

32nd ALASKA STATE LEGISLATURE
FIRST SESSION
SPECIAL SESSION
CONFERENCE COMMITTEE ON HB 69 and HB 71
June 2, 2021
4:02 p.m.

4:02:29 PM

CALL TO ORDER

Chair Foster called the Conference Committee meeting on HB 69 and HB 71 to order at 4:02 p.m.

MEMBERS PRESENT:

House:

Representative Neal Foster, Chair
Representative Kelly Merrick
Representative Bart LeBon

Senate:

Senator Bert Stedman, Vice-Chair
Senator Click Bishop
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

Alexei Painter, Director, Legislative Finance Division.

SUMMARY

HB 69 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 69 was HEARD and HELD in committee for further consideration.

HB 71 APPROP: MENTAL HEALTH BUDGET

HB 71 was HEARD and HELD in committee for further consideration.

#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."

SCS CSHB 69(FIN) AM S

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

and

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."

SENATE CS FOR CS FOR HOUSE BILL NO. 71(FIN)

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

4:03:06 PM

Chair Foster invited Alexei Painter, Director of the Legislative Finance Division to join the committee at the table. He noted that the committee would be addressing open items in HB 69 and HB 71 based on the motion sheets distributed to members and dated June 2nd (copy on file) on the departments of:

FY 22 OPERATING

DEPARTMENT OF ADMINISTRATION

DEPARTMENT OF FISH AND GAME
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF PUBLIC SAFETY
LEGISLATURE

^DEPARTMENT OF ADMINISTRATION

[4:03:27 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Administration budget:

Item 1	Senate
Items 2-4	Senate
Item 5	House
Item 6	Senate

Representative LeBon OBJECTED to items 2, 3, and 4.

Chair Foster indicated the committee would set items 2, 3, and 4 aside.

There being NO OBJECTION, items 1, 5 and 6 for the Department of Administration's budget were ADOPTED.

Chair Foster invited Representative LeBon to speak to his objection to items 2, 3, and 4.

Representative LeBon relayed that in House Finance and on the floor of the House the amendment passed with the intent language that the Department of Administration would realize a savings over the following budget year. The amendment helped to define a target savings of at least 5 percent. He hoped the language could be kept in the budget.

Chair Foster read the intent language:

"It is the intent of the Legislature that Shared Services of Alaska prioritize cost saving efforts and achieve a cost savings of at least 5 percent."

Chair Foster indicated the dollar amount associated with the intent language was \$329,000 and \$163,000 of cuts to interagency receipts (IA) within DOA.

Chair Stedman commented that when looking at the issue within DOA it was nice to put downward pressure on the

operations of the state. The legislature had done so for the previous several years and thought it would continue for a handful of years. He supported the Senate's position to not have the items in the budget.

Senator Olson remarked he did not understand the resistance to making things clearer to the public especially when people looked at the associated documents. He saw no harm in keeping the items in the budget.

Chair Foster understood that when the department came before the legislature and the issue was discussed the intent was to realize savings through shared services. However, the department wanted to give it a year to see what kind of savings could be attained. In combining the amounts, the intent language indicated wanting to see a savings of 5 percent making a cut of about \$500,000. He thought the department wanted some time to realize a savings before inserting a number. He asked Mr. Painter to comment.

[4:07:28 PM](#)

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, had heard the same discussion in committee that the intent of the department was to phase in the cuts over a number of years.

Senator Olson asked what the advantage was to have the reductions phased in over time.

Mr. Painter responded that in the first year the Office of Management and Budget was working with DOA to set up rates in advance. Building in the reductions in the first year would not match with the rates that had already been adopted. Allowing the department to see how the consolidation worked and adjust the rates accordingly in the second year was the intention of the department.

Senator Olson asked if the fishermen were in favor of the rate changes they would be seeing. Mr. Painter asked Senator Olson to repeat his question. Senator Olson asked if fishermen were in favor of the rate changes they would be seeing in the future. Mr. Painter was not sure of the Senator's question. Chair Foster asked a clarifying question to Senator Olson. Senator Olson asked if commercial fisheries were being discussed. Chair Foster

clarified that the committee was discussing the budget for DOA.

Representative LeBon pointed out the language was included to signal to DOA that the legislature was watching. The intent language was a reminder of the pledge the department originally made to achieve savings. By keeping the language intact, the issue would remain alive.

Representative LeBon MAINTAINED his OBJECTION.

[4:10:11 PM](#)
AT EASE

[4:10:46 PM](#)
RECONVENED

Chair Foster clarified that the motion was to adopt items 2, 3, 4. There was an objection which was maintained. A "yes" vote would be in favor of the Senate version to exclude the House language.

A roll call vote was taken on the motion.

IN FAVOR: Foster, Stedman, Merrick, Bishop
OPPOSED: LeBon, Olson

The MOTION PASSED (4/2). Items 2, 3, and 4 for the Department of Administration's budget were ADOPTED.

[4:11:53 PM](#)
AT EASE

[4:12:10 PM](#)
RECONVENED

Chair Foster stated the actions closed out all items for the Department of Administration.

^DEPARTMENT OF FISH AND GAME

[4:12:32 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Fish and Game budget:

Items 1-11 Senate - All Items

Item 12 House; Modify fund source, 1199 sport fish enterprise fund

Representative LeBon OBJECTED for discussion. He asked whether item 5 was a one-time only increment.

Senator Olson OBJECTED to item 1 and item 10.

Chair Foster would take the objection to all items. He directed Mr. Painter to comment on item 5.

Mr. Painter responded that the general fund increment was a one-time item. The Commercial Fisheries Entry Commission (CFEC) receipts were over-appropriated in the FY 22 budget due to reduced revenue in the current fiscal year. The one-time general fund amount would enable the department to utilize less of the receipts and get through the year without going negative in the account.

Representative LeBon asked if the one-time condition was self-correcting or whether there was a plan to correct the issue.

Mr. Painter replied that the one-time effect was due to the Covid-19 pandemic. It was expected to be a one-time issue.

Representative LeBon also OBJECTED to item 12 for additional clarification.

Chair Foster conveyed item 12 had to do with the funding for the Crystal Lake and the Douglas Island Pink and Chum (DIPAC) Hatcheries. He asked Representative LeBon if he had a specific question.

Representative LeBon noted it was a one-time increment. It was his understanding that a surcharge on sports fishing licenses had provided funding for the fish hatcheries. Now that the one-time sport fishing surcharge had ended, the fund would bridge the following year when the sport fishing surcharge was expected to take place and fund the hatcheries. He asked if his understanding was correct.

Mr. Painter responded, "That is correct."

Chair Foster noted Senator Olson had questions on items 1 and 10.

Senator Olson thought the items appeared to be identical. He asked for clarification.

Chair Foster indicated that both items opened the Wrangell office. He explained that the committee was accepting the Senate's structure not to consolidate Commercial Fisheries. The committee would be keeping the regions broken out to include Artic-Yukon-Kuskokwim (AYK), Southeast, Statewide, and others. The House version referred to reopening the Wrangell office with the allocation of Commercial Fisheries under consolidation. The committee was opting for the Senate version which kept everything broken out. He continued that item 10 referred to the House version and item 1 referred to the Senate version. He invited Mr. Painter to comment.

Mr. Painter relayed that Chair Foster was correct in his explanation. He added that the Senate's items 1-4 were mirrored in the House's items 7-10. All of the items were identical, just in different structures.

Senator Olson WITHDREW the OBJECTION.

Representative LeBon asked if the decision not to consolidate came with a zero fiscal note. It was his understanding that when consolidating, the goal was typically to achieve a savings. The governor's budget proposed to consolidate the areas into one. He wondered if there would be any fiscal impact accompanying the decision not to consolidate. He wondered if the decision was money-neutral.

Mr. Painter believe the agency stated there would be efficiencies moving to a consolidated structure. However, there were no actual funding reductions associated with the consolidated structure.

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, items 1 through 12 for the Department of Fish and Game's budget were ADOPTED.

^DEPARTMENT OF NATURAL RESOURCES

[4:19:24 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Natural Resources budget:

Item 1	Senate
Item 2	House
Items 3-5	Open

Representative LeBon OBJECTED to item 1.

Representative LeBon relayed that the item was intent language. He realized there was an argument over the constitutionality of the intent language. However, the aim was that the state would do no harm to a private sector business that was engaged in the business of selling gravel. The intent language was designed to protect public sector businesses from unfair competition from a state agency selling gravel out of a state gravel pit. He encouraged members to leave the language in the budget.

Chair Stedman thought that although the language provided a good point, it violated the confinement clause of the constitution and did not fit in an appropriating budget. He opined there were numerous attempts to insert intent language into the budget. He believed the two chairmen needed to work together over the winter to streamline things. He opined the legislature was gravitating towards violating the confinement clause through intent language. He suggested that intent language be offered in a separate bill in the future rather than in the operating budget bill. He also thought the agency had the authority to carry out the intent language whether or not it was inserted in the budget.

Senator Olson realized there was a confinement clause, and there were questions as to whether the language would be relevant. However, he had been in the private sector until he was elected to his legislative seat and did not like when public money was competing. He was in full support of the intent language in item 1 in spite of some of the issues related to the confinement clause in the constitution

Chair Foster read the intent language:

It is the intent of the legislature that the Department of Natural Resources sell gravel or fill extracted from state land at cost to any federal,

state, or local agency or public corporation working on a public project not competing with private industry.

Chair Foster summarized that DNR would sell gravel at cost to other federal entities as long as it did not compete with private industry. He agreed with Senator Stedman that in terms of the budget, the legislature should stay away from making policy calls in an appropriations bill. Policy changes should be taken up in separate legislation. He thought the legislature would work to reduce intent language in the future.

Representative MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Stedman, Foster, Bishop, Merrick
OPPOSED: Olson, LeBon

The MOTION PASSED (4/2). Items 1 through 5 for the Department of Natural Resources' budget were ADOPTED.

^DEPARTMENT OF PUBLIC SAFETY

[4:24:30 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Public Safety budget:

Item 4	House
Item 5	House
Item 7	Open
Item 9	Open

There being NO OBJECTION, items 4, 5, 7, and 9 for the Department of Public Safety's budget were ADOPTED.

^LEGISLATURE

[4:25:00 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Legislature's budget:

Item 5	Senate
Item 6	Senate

Representative LeBon OBJECTED to items 5 and 6.

Representative LeBon asked about the intent of removing legislative per diem from the numbers section and being placed in the language section. His understanding was the intent was to stop paying per diem after day 120.

Chair Foster clarified that Representative LeBon was objecting to items 5 and 6. He asked if Representative LeBon had any more to add.

Representative LeBon wanted clarification regarding the conditional language that stated after day 120 the legislature would not collect per diem. He asked if he was correct.

Chair Foster indicated his understanding was that the items moved per diem from the numbers section to the language section. He asked Mr. Painter to comment.

Mr. Painter responded that the language simply stated that the amount of \$1.995 million was appropriated for the purpose of per diem. The language did not specify that the money was limited to 120 days.

Representative LeBon asked if the amount which was slightly under \$2 million was approximately equal to 120 of per diem.

Mr. Painter responded, "Yes."

Chair Foster clarified that the items were not eliminated the dollar amount, it was simply moving the dollar amount from the numbers section to the language section. He asked if he was correct.

Mr. Painter responded in the affirmative.

Representative LeBon asked if per diem would cease if the items were adopted, 120 had been reached, and \$1.995 million had already been spent on per diem. He asked if he was correct.

Mr. Painter replied that through the appropriation, yes. However, it would not limit the legislature's ability to

transfer money from other appropriations for the purpose of per diem.

Chair Stedman thought it would be nice for Mr. Painter to explain to the public the difference between the numbers section and the language section. He noted it was an archaic term outside of the committee table.

Mr. Painter replied that the numbers section appropriations were an allocation within a larger appropriation of the legislative operating budget. Agencies had the ability to transfer money within an appropriation. As a numbers section item, the legislature could transfer money from one allocation to another. As a language section item, the transferability was limited because it was its own appropriation for a specific purpose. However, the language did not specifically state 120 days. He confirmed that it would be more difficult to transfer the money around because it was a language appropriation.

[4:29:06 PM](#)

Chair Stedman understood that the way the language was written and placed in the budget would preclude employees from getting paid. The only people getting paid would be legislators. He thought the intent and implementation were two different things. He thought things needed to be cleared up.

Senator Olson asked that if the committee were to adopt the items would the payments to legislators and employees cease.

Mr. Painter replied that the language was specific to legislators' salaries and allowances. In previous items that had already been addressed by the conference committee there were items that would impact legislative staff. The current items would only impact legislators' salaries and allowances.

Senator Olson clarified that if the committee accepted the items which would move the amount to the language section, legislators' per diem would stop after 120 days.

[4:30:47 PM](#)

AT EASE

4:32:19 PM
RECONVENED

Mr. Painter clarified that the funding provided 120 days-worth of funding. After that time, the legislative session would be over, and legislators would be in a special session. There was a separate appropriation for special session contingencies. Special session funding was not funded by the appropriation being discussed whether it was in the numbers section or the language section.

Representative LeBon MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Bishop, Merrick, Olson, Stedman, Foster
OPPOSED: LeBon

The MOTION PASSED (5/1). Items 4 and 5 for the Legislature's budget were ADOPTED.

Chair Foster stated the actions closed out all items for the Legislature's budget.

Chair Foster relayed that when the next meeting date and time had been determined, the details would be noticed on BASIS on akleg.gov.

Vice-Chair Stedman MOVED to ADJOURN. There being NO OBJECTION, it was so ordered.

ADJOURNMENT

4:34:28 PM

The meeting was adjourned at 4:34 p.m.