

SENATE FINANCE COMMITTEE

April 19, 2022

9:13 a.m.

[9:13:46 AM](#)

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:13 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Bill Wielechowski

ALSO PRESENT

Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Miles Baker, Infrastructure Investment Coordinator.

PRESENT VIA TELECONFERENCE

Dayna Mackey, Administrative Services Director, Department of Fish and Game, Juneau; Melanie Werdon, Geological Scientist, Division of Geological and Geophysical Services, Department of Natural Resources, Fairbanks; David LaPain, Director and State Geologist, Division of Geological and Geophysical Services, Department of Natural Resources, Fairbanks; Randy Bates, Director of Water, Department of Environmental Conservation, Juneau; Curtis Thayer, Executive Director, Alaska Energy Authority, Department of Commerce, Community and Economic Development; Rob Carpenter, Deputy Commissioner, Department of Transportation and Public Facilities; James Wiedle, Budget Director, Alaska Housing Finance Corporation, Anchorage;

Curtis Thayer, Executive Director, Alaska Energy Authority, Anchorage.

SUMMARY

SB 241      APPROP: SUPPLEMENTAL; CAPITAL

SB 241 was HEARD and HELD in committee for further consideration.

#sb241

SENATE BILL NO. 241

"An Act making appropriations for the operating expenses of state government and certain programs; making capital appropriations and supplemental appropriations; capitalizing funds; and providing for an effective date."

[9:15:19 AM](#)

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, introduced himself.

MILES BAKER, INFRASTRUCTURE INVESTMENT COORDINATOR, introduced himself.

Mr. Baker discussed the presentation titled, "State of Alaska; Office of the Governor; Infrastructure Appropriation Bill SB241; Senate Finance Committee; April 6, 2022" (copy on file). He displayed slide 9, "Federal Programs and Match":

Fish and Game  
    •Wildlife           Restoration           (Pittman-Robertson)  
      \$24,000.0 (\$18,000.0 Fed, \$6,000.0 F and G Fund)

Co-Chair Bishop asked for a detailed list of projects.

[9:17:22 AM](#)

DAYNA MACKEY, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF FISH AND GAME, JUNEAU (via teleconference), agreed to provide that information.

Mr. Baker continued with slide 9:

Health and Social Services

- Low Income Home Energy Assistance Program (LIHEAP) \$314.0 Fed

Military and Veterans' Affairs

- State and Local Cybersecurity Grants \$2,404.4 (\$2,164.0 Fed, 240.4 UGF)

Senator Wilson wondered how many local and tribal governments that the state planned to assist with the funding.

Mr. Baker replied that he did not know.

[9:21:42 AM](#)

Mr. Baker continued with slide 9:

Natural Resources

- National Geological and Geophysical Data Preservation Program (NGGDPP) \$3,290.0 (\$2,290.0 Fed, \$1,000.0 UGF)
- Critical Minerals Mapping -Earth Mapping Resources Initiative (MRI) \$7,500.0 Fed
- Abandoned Mine Lands Reclamation Program \$1,333.0 Fed

Co-Chair Bishop surmised that the \$1.3 million was additional to the \$3 million for the abandoned mine section in the Department of Natural Resources (DNR) budget.

Mr. Baker agreed.

Mr. Baker continued with slide 9:

- Community Wildfire Defense Grants (NEW) \$3,000.0 Fed

Co-Chair Bishop wondered whether there was any helium in the associated gas in the state.

[9:27:40 AM](#)

MELANIE WERDON, GEOLOGICAL SCIENTIST, DIVISION OF GEOLOGICAL AND GEOPHYSICAL SERVICES, DEPARTMENT OF NATURAL RESOURCES, FAIRBANKS (via teleconference), deferred to Mr. LaPain.

[9:28:13 AM](#)

DAVID LAPAIN, DIRECTOR AND STATE GEOLOGIST, DIVISION OF GEOLOGICAL AND GEOPHYSICAL SERVICES, DEPARTMENT OF NATURAL RESOURCES, FAIRBANKS (via teleconference), replied that he was not aware of helium in substantial quantities in the state. He deferred to the Alaska Oil and Gas Conservation Commission (AOGCC), who may track that data.

Mr. Baker addressed slide 10, "Federal Programs and Match":

Environmental Conservation

- Village Safe Water and Wastewater Projects  
\$45,000.0 Fed
  - o First Time Service \$27,000.0 Fed
  - o Existing Service \$18,000.0 Fed
- Drinking Water Fund Capitalization \$39,972.2  
(\$38,176.7 Fed, \$1,795.5 UGF)
- Drinking Water Capital Subsidies
  - o Regular Program \$6,246.5 Other (Drinking Water Fund)
  - o Emerging Contaminant \$5,353.4 Other (Drinking Water Fund)
  - o Lead Line Service \$9,836.9 Other (Drinking Water Fund)
- Clean Water Fund Capitalization \$21,857.4  
(\$19,850.9 Fed, \$2,006.5 UGF)
- Clean Water Capital Subsidies
  - o Regular Program \$9,241.9 Other (Clean Water Fund)
  - o Emerging Contaminant \$ 989.8 Other (Clean Water Fun

[9:33:13 AM](#)

Mr. Steininger stated that each item was in the operating budget, but the details were within the capital budget.

Senator von Imhof wondered how many years that the Department of Environmental Conservation (DEC) could spend the money. She remarked that it was going to take manpower and planning to distribute the money.

Mr. Steininger replied that some of the projects could take as long as ten years, and deferred to Mr. Bates.

Senator von Imhof stressed the importance of there not being a time limit and guideline for the projects.

Mr. Steininger deferred to Mr. Bates.

[9:35:20 AM](#)

RANDY BATES, DIRECTOR OF WATER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, JUNEAU (via teleconference), replied that the federal government stated that the money could be spent for up to twelve years or more.

Senator Wilson queried the number of communities in the state that were still using landlines.

Mr. Bates agreed to provide that information.

Mr. Baker highlighted slide 11, "Federal Programs and Match":

Environmental Conservation

- Administrative Services
  - o Water Programs Accounting \$417.7 Other (\$359.7 CIP, \$56.0 Drinking Water Fund, \$56.0 Clean Water Fund); 2 PFT
- Environmental Health
  - o Drinking Water Program Implementation \$8,126.1 Fed; 6 PFT
- Spill Prevention and Response (SPAR)
  - o Brownfield Response \$1,000.0 Fed; 5 NP
- Water Quality
  - o Drinking Water Program Implementation \$4,582.7 (\$4,276.9 Fed, \$305.8 Drinking Water Fund); 3 PFT
  - o Clean Water Program Implementation \$1,192.7 (\$886.8 Fed, \$305.9 Clean Water Fund); 3 PFT
  - o Indian Health Service (IHS) Village Safe Water Support \$1,585.4 CIP; 5 PFT

Mr. Baker pointed to slide 12, "Federal Programs and Match":

Transportation and Public Facilities

- Airport Improvement Program Increase \$237,767.3 Total
  - o \$ 73,400.0 FY22 (\$ 70,000.0 Fed, \$ 3,400.0 IARF)

- o \$164,367.3 FY23 (\$152,967.3 Fed, \$11,400.0 IARF)
- o See attachment 2 for allocation details
- Surface Transportation Program Increase \$211,408.3 Fed
  - o \$ 98,756.5 FY22
  - o \$112,651.7 FY23
  - o See attachment 3 for allocation details
- Bridge Formula Program (New) \$90,000.0 (\$45,000.0 FY22 and FY23)
- PROTECT Program (New) \$35,800.0 (\$17,900.0 FY22 and FY23)
- Carbon Reduction Program (New) \$31,400.0 (\$15,700.0 FY22 and FY23)
- Electric Vehicle Infrastructure (New) \$15,516.4 (\$7,758.2 FY22 and FY23)
- Federal Program State Match
  - o Federal Aid Highway \$46,500.0 UGF
  - o Federal Aid Aviation \$ 4,300.0 UGF

Senator von Imhof asked whether there had been studies on how electric vehicles fared in very cold climates. She wondered whether the state's electric grid could handle an expansion in the use of electric vehicles.

[9:46:58 AM](#)

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), responded that some electric cars worked at 40 below and greater. He spoke to the electrical grid and said there was no issue on the Railbelt grid. He noted that Juneau had the highest number of electric vehicles, per capita, of anywhere in the country.

Senator Wilson wondered whether the funds would be available for local governments for alternative projects to upgrade roads.

Mr. Thayer responded in the negative. He said that the money was marked for very specific projects.

Senator Olson asked about funding for programs after they were established, and whether the state was required to fund the projects moving forward.

Mr. Baker said that the programs in the presentation were new, so there was an expectation that the programs would move forward with federal funding.

Co-Chair Bishop invited Mr. Carpenter to the table.

Senator Wilson wondered whether the transportation funds would be available as pass-through funds to local governments for road resurfacing or culvert replacement.

[9:52:28 AM](#)

ROB CARPENTER, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), replied in the affirmative, and stated that there was a local component in the bill and that projects would be competitively scored after project submission.

Senator Wilson wondered whether the projects would be awarded to public private partnerships.

Mr. Carpenter responded that the capital budget was broken into components. He spoke of TIPS or transportation improvement plans. He mentioned community transportation programs

Senator Wilson asked whether the future projects would delay current projects.

Mr. Carpenter said that he could not predict what would happen in the future.

Mr. Baker pointed out to the committee the total match listed at the bottom of Slide 12.

[9:56:03 AM](#)

Mr. Baker addressed slide 13, "Additional Support of Federal Initiatives":

Administration

- Cyber Security Upgrades and Security Monitoring Improvements \$2,849.0 UGF

Environmental Conservation

- SPAR Database Upgrades and Improvements \$1,300.0 UGF
- State Brownfield Sites Clean-up \$1,000.0 UGF

- Water Quality -Additional Program Implementation Support \$135.4 UGF; 1 PFT
- Natural Resources
- Critical Minerals Resource Mapping \$3,000.0 (\$2,750 UGF, \$250 SDPR)

Mr. Baker looked at slide 14, "Congressional Earmarks (FY22):

- Alaska Housing Finance Corporation (AHFC)
- Teacher, Health Professional and Public Safety Housing Program \$4,000.0 (\$2,000.0 Fed, \$2,000.0 UGF)
  - Includes \$2,000.0 UGF match to specially address Public Safety housing needs
- Natural Resources
- Coastal and Nearshore Mapping \$5,000.0 Fed

Co-Chair Bishop wondered whether the Alaska Housing Finance Corporation (AHFC) had worked with the Department of Education and Early Development (DEED) to address teacher housing.

[10:02:11 AM](#)

JAMES WIEDLE, BUDGET DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, ANCHORAGE (via teleconference), replied that the Teacher Housing Program built a number of homes for teacher housing in rural Alaska. He stated that there were some conversations with DEED over the years, but there was not yet a prioritization list.

Co-Chair Bishop felt that teacher housing should be made a priority immediately.

Senator Wilson agreed. He looked at slide 13, and wondered how the additional funding through the infrastructure bill would put a strain on the program.

Mr. Steininger replied that the project would enable the work in a more effective way.

[10:05:48 AM](#)

Mr. Baker addressed slide 15, "Coordination and Implementation":

Office of the Governor

- State Infrastructure Planning and Coordination  
\$5,480.0 (\$5,000.0 UGF, \$480.0 CIP); 2 PFT

Alaska Municipal League (AML)

- Local Government Capacity Building and Technical Assistance \$500.0 UGF

Alaska Federation of Natives (AFN)

- Navigator Program \$2,500.0 UGF

[10:10:26 AM](#)

Co-Chair Stedman expressed concern about multi-year appropriations.

Mr. Baker pointed to slide 16, "Investment in Competitive Opportunities":

Electric Grid Modernization -AEA

- Grid reliability, resiliency and transmission  
\$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

Clean Hydrogen Technologies -AGDC

- Clean hydrogen research, development and demonstration \$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

Carbon Capture and Sequestration -DNR

- Carbon technology infrastructure research, development and demonstration \$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

Rare Earth and Critical Minerals -UA

- Rare Earth Elements (REE) Demonstration Facility  
\$500.0 UGF
- Critical Minerals Security Projects \$9,500.0  
(\$2,000.0 UGF, \$7,500.0 Fed)

Senator Wilson queried the Railbelt Electric Reliability organization progress.

[10:16:19 AM](#)

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, ANCHORAGE (via teleconference), explained that the council was currently underway, and had filed a 300-page application and would be approximately 18 months to work through the process to become an entity. He stated that there was not that window of time, so the guidelines would be released soon. He stated that there was work with

entities to apply for the available funding at the time of approval.

Co-Chair Stedman cautioned against adding wind turbines. He wondered why the carbon capture was not going to the university for research.

Mr. Baker replied that the clean hydrogen technology had \$8 billion from the federal government to fund clean hydrogen hubs. He stated that the objective was to put public money into the technology.

[10:20:48 AM](#)

Co-Chair Stedman expressed concern, because there was an attempt to work with the university on the heavy oil and hydrocarbon basin.

Mr. Baker agreed, and stated that the university needed to be a key component of the partnership.

[10:23:19 AM](#)

AT EASE

[10:23:31 AM](#)

RECONVENED

[10:23:36 AM](#)

Co-Chair Bishop discussed the schedule.

SB 241 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[10:23:51 AM](#)

The meeting was adjourned at 10:23 a.m.