair Stedman OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 4. He explained that the amendment proposed to pay the full statutory dividend, which he estimated to be about \$3,400.

Co-Chair Stedman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3/4).

[4:03:38 PM](#)

Co-Chair Bishop MOVED to ADOPT Amendment 5.

Co-Chair Stedman OBJECTED for discussion.

[4:04:20 PM](#)

PETE ECKLUND, STAFF, SENATOR BERT STEDMAN, spoke to Amendment 5. He drew attention to attached page 5a of the amendment, which explained that the amendment was a technical cleanup to extend the lapse date of the appropriation to the end of FY 22.

Co-Chair Stedman asked what appropriation the amendment referred to.

Mr. Ecklund explained that the amendment referenced a Department of Health and Social Services appropriation for a variety of programs with an FY 21 lapse date of June 30, 2021. The amendment proposed to extend the lapse date until FY 22.

Co-Chair Stedman WITHDREW his objection. There being NO OBJECTION, it was so ordered.

[4:05:25 PM](#)

Co-Chair Bishop MOVED to ADOPT Amendment 6.

Co-Chair Stedman OBJECTED for discussion.

Co-Chair Bishop spoke to Amendment 6, a technical cleanup which had been requested by the Department of Natural Resources under the AS 03.05.076. The amendment proposed to appropriate the unexpended and unobligated balance of registration endorsement fees, fines, and penalties collected for the fiscal year ending June 30, 2021, for appropriation to the Hemp Pilot Project Program.

Co-Chair Stedman WITHDREW his objection. There being NO further OBJECTION, it was so ordered.

[4:06:26 PM](#)

Senator von Imhof MOVED to ADOPT Amendment 7.

Co-Chair Stedman OBJECTED for discussion.

Senator von Imhof spoke to Amendment 7. She explained that federal law required for states with Medicaid programs to make Medicaid Disproportionate Share Hospital (DSH) payments to qualifying hospitals. She relayed that the amendment would provide funding to qualifying hospitals that served a large number of uninsured individuals using Medicaid. The amendment would provide funding for hospitals in locations such as Anchorage, Wasilla, Fairbanks, Bethel, Juneau, and others with funding for psychiatric patients. The funding allowed for beds and providers to provide a variety of treatments and security needs. The funding was for enhanced services, had been done for the past few years, and had federal matching funds.

Co-Chair Stedman thought the matter had been overlooked during the operating budget process.

Co-Chair Stedman WITHDREW his objection. There being NO OBJECTION, it was so ordered.

[4:07:50 PM](#)

Senator Hoffman MOVED to ADOPT Amendment 8.

Co-Chair Stedman OBJECTED for discussion.

Senator Hoffman spoke to Amendment 8. He recalled that there had been several discussions in committee about food security. He noted that during the COVID-19 epidemic the news had reflected food lines throughout the Lower 48. He thought food security was a little different in Alaska. The amendment would change an appropriation on page 87, line 30 for food security grants from \$5 million to \$20 million; and on page 89 from \$5 million to \$20 million. He considered that food security was a major issue and reminded that 90 percent of food required transport to the state. He did not think enough attention had been given to the matter of food security during the pandemic.

Co-Chair Stedman asked Senator Hoffman to speak to the fund source.

Senator Hoffman noted that the fund source was the same as in the previous bill and was from COVID-19 federal relief funds.

Co-Chair Stedman noted that the item was conferenceable.

Co-Chair Stedman WITHDREW his objection. There being NO further OBJECTION, it was so ordered.

[4:09:56 PM](#)

Senator Wielechowski MOVED to ADOPT Amendment 9.

Co-Chair Stedman OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 9. He recalled that at the previous meeting the committee had voted to add \$280 million in grants to tourism and other businesses to offset revenue loss. He thought it was clear that the COVID-19 pandemic was still going on. He knew there were businesses in the service industry with challenges finding workers and knew there were tens of thousands of Alaskans that were out of work. He mentioned calls from concerned constituents when the governor had ended the federal pandemic unemployment benefit program, which had provided an additional \$300 per week. He thought the state received more benefits from the federal government than just about any other state. He asserted that the state did not have

the tax base to support the state's economy without getting 50 percent of the budget from the federal government. The funding could be as much as \$200 million.

Senator Wielechowski continued to address Amendment 9. He reminded that the law required a person look for work in order to receive unemployment benefits. He thought for people that were generally out of work it was not fair to curtail the funding when federal funds were available. He did not think \$300 per week a large sum. The amendment affirmed that the state wanted to accept the federal funds, which would add \$200 million to the state's economy and would help small businesses. He noted that he had another amendment that would incentivize people going back to work. He thought the two amendments would help keep the economy going.

[4:12:57 PM](#)

AT EASE

[4:14:40 PM](#)

RECONVENED

Senator Wielechowski appreciated the willingness of members to work toward a resolution to help the unemployed. He thought there was another idea he wanted to work on with members and would revisit the topic at a later time.

Senator Wielechowski moved to WITHDRAW Amendment 9. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman summarized that Senator Wielechowski had been working with the co-chairs' offices on the concept of the amendment in trying to come up with a way to encourage people back to work. He hoped the amendment would be ready for the floor the following day, with greater quality than if had it been rushed to completion.

[4:15:46 PM](#)

AT EASE

[4:17:00 PM](#)

RECONVENED

Senator Wilson MOVED to ADOPT Amendment 10.

Co-Chair Stedman OBJECTED for discussion.

Senator Wilson spoke to Amendment 10. He explained that although he supported smaller government, the amendment would restore a deputy commissioner in the Department of Administration. There was a vacant position because a deputy commissioner was currently acting in the role of commissioner, which was not a permanent arrangement. The amendment would restore \$211.7 thousand in interagency receipts for the one full-time position that had been deleted by the subcommittee at the last minute. He explained that the Department of Administration (DOA) had multiple administrative orders for reorganizing various areas such as human resources, procurement, and internet technology. Many of the reorganizations were in the final stages and he did not want to hinder the leadership during the multi-year approach to the consolidation of services. He supported a step-down in subsequent years, but felt that a better plan needed to be in place.

Senator Hoffman informed that he was the budget chair of DOA, and it was the only department in which there was three deputy commissioners. He mentioned that there were much larger departments with fewer deputy commissioners. He was supportive of restructuring, and believed it was possible with determination. He thought the additional position was not in the interest of the state and was a waste of public funds.

Co-Chair Stedman MAINTAINED his objection.

A roll call vote was taken on the motion.

IN FAVOR: Wilson

OPPOSED: Wielechowski, Hoffman, von Imhof, Olson, Bishop, Stedman

The MOTION FAILED (1/6).

[4:20:12 PM](#)

Senator Wielechowski MOVED to ADOPT Amendment 11.

Co-Chair Stedman OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 11, which pertained to refundable oil tax credits. The amount placed in the budget was \$114 million, and the amendment proposed to

reduce the amount to \$36,860,000. He explained that under AS 43.55.028 the oil and gas tax credit fund was set up, and it was a completely discretionary fund via appropriation from the legislature and via issuing the tax certificates by the Department of Revenue. He cited that there was an applicable percentage that was recommended under statute, which at \$60/bbl or higher, was 10 percent of revenue from taxes levied by AS 43.55.001. He thought there was \$368.6 million levied in taxes, which was how he deduced the proposed amount. He noted that the way the \$114 million was calculated was before deductible tax credits were taken out, which he believed was never the intent of the statute. He emphasized that if \$114 million was paid out in refundable tax credits, it used up one-third of the state's production taxes for the year. He thought the intent was for the payment to be a small amount. He stressed that the state could not afford to pay \$114 million. He thought his amendment followed the statute.

Senator Wielechowski continued his remarks. He noted that for years the state had paid more when it had more money. He thought it was unfair to cut dividends while paying greater than the statutorily required oil tax credits. He added that the statute was a discretionary statute versus the PFD statute.

Senator von Imhof considered it oxymoronic to claim the state did not have \$114 million for oil tax credit payments while proposing \$2.5 billion in previous amendments. She pondered that Senator Wielechowski had made a fair statement about cutting oil tax credits if the state was cutting PFD's. She thought the proposed number was low. She would rather leave the original number in the bill and allow the conference committee to come to a conclusion, as she thought the House has proposed a zero number. She would not be supporting the amendment.

[4:24:31 PM](#)

AT EASE

[4:24:41 PM](#)

RECONVENED

Co-Chair Stedman thought there had been an inadvertent misstatement. He clarified that the House had proposed \$114 million for oil tax credits payment. If the committee adopted the amendment, the conference committee would be

able to adopt a number between \$114 million and the \$36.8 million as proposed. If the amendment did not pass, the amount would be at \$114 and would not be conferenceable.

Senator von Imhof apologized for misspeaking. She thought having a different number than the other body made sense. She appreciated the maker of the amendment for bringing the topic forward and trusted that the co-chairs would be analyze the amount along with the entirety of the budget. She agreed to support the amendment.

Co-Chair Stedman WITHDREW his objection. There being NO further OBJECTION, it was so ordered. Amendment 11 was ADOPTED.

[4:26:21 PM](#)

Senator Wilson MOVED to WITHDRAW Amendment 12. There being NO OBJECTION, it was so ordered.

Senator Wielechowski MOVED to ADOPT Amendment 13.

Co-Chair Stedman OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 13. He explained that the amendment would remove \$8.5 million from the appropriation for the West Susitna Road Access Project. He noted that the project was just added in the governor's supplemental budget request a few days previously. He was concerned that there had already been \$175 million spent on studies for the project, and he thought there had been testimony indicating that a 6-mile trail had been built for the \$175 million spent. He understood that the proposed \$8.5 million would be for additional studies rather than road construction. He thought enough funds had been spent on studies and thought the funds should be removed. He referenced a conversation with the director of the Office of Management and Budget (OMB), who explained the funds would be sourced from the General Fund. He noted there had been no new revenues proposed and very few proposed cuts. He did not support the expenditure.

Co-Chair Bishop spoke in opposition to the amendment. He recounted asking staff from the Alaska Industrial Development and Export Authority (AIDEA) how long it would take to get to road construction readiness, who had indicated it could be three to five years. He noted that

the road was going into a resource gold belt with strategic minerals. He considered the state was in a 30 or 40-year time horizon and mentioned the importance of a post-oil economy. He thought the state would need to access more of its natural resources. He did not support the amendment.

Senator Hoffman wondered about the total construction cost of the road if the project was approved, and the source of the funds.

[4:29:56 PM](#)

AT EASE

[4:30:54 PM](#)

RECONVENED

Co-Chair Stedman relayed that Amendment 13 would be held till later in the meeting until testimony was available to speak to the topic in greater detail. He MAINTAINED his OBJECTION.

[4:31:15 PM](#)

Senator Wielechowski MOVED to ADOPT Amendment 14.

Co-Chair Stedman OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 14, which pertained to the Endangered Species Act legal and research needs to protect state's rights to management. He understood that the budget proposed to use federal funds, which he did not understand. He thought the \$5.25 million in the budget was too much, and the amendment proposed to reduce the amount to \$4 million, which he thought had been in the budget for some time. He considered that if OMB could explain the use of the additional funds, he might be amenable to leaving the original amount in the budget.

Co-Chair Bishop noted that the budget subcommittee had reduced the reduced the amount to \$5.25 million down from the original \$7 million requested in the governor's budget.

Co-Chair Stedman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Olson, Wielechowski

OPPOSED: Hoffman, von Imhof, Wilson, Bishop, Stedman

The MOTION FAILED (2/5).

[4:33:32 PM](#)

Senator Wielechowski MOVED to ADOPT Amendment 15.

Co-Chair Stedman OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 15. He explained that the amendment pertained to \$2.5 million in Revised Statute 2477 funding [Section 8 of the Mining Act of 1866, a federal law that authorized construction of roads across federal public lands] which he understood had been cut back.

Co-Chair Bishop affirmed that the funding had been cut back.

Co-Chair Stedman asked for Co-Chair Bishop to provide the numerics.

Senator Wielechowski wanted the history of the funding.

[4:34:17 PM](#)

AT EASE

[4:34:30 PM](#)

RECONVENED

Co-Chair Bishop stated he cut the governor's request in half from \$5 million to \$2.5 million.

Senator Wielechowski MOVED to WITHDRAW Amendment 15. There being NO OBJECTION, it was so ordered.

[4:34:49 PM](#)

Senator Olson MOVED to ADOPT Amendment 16.

Co-Chair Stedman OBJECTED for discussion.

Senator Olson spoke to Amendment 16. He explained that the amendment had to do with the design and construction of an arctic port waste reception facility that would accept, process, and dispose of waste and liquid waste products

produced by marine vessels including military vessels and cruise ships. The project included the port supporting the facility and the connecting components. He described the need for additional port services to protect the marine environment. He asserted that Nome had reached the level of maritime development to serve the role in the Arctic. He cited that the project would save transit time and prevent disposal in Arctic waters. The final design efforts would ensure a bid-ready constructable project.

Co-Chair Bishop liked the project but wondered if the timing was right. He mentioned a forthcoming federal infrastructure bill and thought the project was better suited to wait until the federal funds came.

Senator Olson understood that Co-Chair Bishop was open to the project and thought the fund source would be coming in the near future.

Co-Chair Stedman agreed. He thought the proposal was a good project to deal with not only the environmental impacts of increased traffic in the Arctic and mentioned ports in the Arctic. He wanted to work with Senator Olson in the future to help with the project either through federal infrastructure money or future capital budgets for a couple ports in the area.

Senator Olson MOVED to WITHDRAW Amendment 16. There being NO OBJECTION, it was so ordered.

[4:38:08 PM](#)

Senator Olson MOVED to ADOPT Amendment 17.

Co-Chair Stedman OBJECTED for discussion.

Senator Olson spoke to Amendment 17. The amendment pertained to the replacement and construction of a new water-sewer system in Diomedes. The water tank in the community faced imminent failure if not replaced in the current year, and there was high levels of arsenic and nitrates in the water. He mentioned that there was active disease in the community due to water quality. He explained that the Village Safe Water (VSW) Program was unable to fund repair the system at the time. The replacement cost was \$5.2 million. He emphasized that without replacement, the tank was in immediate danger of failure. An additional

\$2.3 million was needed to develop a water source treatment system to combat high arsenic and nitrates in the water.

Senator von Imhof had seen the Village Wastewater Program in the capital budget. She asked if the project could be part of the program.

Co-Chair Stedman thought Senator von Imhof was asking about the Village Safe Water Program, and if the program qualified for any of the standard programs.

Senator Olson stated that Village Safe Water Program was usually the program to deal with such projects, but at this time would not fund the item because of its low score on best practices.

[4:40:32 PM](#)

Co-Chair Bishop asked for clarification as to why the project would not be funded because of low scoring on best practices.

Senator Olson explained that the community had difficulties and reminded that Diomede was an island without an airport. The island consisted of bedrock that had erupted out of the water, and it was difficult to have subterranean infrastructure. He mentioned that the small community of 80 people was having a hard time getting help from the Village Safe Water Program. He emphasized the need of the people.

Co-Chair Bishop understood the issue and stated that one of the communities in his district had the same issue. He thought that both communities had projects to bring to the forefront in the next round of federal funding. He thought both projects met the intent of the grant requirements of American Rescue Plan Act (ARPA) funds.

Senator Olson understood that there would be full support of the project by both co-chairs of the committee for future funding for the project.

Co-Chair Stedman stated that he had worked with Senator Olson for almost 20 years and had always been supportive of rural issues such as public safety, water and sewer, and basic infrastructure.

Senator Olson recalled that Co-Chair Stedman had visited his district and gotten a sunburn.

Co-Chair Stedman affirmed that he would return for another visit.

Co-Chair Bishop was familiar with the area of Diomedea although had not landed there. He wondered if he and Senator Olson had quid pro quo for each of the projects.

Senator Olson said he had a helicopter available.

Senator Olson MOVED to WITHDRAW Amendment 17. There being NO OBJECTION, it was so ordered.

[4:43:34 PM](#)

Senator Wielechowski MOVED to ADOPT Amendment 18.

Co-Chair Stedman OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 18. He explained that the project was originally proposed by the governor as part of a general obligation (GO) bond and had huge support from across the state from diverse stakeholders including outdoor enthusiasts, small businesses, and the tourism industry. The project would piece together a multi-use recreational trail from Fairbanks to Seward and had been referred to by some as "the long trail." He explained that under ARPA, coronavirus state and local recovery funds would permit the state to develop plans to recover its tourism industry, including developing attractions. The project would be funded by federal funds and was a statewide project. He thought the trail was similar in idea to the Pacific Crest Trail, the Appalachian Trail, and the Inca trail, which were trails people travelled to from all over the world. He described the trail as a legacy project that would attract visitors from all over the world.

Senator Wielechowski continued his remarks. He was happy to see the governor had proposed the project in the GO bond, which he was not sure was going anywhere. He thought the project would be an opportunity to create an iconic piece of infrastructure in the state to be enjoyed by people from all over.

[4:46:08 PM](#)

Co-Chair Bishop also recalled that the project was in a GO bond package. He had been on the Senate Transportation Committee and had seen a great deal of support for the project. He supported the amendment.

Senator von Imhof thought the project was a great idea, and she would support it. She wanted to ensure that the \$14.2 billion in ARPA Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) were available for appropriation.

Mr. Ecklund spoke to Senator von Imhof's inquiry and explained that earlier in the day the committee approved just over \$1 billion of CSLFRF allocations. He explained that the proposed amendment would add to the amount, and during conference committee the members would have to pare down the request to \$500 million or below.

[4:48:17 PM](#)

AT EASE

[5:00:03 PM](#)

RECONVENED

Senator von Imhof noted that the committee had considered previous amendments using federal funds for water and other issues, and now the committee was considering a project using federal funds for another use. She considered that the committee should consider the project at a later time. She referenced the federal infrastructure funding package that was expected to come in the fall. She thought it might make sense to lump the project with other projects at a later time when more funding was available.

Senator Hoffman agreed with the Senator von Imhof's comments. He noted there were similar projects using federal funds for Senator Olson's district that included water for families in Diomedea. He believed that there was an opportunity for use of federal funds, and it was a matter of timing to get there. He knew that there would be potential reductions in the Conference Committee. He mentioned the forthcoming federal infrastructure package and thought Senator Wielechowski's project could enhance tourism, but thought it was a matter of timing.

Senator Olson agreed with Senator von Imhof that timing was important but cautioned that federal funding was not guaranteed. He asserted that the federal funds that had been guaranteed had already been allocated for other expenditures.

Co-Chair Stedman observed that the process of working through the capital budget and amendments derived from the administration had brought health, life, and safety issues in rural Alaska to light. He emphasized that there was at least one school in the state that was in danger of washing away, and the state had an obligation to take care of its children. He thought the amendment proposed a good project, but thought it was difficult to push the amendment forward. He would rather see the project considered when there was additional federal funding available in August when additional projects were being considered. He emphasized the need for sideboards on the budget process and noted that lack of support for the amendment was not indicative of support of the project in the future.

[5:04:48 PM](#)

Senator Wielechowski relayed that he was disappointed. He thought members were going back on their word.

Co-Chair Stedman agreed that he had previously supported the amendment. He emphasized that he did not speak for the committee and emphasized the importance of fairness. He wanted to rectify the situation and thought there was a timing issue.

Co-Chair Stedman MAINTAINED his objection.

A roll call vote was taken on the motion.

IN FAVOR: Olson, Wielechowski

OPPOSED: von Imhof, Wilson, Hoffman, Stedman, Bishop

The MOTION FAILED (2/5).

[5:06:12 PM](#)

AT EASE

[5:06:35 PM](#)

RECONVENED

Senator Wielechowski MOVED to ADOPT Amendment 19. He explained that there had been a proposal from the governor of \$10 million for road projects in the Matanuska-Susitna (Mat-Su) Borough. The funds were not completely for state roads and were for the discretion of the Mat-Su Borough Assembly. He explained that the amendment sought to get parity in stipulating that the appropriation would be contingent upon Anchorage getting some more payment for road rehabilitation. He asserted that Anchorage had equivalent road maintenance needs as the Mat-Su.

Senator Wilson noted that he was from the Mat-Su. He cited that the area was second in size to Anchorage. He listed proposed capital budget items by area: \$18 million for Fairbanks, \$17 million for Anchorage, \$12.5 million for Kenai. He noted that the Mat-Su would receive the fifth largest amount of funding. He mentioned that Mat-Su was the only part of the state that was growing. The borough had worked with the state on maintenance projects while the state did not have the time or means, and the funding would assist with the matter. He did not think contingency language was appropriate to add into the process.

Co-Chair Stedman OBJECTED for discussion.

Senator von Imhof understood there was potentially \$10 million going to Mat-Su and wondered why the equivalent amount couldn't go to the other areas. She thought the proposed budget tried to spread the money around the state. She pointed out \$90 million dollars going to two projects in Mat-Su. She emphasized looking at the budget in its entirety.

[5:10:27 PM](#)

Senator Olson suggested that districts getting \$10 million gave him pause and appeared self-serving on the governor's part. He thought it was inappropriate not to support the amendment.

Senator Wilson mentioned the leading number of fatalities and accidents involving bodily injury in the Mat-Su area. He thought there was a life-safety issue. He was happy to take members down some of the roads in the area.

Co-Chair Stedman mentioned federal funds and general funds.

Co-Chair Stedman MAINTAINED his objection.

A roll call vote was taken on the motion.

IN FAVOR: Olson, Wielechowski, von Imhof, Hoffman

OPPOSED: Wilson, Bishop, Stedman

The MOTION PASSED (4/3).

Senator Wielechowski MOVED to WITHDRAW Amendments 20, 21, 22, 23, 24, and 25. There being NO OBJECTION, it was so ordered.

5:13:06 PM

Senator Wielechowski MOVED to ADOPT Amendment 13.

Co-Chair Stedman OBJECTED for discussion.

Senator Wielechowski spoke to the amendment, which proposed to remove \$8.5 million for the West Susitna Road Project.

Co-Chair Stedman thought an earlier question had pertained to the cost of road construction and studies.

ALAN WEITZNER, EXECUTIVE DIRECTOR, AIDEA (via teleconference), explained that the Alaska Industrial Development and Export Authority (AIDEA) had currently spent approximately \$500,000 on pre-permitting studies for the West Susitna Access Road. He thought the original proposed appropriation was \$10 million, and he thought the amendment reduced the amount to \$8.5 million. He explained that AIDEA was looking to use the funding to complete a permitting process to ultimately achieve a record of decision under a National Environmental Policy Act (NEPA) filing with the designated federal agency.

Co-Chair Stedman asked Mr. Weitzner to discuss the cost.

Mr. Weitzner relayed that the early estimate for a total cost of construction (at about a 5 percent level of design) was approximately \$300 million for the road that would link from the Yentna mining district following the Donlin pipeline route and linking to Port Mackenzie. He highlighted the early stage of design and noted that the estimated cost would condense with further design work.

[5:16:14 PM](#)

Senator Wielechowski explained that several days ago he had asked for a report on how the previously expended roughly \$175 million had been spent. He asked if there was a reason the committee had not received the report yet.

Mr. Weitzner did not understand the expenditure amount as defined by Senator Wielechowski. He stated that the amount of \$175 million had not been spent on the West Susitna Access Road and noted that his information came from the Mat-Su Borough. He mentioned AIDEA's involvement in picking up the former Road to Resources Project in 2019, since which time AIDEA had spent (in partnership with the borough and other private resource owners) about \$500,000. He guessed that Senator Wielechowski had referenced funds that had been spent for the Port Mackenzie Rail Extension Project within the Mat-Su Borough, on which \$184 million had been spent.

Senator Wielechowski stated the source of his information was the supporting document provided by the administration, which had shown there were four different appropriations for the project totaling roughly \$175 million. He recounted that at the time he had inquired what had been accomplished with the funds and the response had been "studies and a six-mile trail."

Senator Hoffman asked what source of funding was being utilized for the road. He asked if the funds were from federal Statewide Transportation Improvement Program (STIP) funds. He inquired how many years AIDEA envisioned the project would take and what other projects would be put in jeopardy because of the size of the proposed project.

Mr. Weitzner explained that AIDEA was looking at approaching the West Susitna Access Road much in same way as the DeLong Mountain Transportation System and what AIDEA proposed for the Ambler Access Road. The road would be a privately-owned, operated, and funded user-access-charge road. The road would have public access per the Mat-Su Borough requirements.

[5:19:40 PM](#)

AT EASE

[5:22:14 PM](#)

RECONVENED

Co-Chair Stedman MAINTAINED his objection to the ADOPTION of Amendment 13.

A roll call vote was taken on the motion.

IN FAVOR: Olson, Wielechowski

OPPOSED: Hoffman, von Imhof, Wilson, Stedman, Bishop

The MOTION FAILED (2/5).

[5:22:58 PM](#)

Senator Hoffman MOVED to RESCIND the action on Amendment 19.

[5:23:17 PM](#)

AT EASE

[5:23:55 PM](#)

RECONVENED

Co-Chair Stedman clarified that there was a motion to rescind the action of passing Amendment 19, which pertained to the sum of \$10 million for Mat-Su Borough pavement rehabilitation.

Senator Hoffman clarified that procedurally a "yes" vote would bring the motion to adopt Amendment 19 before the committee for another vote. A vote of "no" would allow the action of passing Amendment 19 to stand.

Senator Olson asked if there was a reason for the motion to rescind the action.

Senator Hoffman thought there should be further discussion on Amendment 19. He had decided to change his vote.

A roll call vote was taken on the motion to rescind the action on Amendment 19.

IN FAVOR: Hoffman, Wilson, Bishop, Stedman

OPPOSED: Wielechowski, von Imhof, Olson

The MOTION PASSED (5/2). The action on Amendment 19 was RESCINDED.

5:26:07 PM

AT EASE

5:26:37 PM

RECONVENED

A roll call vote was taken on the motion to ADOPT Amendment 19.

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

The MOTION FAILED (3/4).

Senator von Imhof commented that she had named HB 69 the turducken, because the operating and capital and the Permanent Fund appropriation had been put in the same bill. She was happy to find levity in a 150-page bill.

5:28:33 PM

AT EASE

5:28:36 PM

RECONVENED

Co-Chair Bishop MOVED to report SCS CSHB 69(FIN) out of Committee with individual recommendations and authorization for the Legislative Finance Division and Legislative Legal Services to make any necessary technical and/or conforming changes.

Senator Wielechowski OBJECTED.

A roll call vote was taken on the motion.

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

The MOTION PASSED (5/2).

SCS CSHB 69(FIN) was REPORTED out of committee with four "do pass" recommendations, two "do not pass" recommendations, and one "amend" recommendation.

Co-Chair Bishop MOVED to report SCS CSHB 71(FIN) out of Committee with individual recommendations and authorization

for the Legislative Finance Division and Legislative Legal Services to make any necessary technical and/or conforming changes. There being NO OBJECTION, it was so ordered.

SCS CSHB 71(FIN) was REPORTED out of committee with six "do pass" recommendations and with one "no recommendation" recommendations.

Co-Chair Stedman discussed the meeting for the following day.

#

ADJOURNMENT

5:30:26 PM

The meeting was adjourned at 5:30 p.m.