

SENATE FINANCE COMMITTEE
April 28, 2022
2:20 p.m.

2:20:13 PM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 2:20 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof

ALSO PRESENT

Pete Ecklund, Staff, Senator Bert Stedman.

PRESENT VIA TELECONFERENCE

Cori Mills, Special Assistant, Office of the Attorney General, Department of Law.

SUMMARY

CSHB 281(FIN) am(brf sup maj fld)(efd fld)
APPROP: OPERATING BUDGET/LOANS/FUNDS

CSHB 281(FIN) am(brf sup maj fld)(efd fld) was HEARD and HELD in committee for further consideration.

CSHB 282(FIN)
APPROP: MENTAL HEALTH BUDGET

CSHB 282(FIN) was HEARD and HELD in committee for further consideration.

#hb281

#hb282

CS FOR HOUSE BILL NO. 281(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. 282(FIN)

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

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Co-Chair Stedman relayed that the committee would consider amendments but would not be moving a bill.

[2:21:14 PM](#)

AT EASE

[2:21:33 PM](#)

RECONVENED

Co-Chair Bishop MOVED to ADOPT Amendment 22, 32-GH2686\L.18 (Marx, 4/26/22) (copy on file).

Co-Chair Stedman OBJECTED for discussion.

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PETE ECKLUND, STAFF, SENATOR BERT STEDMAN, spoke to the amendment. The amendment pertained to a "50/50 dividend," which would take the roughly \$3.3 billion percent of market value (POMV) payout from the Earnings Reserve Account (ERA) and would place half in the General Fund and half in the Dividend Fund.

Senator Wilson thanked the committee for adopting the amendment.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 22 was ADOPTED.

[2:22:52 PM](#)

Co-Chair Bishop MOVED to ADOPT Amendment 23.

Co-Chair Stedman OBJECTED for discussion.

Mr. Ecklund explained that the amendment related to sport fisheries in the Department of Fish and Game. He noted that the chair's office and Senator Hoffman's office had been in discussion with the department over the previous weeks. The amendment would add back federal, Unrestricted General Fund (UGF) and Fish and Game Fund sources to the Sport Fisheries appropriation to match what the governor's introduced budget was for Sport Fisheries. He noted that funding for hatcheries that were to be in a separate appropriation.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 23 was ADOPTED.

Co-Chair Bishop MOVED to ADOPT Amendment 24, 32-GH2686\L.16 (Marx, 4/26/22 (copy on file)).

Co-Chair Stedman OBJECTED for discussion.

Co-Chair Bishop spoke to the amendment and explained that it was at the request of the Department of Labor and Workforce Development. The amendment would simply switch fund sources, with a decrement of \$1 million to the Alaska Vocational Technical Center (AVTEC) and a \$1 million towards the State Training and Employment Program (STEP).

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 24 was ADOPTED.

Co-Chair Bishop MOVED to ADOPT Amendment 25, 32-GH2686\L.17 (Marx, 4/26/22) (copy on file).

Co-Chair Stedman OBJECTED for discussion.

Mr. Ecklund explained that there was a provision in the bill that took any revenue above \$100/bbl of oil and placed

it within the corpus of the Permanent Fund. He recounted that after discussion with the Office of Management and Budget (OMB), the Department of Revenue (DOR) and the Legislative Finance Division (LFD), it was decided to write the concept differently. The amendment made it clearer that any UGF revenue in FY 23 above \$8,225,000,000 (from roughly \$100/bbl of oil) would go to the corpus of the Permanent Fund.

Co-Chair Stedman clarified that the amendment proposed a new mechanism that would enable unexpected spikes in revenue due to high oil prices to be transferred to the Permanent Fund and the fund would pay out 5 percent per year in perpetuity.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 25 was ADOPTED.

[2:26:23 PM](#)

Co-Chair Bishop MOVED to ADOPT Amendment 26, 32-GH2686\L.22 (Marx, 4/28/22) (copy on file).

Co-Chair Stedman OBJECTED for discussion.

Mr. Ecklund spoke to the amendment, which proposed to change the Revised Program Legislative (RPL) language that was in the budget. He read the list of items starting on line 6 that could not be taken to the Legislative Budget and Audit (LBA) Committee as an RPL: any additional receipts received by the Alaska Gasline Development Corporation (AGDC), federal receipts related to broadband, and Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

Mr. Ecklund explained that the broadband item was included as it was a more discretionary item and was in the Infrastructure Investment and Jobs Act (IIJA). He explained that the SLFRF funds had been expended in the budget and had been used as revenue replacement for the states savings. He discussed potential veto of the funds and rationale for listing the SLFRF funds, which were considered discretionary in nature, and excluded from the RPL process.

Mr. Ecklund continued addressing the amendment. He explained that the amendment would additionally prohibit the RPL process for any funds appropriated by the 117th Congress or 118th Congress related to climate or energy, funds for coronavirus disease or economic recovery, or expenditures natural gas pipeline. Further, any item greater than 10 million could not be considered by the LBA Committee. He clarified that under the proposed amendment any federal pass-through money to communities would be able to go before the LBA Committee.

Senator Wielechowski asked about line 22, which pertained to an appropriation for a federal pass-through funds to a community. He asked if the item applied to multiple communities.

Mr. Ecklund answered in the affirmative.

Senator Wilson asked if the amendment would include or exclude the loan amounts for AGDC. He asked about AGDC's current authorized receipts.

Mr. Ecklund did not recall the authorized budget for AGDC. He clarified that the amendment would not allow AGDC to go in front of the LBA Committee to increase any appropriations that would go to the corporation.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 26 was ADOPTED.

[2:30:25 PM](#)

AT EASE

[2:33:37 PM](#)

RECONVENED

Co-Chair Bishop MOVED to ADOPT Amendment 27, 32-GH2686\L.21 (Marx, 4/27/22) (copy on file).

Co-Chair Stedman OBJECTED for discussion.

Mr. Ecklund spoke to Amendment 27 and explained that it would increase the appropriation for statehood defense currently in the budget by \$1 million. The current appropriation included \$2 million, with \$500,000 for the Tongass National Forest and \$1.5 million for other issues

across the state. Adoption of the amendment would bring the total to \$3 million.

Senator Wielechowski asked if there was anyone from the Department of Law online to answer questions.

Co-Chair Stedman stated "no," and asked if Senator Wielechowski would like to try to find an available testifier from the department.

Senator Wielechowski was interested in hearing how the department intended to use the additional \$1 million proposed in the amendment.

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AT EASE

[2:35:26 PM](#)

RECONVENED

Co-Chair Stedman explained that he would move Amendment 27 down the calendar.

Co-Chair Bishop MOVED to ADOPT Amendment 28, 32-GH2686\L.20 (Marx, 4/27/22) (copy on file).

Co-Chair Stedman OBJECTED for discussion.

Mr. Ecklund explained that there had been a contractual settlement agreement between the state and the Marine Engineers Beneficial Association (MEBA). The amendment proposed to appropriate a 3 percent lump sum in FY 22 for MEBA members, while FY 23, FY 24, and FY 25 were still being negotiated.

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

[2:36:49 PM](#)

AT EASE

[2:37:02 PM](#)

RECONVENED

Co-Chair Stedman MOVED to ADOPT Amendment 29 (copy on file).

Senator Wielechowski OBJECTED for discussion.

Mr. Ecklund spoke to Amendment 29. He explained that the amendment would approve approximately \$1.8 million for the Kenai Dispatch Center (KDC) under the Department of Public Safety. He furthered that the dispatch center was in the Alaska State Troopers appropriation, in an allocation called "dispatch services." The amendment proposed to approve \$1.8 million for the KDC, and the latter part of the amendment would delete \$1 million from the total appropriation for dispatch services.

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AT EASE

[2:39:42 PM](#)

RECONVENED

Co-Chair Stedman asked if there was further discussion on Amendment 29.

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

[2:40:15 PM](#)

AT EASE

[2:41:01 PM](#)

RECONVENED

Co-Chair Bishop MOVED to ADOPT Amendment 27.

Co-Chair Stedman OBJECTED for discussion. He asked for Ms. Mills to describe the need for an extra \$1 million for the Department of Law.

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CORI MILLS, SPECIAL ASSISTANT, OFFICE OF THE ATTORNEY GENERAL, DEPARTMENT OF LAW (via teleconference), spoke to Amendment 27. She expressed her appreciation for the amendment being brought forward. She explained that there were about 7 existing cases that were being funded with the \$4 million multi-year appropriation the department received

the previous year. Based on prior cases that were similar in kind, the cases were anticipated to take up about \$3.5 million. She continued that there was a slate of 11 to 12 anticipated cases that were likely to be brought in the next year or year and a half, based on ongoing actions in the federal government, which were estimated to cost a total of \$10 million. She commented on the unpredictable time horizon with litigation, and the ability to move forward on cases with resources rather than necessitating a supplemental request.

Senator Wielechowski asked how many attorneys there were in the Department of Law.

Ms. Mills cited that there were around 143 attorney positions in the department. There were approximately 120 filled positions in the department.

Senator Wielechowski asked if the intent was to use in-house assistant attorneys general for the cases or use the funds for outside counsel.

Ms. Mills stated that the department was viewing the proposed funding as additional money for the 30 percent increase in cases. Some of the amount would be for in-house costs. There were also three outside counsel contracts that were doing a large amount of the work. She noted that the department would not be adding any positions with the funds, rather the funds were meant to capture the overflow due to the current increase. She summarized that the department hoped the load would decrease as some of the issues were managed and case law was established so that going forward the federal government would negotiate issues outside a courtroom.

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Senator Wielechowski asked what issues the department intended to litigate with the additional funds.

Ms. Mills listed topics of cases the department would litigate including navigability, submerged lands, R2477 cases, Clean Water Act cases, the definition of waters of the United States, and issues with the Endangered Species Act. She mentioned the Ringed Seal, the Ice Seal, and Archipelago Wolves.

Senator Wielechowski asked if Ms. Mills had anticipated spending another \$10 million.

Ms. Mills mentioned the current 7 cases and the 10 to 11 additional anticipated cases pertaining to federal natural resources, which would use the funding as a primary source or as overflow depending upon the status of existing historical funding sources.

Co-Chair Stedman asked about the hourly rate being paid to outside attorneys on the cases.

Ms. Mills estimated that the rate was in the range of \$400 to \$450 per hour.

Senator Wielechowski asked if the department would be back requesting an additional \$10 million supplemental if it was given the additional \$1 million proposed in the amendment.

Ms. Mills hoped the department would not have to come back for a supplemental budget request. She hoped that the funds proposed in the amendment would provide the monies needed through to the next year. She anticipated that the additional \$4 million from the previous year would be spent fairly quickly. She thought the additional \$2 million in funding would be a good buffer for the cases that were anticipated. She presumed that if all the cases went through to conclusion and appeal, the department would likely have to request additional funds for a multi-year appropriation.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 27 was ADOPTED.

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AT EASE

[2:49:49 PM](#)

RECONVENED

Co-Chair Stedman thanked everyone for coming to the meeting.

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ADJOURNMENT

[2:50:10 PM](#)

The meeting was adjourned at 2:50 p.m.