

SENATE FINANCE COMMITTEE
February 14, 2022
9:02 a.m.

9:02:23 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Donny Olson (via teleconference)
Senator Natasha von Imhof
Senator David Wilson (via teleconference)
Senator Bill Wielechowski

MEMBERS ABSENT

Senator Lyman Hoffman

ALSO PRESENT

Senator Robert Myers, Sponsor; Dawson Mann, Staff, Senator Myers; Andy Mills, Legislative Liaison, Department of Transportation and Public Facilities; Dom Pannone, Administrative Services Director, Department of Transportation and Public Facilities.

PRESENT VIA TELECONFERENCE

Dan White, Senior Director, Economic Research, Moody's Analytics.

SUMMARY

SB 168 DONATIONS/GIFTS FOR DOT and PF SIGNAGE

SB 168 was HEARD and HELD in committee for further consideration.

ECONOMIC OUTLOOK: MOODY'S ANALYTICS

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9:03:51 AM

DAN WHITE, SENIOR DIRECTOR, ECONOMIC RESEARCH, MOODY'S ANALYTICS (via teleconference), discussed the presentation, "Economic Outlook" (copy on file). He looked at slide 2. He stated that Moody's Analytics was separate from Moody's Investors Service. He stated that both were owned by the same corporation, but should be considered separate.

9:06:31 AM

Mr. White pointed to slide 3, "The Pandemic Recovery Roadmap." He stated that the slide gave context about how far they "fell" during the pandemic, and also gave context about how much the state has already "come back." He noted that it was a roadmap with "signposts" to keep an eye out, in order to determine the baseline economic outlook in the presentation.

9:11:07 AM

Senator von Imhof asked for a definition of "QE."

Mr. White replied that QE was defined as "quantitative easing."

Co-Chair Stedman ask that acronyms not be used in the presentation.

Mr. White addressed slide 4, "Lots of Gas in the Tank." He stated that the slide showed the positive outlook related to what is available moving forward.

9:15:46 AM

Co-Chair Stedman queried the source of the money.

Mr. White replied that most of the fiscal stimulus came from the federal government.

Senator von Imhof wondered whether there had been conversation about how much time would be used to use all the stimulus money.

Mr. White replied that there was a significant portion of the workforce that has not returned to work since the beginning of the pandemic, and were using some of the funds.

[9:20:49 AM](#)

Senator von Imhof wondered whether there was variation by region or state.

Mr. White replied that there was only national data available.

Mr. White looked at slide 5, "Record Level of Fiscal Support." He stated that the slide was used to prove a prescient political test. He noted that some people would see why the U.S. could spend more political money, and others would see that money needed to be spent at a lower rate.

Senator von Imhof noted the \$6 trillion deposit in twenty four months had been deposited the U.S. She wondered how that would affect the typical taxpayer.

Mr. White replied that one of the reports was a long-term fiscal outlook, because there was a thirty year projection.

[9:27:37 AM](#)

Co-Chair Bishop asked for more detail about the forecast for inflation. He stated that the debt to GDP would be more than 200 percent in thirty years. He shared that the pandemic had moved a generation forward in the debt concerns.

Mr. White replied with slide 6, "Not Done With Inflation Yet." He stated that inflation would be well above the Federal Reserve target for at least another year.

Co-Chair Stedman wondered whether recalled that inflation was difficult to slow down in the 1980s. He surmised that there was no anticipation of systemic change forcing an inflation cycle similar to the early 1980s.

Mr. White replied that it was the hypothesis, and agreed.

[9:34:53 AM](#)

Mr. White addressed slide 7, "Lots of Curveballs Still Out There":

Using alternative scenarios in the revenue forecasting process help to add important context around the most relevant risks:

-("Stagflation") What happens if inflation isn't as transitory as the baseline forecast assumes?

-(Geopolitical Shock) What happens if the economy suffers an exogenous shock from geopolitical events in Ukraine/Russia?

Co-Chair Stedman wondered whether stagflation was under the Nixon administration.

Mr. White replied that it was during the 1970s, during the Ford and Carter administrations.

Senator von Imhof remarked that the GDP in Alaska had been falling since 2012. She stressed that the state had not increased its GDP for a decade.

[9:40:31 AM](#)

Co-Chair Stedman queried the possibility of the federal reserve running an intentional inflation cycle to dilute the debt.

Mr. White replied that "it was highly unlikely."

Co-Chair Bishop noted that Japan had not been able to come out of the 1980s bust on real estate. He wondered whether Japan was merely not spending money.

Mr. White agreed, and stated that Japan had not been able to increase their productivity due to a supply issue.

Mr. White looked at slide 8, "Extended Recovery Depends on Energy." He remarked that the lines should be split, because of the natural resource employment versus stock price.

[9:45:41 AM](#)

Mr. White addressed slide 9, "What to watch? Employment to Population Ratio (EPOP)." The slide indicated that women predominately fall out of the workforce during prime working age - falling to less than 65 percent in 2020. He suggested keeping a close eye on the EPOP.

[9:50:28 AM](#)

Senator von Imhof asked about the green line on the slide which represented EPOP prime age women.

Mr. White said that during the pandemic the working population women was - he noted that the men took a hit during the Great Recession. He said that industries that were made up of women employers were hit harder during the pandemic. He admitted that women were more often primary caregivers to children and the elderly.

Mr. White thanked the committee.

Co-Chair Stedman thanked the presenter.

[9:54:22 AM](#)

AT EASE

[9:59:46 AM](#)

RECONVENED

[10:00:08 AM](#)

Co-Chair Stedman HANDED the GAVEL to Co-Chair Bishop.

Co-Chair Bishop discussed housekeeping.

#sb168

SENATE BILL NO. 168

"An Act relating to program receipts; and relating to the acceptance of gifts, donations, and grants for the purpose of providing signage for assets under the control of the Department of Transportation and Public Facilities."

[10:00:47 AM](#)

SENATOR ROBERT MYERS, SPONSOR, introduced the legislation. He stated that the bill would give the Department of

Transportation and Public Facilities (DOT) the receipt authority to take donations to put up signage after the legislature names a project.

[10:01:27 AM](#)

DAWSON MANN, STAFF, SENATOR MYERS, discussed the Sectional Analysis (copy on file):

Section 1: AS 37.05.146(c) Page 1, Lines 5-7

This section adds gifts, donations, and grants received by the Department of Transportation and Public Facilities to the definition of program receipts and non-general fund program receipts found in the Fiscal Procedures Act in accordance with section 2 of this bill.

Section 2: AS 44.42.060 Page 1, Lines 8-14, Page 2, Lines 1-3

This section adds that the department may receive gifts, donations, and grants in accordance with a memorandum of understanding with the donor party. This section also outlines that the funds may not be used until the necessary funds have been collected from the donor.

Senator von Imhof queried the process for funneling the money.

Senator Myers replied that the intention was for DOT to partner with an entity for administration then deliver the funds to DOT for sign materials and labor.

Senator von Imhof surmised that the money would go toward the plaque and not DOT's bureaucracy.

Senator Myers agreed.

Co-Chair Stedman remarked that there was sometimes signage for trails through the Department of Natural Resources (DNR). He felt that there should be a discussion with DNR on that issue. He pointed out that safety issues should also be addressed, such as crosswalks.

[10:06:48 AM](#)

Senator Olson wondered whether the intention was mainly for land transportation corridors, or whether the bill also included airports.

Senator Myers replied that bridges would be the most common piece, but could be anything owned by DOT.

[10:07:52 AM](#)

ANDY MILLS, LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained the legislation and the process for how DOT took third party receipts.

Co-Chair Stedman queried the other processes for naming a DOT-owned entity.

Mr. Mills replied that there were other ways to name the bridges and other corridors, and he agreed to provide that information.

[10:11:01 AM](#)

Co-Chair Stedman felt that it used to be rare to put the naming into legislation.

Co-Chair Bishop requested every option for naming.

Senator von Imhof commented that there could be an amendment to the bill to include DNR naming. She stressed the pertinence of addressing safety issues as well.

Senator Olson wanted to ensure that non-state entities would not have to provide a fiscal note, and therefore DOT would not have the grounds to reject a public proposal.

Mr. Mills replied that the process for naming would not change in the bill.

Senator Olson asked whether the bill created an avenue for funds.

[10:15:34 AM](#)

Co-Chair Bishop replied in the negative. He explained that the bill allowed entities to donate funds to build the sign.

Senator Olson restated his question.

Mr. Mills replied that the funds received were for a specific project.

Senator von Imhof wondered whether the outline of costs for the donating entity would include the administration, actual signage, and labor.

[10:17:06 AM](#)

DOM PANNONE, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, replied that there was a standard quoting process for the signs.

Senator Wielechowski surmised that there would need to be a legislative appropriation before receiving the funds.

Mr. Pannone replied that the bill created a mechanism for DOT to create a future fiscal note with program receipts.

Co-Chair Stedman remarked that millions and sometimes billions of dollars were spent annually on DOT, and queried the issue of the state paying for signage.

Mr. Pannone replied that, in the past in bridge-naming bills, there was high scrutiny around the cost of the sign.

Co-Chair Bishop queried the process for replacement.

Mr. Mills replied that the cost was often rolled into project costs that were in the surrounding area.

[10:25:11 AM](#)

Co-Chair Bishop felt that most of the bridge bills had a fairly low fiscal note.

Co-Chair Stedman explained the tracking of fiscal notes in the legislature. He felt that the small cost of the naming bills did not have a large impact on the state budget.

[10:29:23 AM](#)

Senator Wielechowski wondered whether the department would have the authority to accept a large gift or organization to name a road or public facility.

Mr. Mills replied that the legislative process would occur first.

Senator von Imhof wondered whether there were ways to name a bridge that the legislature would not be aware in advance.

Mr. Mills replied that he was not aware of that mechanism for naming.

Senator von Imhof wondered whether there should be a dollar threshold attached to the bill. She remarked that sometimes the money was not an issue, but rather it was a place for a person to put their emotions.

[10:34:01 AM](#)

AT EASE

[10:34:55 AM](#)

RECONVENED

[10:35:13 AM](#)

Senator Wilson wondered whether DOT could return to the funders for replacement funds.

Mr. Pannone responded that DOT paid for sign damages out of their operational budget. He did not see DOT returning to a donor to ask for repair funds.

Senator Wilson wondered whether the bill would make that issue possible, because of the authorization.

Mr. Pannone replied that the bill only added the donations to program receipts.

Co-Chair Stedman asked that DOT present the cost of the signs over a five-year period.

Mr. Mills replied that in the year prior there were two naming bills and accounted for less than \$20,000. He agreed to provide further information.

Co-Chair Bishop stressed that they were already existing signs.

Senator von Imhof stressed that there was already authority in statute to do what was proposed in the bill.

[10:40:10 AM](#)

AT EASE

[10:42:06 AM](#)

RECONVENED

[10:42:16 AM](#)

Mr. Pannone replied that the department could accept the funds, but the bill would create a fiscal note to expend the funds.

Co-Chair Stedman asked how much money had come from foundations for the purpose intended from the donating entity.

Mr. Mills replied that the bill codified a path for a third party payment.

Senator Wielechowski queried liability if the department failed to follow the terms of the donation.

Mr. Mills agreed to provide that information.

Co-Chair Bishop OPENED and CLOSED public testimony.

[10:46:46 AM](#)

AT EASE

[10:47:01 AM](#)

RECONVENED

Co-Chair Bishop stated that the afternoon's meeting will be cancelled.

SB 168 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[10:47:21 AM](#)

The meeting was adjourned at 10:47 a.m.