

SENATE FINANCE COMMITTEE

May 2, 2022

1:34 p.m.

1:34:26 PM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Natasha von Imhof

ALSO PRESENT

Cody Grussendorf, Staff to Co-Chair Bishop; David Dunsmore, Staff to Senator Wielechowski.

PRESENT VIA TELECONFERENCE

Andy Mills, Legislative Liaison, Department of Transportation and Public Facilities.

SUMMARY

SB 164 APPROP: CAP; REAPPROP; SUPP

SB 164 was HEARD and HELD in committee for further consideration.

#sb164

SENATE BILL NO. 164

"An Act making appropriations, including capital appropriations, reappropriations, and other

appropriations; making supplemental appropriations; and providing for an effective date."

[1:34:45 PM](#)

Co-Chair Bishop relayed that the committee would address a packet of amendments to SB 164 (copy on file).

Co-Chair Stedman MOVED to ADOPT Amendment 1.

Co-Chair Bishop OBJECTED for discussion.

[1:35:06 PM](#)

CODY GRUSSENDORF, STAFF TO CO-CHAIR BISHOP, spoke to Amendment 1. He explained that the amendment proposed a technical change to move the Maritime Works grant into the University of Alaska section of the bill.

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

[1:35:28 PM](#)

Co-Chair Stedman clarified that SB 164 was the capital budget, and that there would be several forthcoming amendments.

Co-Chair Stedman MOVED to ADOPT Amendment 2, 32-GS2436\W.3 (Dunmire, 4/28/22).

Co-Chair Bishop OBJECTED for discussion.

Mr. Grussendorf spoke to Amendment 2, which was a technical change that corrected the description in a reappropriation.

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

[1:36:10 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 3, 32-GS2436\W.4 (Dunmire, 4/28/22).

Co-Chair Bishop OBJECTED for discussion.

Mr. Grussendorf explained that Amendment 3 was a rewording regarding funds for the Port of Alaska and would provide the port a little more flexibility. It deleted "preparing a full financial package for final investment decision for the Port of Alaska" and inserted "the Port of Alaska modernization project, including a full financial package for final investment decision."

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

[1:36:45 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 4.

Co-Chair Bishop OBJECTED for discussion.

Mr. Grussendorf explained that Amendment 4 would add \$4 million of federal receipt authority to Alaska Gasline Development Corporation (AGDC) for its project, Clean Hydrogen Research, Development and Demonstration Opportunities.

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

[1:37:12 PM](#)

Senator Hoffman MOVED to ADOPT Amendment 5.

Co-Chair Bishop OBJECTED for discussion.

Mr. Grussendorf explained that Amendment 5 would add \$54,895,500 from the Regional Educational Attendance Area (REAA) Fund to fund the Napakiak school. It was an obligation out of the REAA Fund.

Co-Chair Bishop WITHDREW his OBJECTION.

Co-Chair Stedman OBJECTED for discussion. He thought that the school was the next school on the REAA funding list. He explained that the amendment did not change the budget structure but rather clarified that the school would be dealt with entirely through the REAA Fund.

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

[1:38:25 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 6.

Co-Chair Bishop OBJECTED for discussion.

Mr. Grussendorf explained that the amendment reinstated the governor's proposed amount of \$2.5 million for the Alaska Energy Authority (AEA) Strategic Plan for Railbelt Assets project. There had been a decrement in an earlier version of the bill and the amendment would restore the governor's original proposed amount.

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

[1:38:57 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 7, 32-LS8002\A.48 (Dunmire, 4/28/22).

Co-Chair Bishop OBJECTED for discussion.

Mr. Grussendorf explained that Amendment 7 was an appropriation of the unexpended and unobligated remainder of the funds in the Exxon Valdez Oil Spill Restoration Fund to the Prince William Sound Science Center in the approximate amount of \$200,000.

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

[1:39:24 PM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 8 (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Mr. Grussendorf explained that Amendment 8 was a title change for the Alaska Community Foundation. The new title was the Alaska Housing Trust.

Co-Chair Bishop WITHDREW his OBJECTION.

Senator Wilson OBJECTED for discussion. He thought everyone understood the importance of housing in Alaska. He pointed

out that the item was a new project, and he wanted more detail as to how the funds would be spent. He asserted that there had not been much information disseminated to the committee.

Mr. Grussendorf explained that the \$5 million appropriation was intended for the Alaska Community Foundation to increase housing stock in Alaska to try and address homelessness and other problems.

Senator Wilson was concerned that he was not familiar with the board members or management structure. He wondered if the Alaska Housing Finance Corporation (AHFC) was involved. He understood that there were matching funds and pointed out that the state was making a large investment in the project. He wanted more detail to be comfortable voting for the budget item.

[1:41:12 PM](#)

Co-Chair Stedman thought the lack of housing pervaded many areas of the state. He pointed out that the budget had several areas being addressed including for teachers, Alaska State Troopers, public safety, and nurses. He thought by putting funds in the Alaska Community Foundation, it allowed for the chance to bring in substantial matching funds through private contributions. He supported the amendment and thought the subject should be revisited the following year to see if the funds should be matched or increased. He suggested having the foundation come before the committee to show the results of the funding. He recalled that the original request was close to \$60 million, and he thought the \$5 million gave an opportunity for the foundation to "prove up."

Senator Wielechowski thought the affordable housing and homelessness issue had been heard in committee many times and referenced its connection to domestic violence and sexual assault that was addressed in the meeting earlier in the day. He thought there was a dearth of housing across the state. He estimated that the issue of homelessness and affordable housing was the foremost issue in his district. He thought the amendment was important. He knew there was significant private funding available that was looking for a state match and thought the funding would make an impact on homelessness all over the state.

Senator Wilson reiterated his concern about the lack of detail. He questioned which communities would be involved and how the funds would help. He wanted to see a plan as to how the funds would be used but did not want to belabor the committee with a roll call vote. He had concerns about the clarity and transparency of how the funds would be used.

Senator Wilson WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. Amendment 8 was ADOPTED.

[1:44:29 PM](#)

Senator Wilson MOVED to ADOPT Amendment 9, 32-LS8002\A.45 (Dunmire, 4/27/22).

Co-Chair Bishop OBJECTED for discussion.

Senator Wilson recalled that the 2024 Arctic Winter Games were awarded to the Matanuska-Susitna Borough in the year 2021. He recounted that since 1970, athletes from the Pacific Northwest had been gathering to light a torch to symbolize the spirit of the Arctic Winter Games. He listed participants in the games, including Canada and Greenland. The Mat-Su Borough was responsible for providing all the food, lodging, and local transportation equipment and facilities for athletes, coaches, and trainers. The previous year there were starting funds appropriated for the event, and an additional \$1 million was requested from the borough. He recounted that the last time the games were held in the state was in 2014 in Fairbanks. He thought a member from the other body had been a chair of the games. He thought the event was supported by the lieutenant governor.

Co-Chair Bishop commented that his daughter had competed in the games in Alberta, Canada, at which time he learned that the Arctic Winter Games had more participants than the Winter Olympics.

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

[1:46:27 PM](#)

Senator Wilson MOVED to ADOPT Amendment 10, 32-LS8002\A.46 (Dunmire, 4/27/22).

Co-Chair Bishop OBJECTED for discussion.

Senator Wilson explained that the amendment proposed to complete the rail extension from Port MacKenzie to Houston. The project scope would include final design and construction for two rails reserved for additional segments for final design survey. He mentioned additional elements such as rail ties and communications. He cited that Port MacKenzie was a deep water port and the rail extension would provide a shorter rail route from the Interior to tide water, which would boost the state's mineral export and natural resources export to help the state's economy.

Senator Wilson continued to address Amendment 10. He cited that the project would bring about \$184 million in investment, as well as creating jobs and helping improve air quality in the Interior. He understood that there might be additional federal funds coming through and that the co-chairs office had been working with the federal delegation for rail funding for the state.

Senator Wilson MOVED to WITHDRAW Amendment 10. There being NO OBJECTION, it was so ordered.

[1:47:58 PM](#)

Senator Wilson MOVED to ADOPT Amendment 11, 32-LS8002\A.47 (Dunmire, 4/27/22)

Co-Chair Bishop OBJECTED for discussion.

Senator Wilson explained that Amendment 11 was similar to Amendment 10 and pertained to segments of the Port MacKenzie rail extension project and the Ayrshire, Peger, and Laurance rail spurs. He discussed the advantages of the rail extensions. He discussed the progress on the project and mentioned the possibility of potential Infrastructure Investment and Jobs Act (IIJA) funds that could be used for the project.

Senator Wilson MOVED to WITHDRAW Amendment 11. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman wanted to comment on Amendment 11. He considered the possible federal funds coming to the state as mentioned by Senator Wilson and thought that in addition

to the issues mentioned in the amendment, the state should consider the extension of the Alaska Railroad to the Canada border.

[1:49:25 PM](#)

Senator Wilson MOVED to ADOPT Amendment 12 32-GS2436\W.5 (Dunmire, 4/28/22).

Co-Chair Bishop OBJECTED for discussion.

Senator Wilson explained that Amendment 12 provided opportunity to increase the state's infrastructure needs by allowing for the Fairview project to continue and provided support to the Totchaket Road project. He discussed the importance of the Fairview Loop in his area. He mentioned road upgrades that had created more traffic and the use of the road as a bypass. He asserted that the project would improve the roadway and make for smoother commuting ties in the area. He discussed the Statewide Transportation Improvement Program (STIP) list. He discussed the difference between state and federal project timelines.

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Co-Chair Bishop MAINTAINED his OBJECTION.

ANDY MILLS, LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), explained that the Fairview Loop Project continued, and the reappropriation of state funds to the Totchaket Road project had been acquired for the upcoming construction season. He relayed that the department continued to do work on the Fairview Loop and noted that the project was part of a General Obligation (GO) Bond that had an alteration to the scope of work in 2014 for a separate path for pedestrians and bicycles. He cited that DOT was still working on utility relocation and right-of-way acquisition to bring the phase of the project to completion.

Mr. Mills explained that even with the \$15 million reappropriation, there would still be \$3 million needed for the Fairview Loop project to continue. The department would be doing the work in concert with federalization of the project, which would allow the state to leverage federal dollars. He recounted that the commissioner had recently driven the Fairview Loop to view the road. He mentioned

that federalizing the project would allow the department to consider additional scope to enhance the alignment and safety of the road.

Senator Wilson thought normally reappropriations stayed within communities, while Mr. Mills had mentioned that the project had already been on the books since 2014. He asked about the timeline for moving the project from STIP funding. He felt that there was no assurance that the STIP funding process would make the timeline shorter. He thought Fairview Loop was resurfaced without need.

[1:54:20 PM](#)

Senator Wielechowski asked if there was \$15 million in the budget proposed to be reappropriated from Fairview Loop road construction.

Co-Chair Bishop stated that the governor's reappropriation proposed to put the funds towards the Totchaket Road project. He took away that the commissioner was looking at enhancing the project to make it better with federal funding.

Senator Wilson was not concerned with when the commissioner had driven the road but was very interested in knowing when the road project was going to be completed and whether the reappropriation would delay the timeline. He wanted to know the timeline difference from moving the project from state to federal funding.

Mr. Mills relayed that the commissioner had a history in the Northern region and had experience federalizing projects with little to no additional time added to the project. He noted that there had been considerable conversation regarding federalization of the project and whether it would substantially delay the timeline. He underscored that there were still state funds to continue the right-of-way and utility relocation that was ongoing, and that the relocation had been at issue. There was an open question that the work would be done in the later part of 2023, due to factors outside the department's control even if the funds were maintained. He reiterated that the department saw Totchaket as a possibility this construction season, and federalizing Fairiview Loop potentially without delays.

Senator Wilson MAINTAINED his objection.

A roll call vote was taken on the motion.

IN FAVOR: Wilson.

OPPOSED: Olson, Wielechowski, Bishop, Stedman, Hoffman

The motion The MOTION FAILED (1/5).

[1:57:53 PM](#)

Senator Wielechowski MOVED to ADOPT Amendment 13 (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Senator Wielechowski explained that the amendment clarified the intent on a portion of what was known as "The Long Trail." The amendment did not add any additional funding but clarified the usage.

Senator Wilson asked if Senator Wielechowski knew if the community councils or other stakeholders in the Mat-Su area were consulted on the project regarding the multi-use aspect of the trail.

Senator Wielechowski understood that the amendment was put together by the group that was putting together The Long Trail. He knew there were organizations in Mat-Su that had provided resolutions in support of the trail. He noted that the amendment would allow for motorized use in the wintertime. He knew that organizations had worked hard to provide motorized use. He mentioned that there was a portion of the trail that was not safe or practical for motorized use in the summer due to foot traffic. He offered to get back to Senator Wilson with more information regarding his question.

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

[1:59:51 PM](#)

Senator Wielechowski MOVED to ADOPT Amendment 14, 32-LS8002\A.42 (Dunmire, 4/19/22).

Co-Chair Bishop OBJECTED for discussion.

2:00:05 PM

AT EASE

2:00:29 PM

RECONVENED

DAVID DUNSMORE, STAFF TO SENATOR WIELECHOWSKI, spoke to Amendment 14. He explained that the amendment would reappropriate the money left over at the end of the current fiscal year appropriated to the Legislative Council for the Redistricting Board to the Legislative Council for conducting a review of census blocks in the state. The review would provide a recommendation to the Census Bureau for revising census blocks in Alaska. He mentioned there were numerous issues with census blocks identified in the state during the recent redistricting process.

Mr. Dunsmore continued to address the amendment. He noted that census blocks were the smallest unit in which population data was available and were used for demographic and planning purposes beyond just redistricting. Issues that were identified were often new subdivisions that were not reflected, lines that cut through homes, and service areas not reflected. He used the example that in Anchorage, it was not possible to isolate the Anchorage road and drainage service area, as it was not taken into account. He discussed odd shapes of census blocks, and blocks that "donut" other census blocks, and forced redistricting decisions purely by census blocks. The reappropriation would fund a thorough review and would provide more accurate and easier-to-use census data for the next ten-year census process.

2:02:29 PM

AT EASE

2:03:13 PM

RECONVENED

Co-Chair Bishop MAINTAINED his OBJECTION.

Senator Wielechowski appreciated the opportunity to speak on what he considered an important issue. He noted that the legislature had ten years to fix the issue, and he thought the subject was worthy of further discussion.

Senator Wielechowski MOVED to WITHDRAW Amendment 14. There being NO OBJECTION, it was so ordered.

2:03:51 PM

Senator Olson MOVED to ADOPT Amendment 15 (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Senator Olson explained that Amendment 15, pertaining to the Port of Nome, proposed to allow for the nation to have an Arctic port. He thought the port was such an important issue considering the conflict going on in Ukraine, where he considered there to be two countries with adverse interests to the United States that would be endeavoring to utilize northern shipping lanes. He explained that the port had been partially funded with a commitment of \$250 million from the Army Corps of Engineers but needed a match of non-federal funds. He was concerned that the federal funds would be lost and utilized elsewhere.

Senator Olson relayed that the matching funds would be used for the port to be put out to bid in order to start construction on the project, which was an important capital project for the nation's security.

Co-Chair Stedman asked for clarification regarding the explanation that the project would be lost if the \$173.5 million was not funded by matching funds by February 2023. He understood differently based on conversation with the Army Corps of Engineers the previous day. He thought February 2023 represented the earliest bid date if the funds were available. He noted that the Community of Nome had the ability to continue to pursue funding through the next legislative cycle the following winter. He thought there needed to be clarification. He asserted that if the amendment failed to pass the committee it would not be indicative of a rejection of the project. He thought the timeline described on the amendment was incorrect.

Senator Olson thought Co-Chair Stedman brought up issues that were due to misunderstanding of events. He acknowledged that although it was possible to pursue funding the following year, 59 legislators were up for reelection, and he thought it was of paramount importance of getting the funding passed in the current year. He wondered if the following year would have the same revenue

surplus as the current year. He supported getting the funding as soon as possible.

Co-Chair Bishop MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Olson, Wielechowski, Wilson

OPPOSED: Hoffman, Stedman, Bishop

The MOTION FAILED (3/3).

[2:08:05 PM](#)

Senator Olson MOVED to ADOPT Amendment 16 (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Senator Olson relayed that the amendment requested family housing that would be used for married students at the Alaska Technical Center in the hub community of Kotzebue. He stated it was a "family friendly" amendment.

Co-Chair Stedman thought the amendment related to a housing issue in the Northwest Arctic Borough and wondered if it was not the same issue being faced with all schools, public safety, and nursing. He wondered if the legislature was looking to the department to expend the available funds in a logical order and then return the following year with items in a ranked order of urgency for the issue. He thought there had been discussion of future legislation that proposed to put in a program similar to the harbor matching grant fund or the library grant fund whereby the department ranked the needs around the state. He mentioned the school major maintenance fund. He mentioned making the fairest allocation around the state, so the funds went to the most-needed areas. He thought it was good that housing issues were pointed out in the early so that areas could get on the list and addressed.

Senator Olson thanked Co-Chair Stedman for his comments. He thought the discussion of housing for public safety and teachers did not include mention of married student housing.

Co-Chair Bishop followed up on Co-Chair Stedman's and Senator Olson's comments and noted he was going to pull the

amendment aside as part of a package he would put together. He did not see why married student housing could not be incorporated into the legislation.

Co-Chair Bishop MAINTAINED his OBJECTION.

[2:11:35 PM](#)

AT EASE

[2:12:28 PM](#)

RECONVENED

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

[2:12:53 PM](#)

Senator Olson MOVED to ADOPT Amendment 17 (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Senator Olson noted that there was a correction to the amendment, which was not necessarily for the public safety building and facility in Selawik, but would go to the Northwest Arctic Borough. He discussed disastrous fires in rural Alaska and highlighted four deaths in a recent fire in Selawik. The firefighting equipment was inoperable due to being stored outside. The amendment proposed funds for a heated facility for the equipment so it could be used in future fires.

Co-Chair Bishop MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wielechowski, Olson

OPPOSED: Wilson, Hoffman, Bishop, Stedman

The MOTION FAILED (2/4).

[2:14:38 PM](#)

AT EASE

[2:15:00 PM](#)

RECONVENED

Co-Chair Bishop relayed that the amendments were concluded at the committee would recess to the call of the chair.

[2:15:09 PM](#)

RECESSED

[4:56:22 PM](#)

RECONVENED

Co-Chair Bishop adjourned the meeting.

#

ADJOURNMENT

[4:56:32 PM](#)

The meeting was adjourned at 4:56 p.m.