

HOUSE FINANCE COMMITTEE
March 20, 2023
1:39 p.m.

1:39:14 PM

CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:39 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Neal Foster, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Mike Cronk
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Remond Henderson, Staff, Representative DeLena Johnson;
Alexei Painter, Director, Legislative Finance Division;
Neil Steininger, Director, Office of Management and Budget,
Office of the Governor.

PRESENT VIA TELECONFERENCE

Herman Morgan, Self, Aniak.

SUMMARY

HB 39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP

HB 39 was HEARD and HELD in committee for further consideration.

HB 41 APPROP: MENTAL HEALTH BUDGET

HB 41 was HEARD and HELD in committee for further consideration.

HB 79 APPROP: SUPPLEMENTAL

CSHB 79(FIN) was REPORTED out of committee with six "do pass" recommendations, two "no recommendation" recommendations, and one "amend" recommendation.

Co-Chair Johnson reviewed the meeting agenda.

#hb39

#hb41

HOUSE BILL NO. 39

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 41

"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."

[1:40:48 PM](#)

Co-Chair Foster MOVED to ADOPT proposed committee substitute for HB 39, Work Draft 33-GH1347\B (Marx, 3/15/23).

Co-Chair Edgmon OBJECTED for discussion.

Co-Chair Johnson thanked members of the House Finance Committee for their work in the operating budget subcommittee process. She explained that the numbers section in the CS reflected the work of the subcommittee

process and contained few other changes. There were numerous changes to the language section, which would be reviewed by her staff. She shared that the goal was to produce a balanced and sustainable operating budget that held state spending down, included smart reductions, and allowed for a capital budget to maintain infrastructure and jobs in local communities. She stated that over the next several weeks there would be robust discussions on education, the Permanent Fund Dividend (PFD), health and social services, and other major cost drivers to Alaskans. She explained that the CS represented a good starting point for discussions and the amendment process. She read from a prepared statement:

Highlighted by the recent downswing in oil, Alaska needed a comprehensive fiscal solution to provide the certainty our residents deserve. I know we are all eagerly awaiting the release of the spring revenue forecast. It is my sincerest hope that we will implement a fiscal solution over the next two years; however, what is before us now is the FY 24 operating budget - that's the point of the pencil. As the finance committee, it is our job to ensure the budget balances and that public dollars are used as effectively as possible where those funds are needed. I look forward to an open dialogue with members of the public as well as the committee on potential amendments over the next week.

Co-Chair Johnson asked her staff to review the proposed changes in the committee substitute (CS).

REMOND HENDERSON, STAFF, REPRESENTATIVE DELENA JOHNSON, reviewed the changes in the CS compared to the original version of the bill. He highlighted reports numbered one through four from the Legislative Finance Division (copy on file). He read from prepared remarks:

The committee substitute includes all changes from the subcommittee closeouts. The subcommittee closeouts include all of the governor's amendments to the numbers section submitted on February 14th, so I will not be discussing these items that the subcommittee chairs have already covered in full finance through the subcommittee closeout process. However, the governor submitted additional amendments on March 7th with a UGF [undesignated general fund] increase of \$16

million that were not included in subcommittee reports. These items were all increases to the Department of Education [and Early Development] and were presented by the office of Office of Management and Budget [OMB] to the House Finance Committee on Monday, March 13th. These items are not included in this CS and may be offered as amendments.

Madam Chair, I will first provide a summary of the FY 24 operating budget request as reflected in CS 1. For FY 24, the House Finance Committee substitute reflects the following. A total budget of \$9,809,216,800 for agency operations, which is primarily the day to day operations of state government. A total budget of \$571,852,300 for statewide items. These items include debt service, retirement payments, special appropriations, and fund capitalizations. The funding sources for agency operations and statewide items are as follows: \$6,372,477,700 in unrestricted general funds, \$910,511,300 in designated funds, \$1,728,782,100 in other funds (the major source of these funds is authorization of corporate receipts such as AIDEA and AHFC, aerospace, interagency receipts, and airport receipts), and \$3,208,757,900 in federal funds.

[1:46:53 PM](#)

Mr. Henderson summarized the few changes made in the CS to the governor's amended budget. He noted that details of the changes had been provided during the subcommittee closeout process. He read from prepared remarks:

There were 15 agency closeouts with virtually no changes in the governor's amended request. Compared to the governor's amended budget, the unrestricted general funds spent in this CS reflects a decrease of \$2,713,900 in agency operations, which is a 0.1 percent decrease (one tenth of one percent). This percentage does not include the \$16 million in additional amendments received on March 7th. The CS also contains a \$30 million increase in statewide items for community assistance, this will be addressed when we get into the language section.

In the Department of Environmental Conservation, we made a technical correction to fund sources to reflect

\$85.2 thousand as general funds match rather than general funds.

Mr. Henderson directed committee members to the CS. He continued to read from prepared remarks:

The Department of Health on page 20, lines 8 through 13, the following wording was added: "No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for the Department of Health may be expended only for mandatory services required under Title 19 of the Social Security Act unless a U.S. Supreme Court decision provides new precedent and for optional services offered by the state under the state plan for medical assistance that have been approved by the United States Department of Health and Human Services." This language is the exact same language that was adopted in last year's conference committee. Also on page 20, line 7, we remove \$117,800 for the amount of UGF that was spent in FY 22 on abortions.

The next change is on page 29, line 24. We made a technical correction in the Department of Revenue to reflect the appropriation name as the Child Support Enforcement Division. The governor's budget changed the allocation name but inadvertently did not change the appropriation name to match.

[1:50:12 PM](#)

Mr. Henderson reviewed the other changes in the language section between the governor's request and the CS. He noted there were several changes in the language section made by the governor in his amendment process and the changes were not under the purview of the House Finance Committee; therefore, he would address them as other language changes. He relayed that Legislative Legal made some minor technical clarifying changes that did not materially affect the bill, which he would cover at the end of the language section changes if the committee desired.

Mr. Henderson reviewed changes pertaining to the Department of Administration (DOA) in Section 7, page 54, lines 1 through 6. He detailed it was a new section with a June 30 effective date. The section appropriated the balance of the

abandoned motor vehicle fund estimated at \$110,000 to DOA Division of Motor Vehicles to reimburse municipalities for the cost of removing abandoned vehicles for FY 23 and FY 24. Funds were collected from the sale of abandoned vehicles, which brought in approximately \$10,000 per year. He explained that \$100,000 UGF had been added in FY 23, but DOA needed appropriation of the fund, which was accomplished in the new section.

Mr. Henderson turned to a change to the Department of Education and Early Development (DEED) budget in Section 8, page 55, lines 3 through 8. The section was new and extended the use of the Mount Edgecumbe land sale proceeds through FY 25, which had to be used for high school maintenance and operations. He noted that Section 15(b) of the previous bill was removed as it was no longer needed.

Mr. Henderson reviewed Section 11, page 55, lines 24 through page 56, line 6. The section was new and reappropriated the unobligated balance of general fund appropriation to the Legislature in FY 23, not to exceed \$1 million for the purposes of a 30-day special session effective for FY 23 through FY 25 as recommended by the subcommittee. Section 15, page 57 lines 22 through 29 pertaining to the Alaska Industrial Development and Export Authority (AIDEA) dividend. He explained that the governor submitted an amendment deducting \$13.9 million from the cash dividend to the general fund and instead made a transfer of land to the Department of Natural Resources (DNR). The CS did not incorporate the governor's amendment and retained the governor's original language related to the dividend transfer.

[1:54:17 PM](#)

Mr. Henderson turned to the PFD in Section 16, page 58, lines 7 through 13. The governor's original bill contained a percent of market value (POMV) draw of \$3.5 billion with approximately \$2.5 billion going towards a full PFD and approximately \$1 billion going towards state government. The CS appropriated 50 percent of the \$3.5 billion to the dividend fund and 50 percent to the general fund for government operations resulting in a PFD of \$2,689 per recipient compared to the \$3,801 in the original bill. The CS removed Section 16(e) of the previous bill, which included a \$1.4 billion appropriation from the Permanent

Fund Earnings Reserve Account (ERA) to the principal of the fund for inflation proofing.

Representative Josephson asked Mr. Henderson to repeat the information about the removal of a subsection on page 58.

Mr. Henderson clarified that Section 16(e) of the previous bill had been removed in the CS.

Representative Josephson asked if the section had included \$1.4 billion for inflation proofing the Permanent Fund.

Mr. Henderson agreed. He noted that there was no inflation proofing in FY 16, FY 17, FY 18, FY 21, and FY 22; however, there had been transfers from the ERA to the principal of \$4 billion in FY 20 and FY 22.

Mr. Henderson reviewed a change in Section 17, page 58, lines 17 through page 59, line 18 pertaining to the Technical Vocational Education Program (TVEP). The CS transferred the TVEP appropriation from the numbers section to the language section with an estimated amount. He explained that previously the numbers section had to be adjusted repeatedly to match revenue estimates. The change was a governor's amendment incorporated into the CS.

Mr. Henderson turned to the next change located in Section 18, page 59, lines 19 through page 60, line 4. The section was new and related to bonuses for certain employees of the executive branch. The section replicated language from the FY 23 budget including monetary terms of letters of agreement between the executive branch and employees in collective bargaining agreements. The section also required letters of agreement to be sent to the finance co-chairs on March 14 and September 30.

Mr. Henderson reviewed a change to the Reinsurance Program under the Department of Commerce, Community and Economic Development (DCCED) in Section 20, page 62, lines 11 through 15. The section extended the use of federal receipts for the reinsurance program to June 30, 2025 from June 30, 2024.

Mr. Henderson noted that Section 14(i) - commerce broadband federal receipts estimated to be \$0 - had been moved from the language section of the original bill to the capital budget.

1:59:15 PM

Representative Josephson asked Mr. Henderson to repeat the information pertaining to broadband.

Mr. Henderson replied that broadband federal receipts estimated to be \$0 was removed from the language section of the original bill and placed in the capital budget.

Mr. Henderson moved to a change pertaining to DEED in Section 21, page 63, lines 1 through 6 where the wordage for grants or reimbursement to educational entities, nonprofit, and nongovernment organizations deleted in the governor's amended budget. The change gave DEED the authority to expend federal funds received in excess of the amount appropriated in the numbers section for education support and administrative services. The change eliminated the restriction in the original bill that only allowed the funds to be spent on grants or reimbursements to educational entities, nonprofits, and nongovernmental organizations.

Mr. Henderson addressed a change pertaining to the Department of Health (DOH) in Section 22(b), page 63, lines 21 through 28 regarding the Homeless Management Information System. The section was moved to the June 30, 2023 effective date section and extended use of the funds through FY 25. The item had originally been included in the numbers section of the commissioner's office allocation in FY 23. The change reappropriated the funds for the same purpose; however, it provided more years to complete the project.

Mr. Henderson turned to a change in Section 22(e), page 64 lines 8 through 12 pertaining to a DOH federal grant. The section was modified to correct an error made by the department and to clarify that the American Rescue Plan Act (ARPA) dollars estimated at \$25 million were to be used specifically for a grant to the Division of Public Assistance for childcare versus any DOH program. Section 22(f), page 64, lines 13 through 19 pertained to public assistance, Medicaid eligibility redetermination. The governor submitted an amendment adding \$8.9 million in general funds and \$8.9 million in federal funds as an FY 24/FY 25 multiyear appropriation to cover the cost associated with Medicaid redeterminations.

[2:02:59 PM](#)

Representative Tomaszewski requested the last page and line numbers.

Mr. Henderson provided the details. He moved to Section 29(g)(12), page 70, lines 6 through 8 pertaining to GO bond debt. The change was made in the governor's amendments and replaced 2012A and 2013B bonds with 2023A bonds for a net savings of \$603,000. He reported that two previous sections were deleted, and the new section was added. He pointed out that another reference to 2012A and 2013B bonds had been deleted on lines 10 and 11 and replaced with 2023.

Mr. Henderson moved to Section 30(e) and (f), page 72, lines 15 through 25. He stated that federal and other program receipts had been modified to add a new section. The original bill did not contain language used in the FY 23 operating bill that restricted the use of the RPL [revised program legislative] process to expend federal funds in excess amounts appropriated. The CS modified the section to place restrictions on the use of the RPL process to expend various federal and other funds in excess of the amount appropriated by placing a cap of \$15 million per appropriation on the use of the RPL. The cap in FY 23 was \$10 million. He stated that the limitation did not apply to federal fisheries disaster funding. There were seven declared fishery disasters, but the amounts and timing were unknown. In FY 23 there was about \$32 million in federal funding for fish processors that the governor tried to add through the RPL process, but the \$10 million restriction resulted in the Legislative Budget and Audit Committee (LB&A) denying all but \$10 million of the RPLs. The governor subsequently went forward with the items despite LB&A's recommendation and had the authority to do so within 45 days. The change in the CS would hopefully eliminate the issue and provide flexibility for fishery disasters.

Mr. Henderson stated there was also a restriction on the use of Coronavirus state and local federal relief funds, which were flexible federal funds. He relayed that no balance was expected to remain, but retaining the restriction ensured if any funds lapsed, the governor could not reallocate them through the RPL process.

[2:06:28 PM](#)

Mr. Henderson turned to Section 21(g), page 73, lines 23 through 30 pertaining to fund caps public education. The CS changed the total funding estimated to be \$1,173,032,300 and adjusted the general fund appropriation accordingly. The governor's original amount was based on the estimate that \$48.4 million of FY 23 forward funding would remain; however, based on the governor's proposed supplemental budget, the estimate was \$0. The change reflected the full funding cost with no reduction due to forward funding.

Mr. Henderson turned to Section 31, page 75, lines 18 through 21 showing a new fund capitalization section. The section appropriated \$1.2 million to the Election Fund as required by the federal 2002 Help America Vote Act from the following sources: \$1 million in federal receipts and \$200,000 from the general fund. The item was a governor's amendment, the timing was unpredictable, and the funds were also for expenditure in the capital budget. Section 31(u), page 75, lines 22 and 23 was a new fund capitalization section. The section appropriated \$30 million UGF to the Community Assistance Fund in FY 24. He noted the section was not included in the original bill and without the appropriation, the FY 25 distribution would be \$20 million, which was only enough for the base payments and did not allow for any per capita amounts.

Mr. Henderson addressed Section 32(o), page 78, lines 8 and 9, that appropriated \$7.5 million from the general fund to the Renewable Energy Grant Fund. The item was a governor's amendment, and the funds were spent in the capital budget. Section 34(a), page 79 lines 22 through 25 pertained to salary and benefit adjustments. The increment was a governor amend item adding two newly executed union bargaining agreements including the Teacher's Education representing the teachers of Mt. Edgecumbe High School and the Inlandboatmen's Union of the Pacific Alaska region representing the unlicensed marine unit. Section 38, page 82, lines 28 through page 83, line 4 retained the reverse sweep but remove the Constitutional Budget Reserve (CBR) deficit filling language. He detailed that based on the fall revenue forecast, the budget did not project to have a [deficit]; therefore, the CBR section was removed. Section 40, page 83, lines 13 through 18 added retroactivity for all effective dates in the bill. The bill also included various technical and conforming changes. He concluded his report and was available for questions.

2:12:02 PM

Representative Ortiz thought Mr. Henderson had discussed a fund source change for DEC at the beginning of his presentation.

Mr. Henderson clarified there was one fund source change that was a technical correction from \$85,000 UGF to UGF match or vice versa.

Representative Ortiz looked at page 73 of the language section. He asked for the impact of the change described.

Mr. Henderson replied to Representative Ortiz's first question and explained there was a funding source change to \$85,000 general fund match from general funds for DEC. He responded to Representative Ortiz's second question about a change on page 73. The section included an appropriation to the Public Education Fund. He explained there was an amount included previously based on \$48 million of forward funding. The money was no longer available because of the deficit in FY 23. The section included the exact appropriation amount based on full funding.

2:14:44 PM

Representative Hannan asked Mr. Henderson to restate the information related to Section 38, page 82.

Mr. Henderson believed Representative Hannan was referring to the fact that the CS maintained the reverse sweep language but removed the CBR vote requirement because the budget was balanced based on the fall revenue forecast and the POMV draw included in the budget.

Representative Hannan asked if the change would happen automatically if the spring revenue forecast produced a different amount.

Co-Chair Johnson stated that as the committee received the spring forecast it would be necessary to reevaluate multiple portions of the budget. She stated the updated forecast may mean the need for spending cuts, a CBR draw, or other. She relayed that any change would not happen automatically and would have to be taken care of in committee.

Representative Hannan asked if the operating budget usually specified whether the reverse sweep was called for or not.

Co-Chair Johnson answered that some of the language had become more specific since the occasions there had been challenges with the reverse sweep. She stated it had been clarified over the past several years.

Representative Galvin looked at page 58, lines 7 through 13 and stated her understanding that the CS included a 50/50 POMV/PFD and reduced the governor's proposed PFD from \$3,800 to \$2,689.

Mr. Henderson agreed. He clarified that the POMV draw amount was the same, but the allocation had been changed to 50/50.

[2:18:18 PM](#)

Representative Josephson remarked there was a difference of about \$1,100 between the governor's proposed PFD and the number included in the CS, which equated to about \$800 million. He stated there was a spring forecast that he had been told left the budget \$250 million short in FY 23. He calculated that \$800 million minus \$250 million was \$550 million. He asked where the \$550 million would be spent.

Co-Chair Johnson replied that one of the challenges was not yet having the spring revenue forecast. She noted that although the governor's budget included a \$3,900 PFD, the earnings had been significantly lower than expected in the first quarter of the year, which brought the full PFD amount to approximately \$3,200. She was not trying to be nonspecific, but the difference between the governor's proposed PFD and the PFD in the CS was hard to calculate given the unknowns. She noted that the difference was about \$1,200 or \$1,300.

Representative Josephson would follow up offline.

Representative Ortiz stated that the governor's amended budget resulted in a \$431 million deficit. He asked for a new estimate of the potential deficit under the CS.

Mr. Henderson answered the original governor's budget prior to his amendments had a deficit of about \$331 million,

whereas the current budget had a deficit of close to \$450 million.

Representative Ortiz asked for verification Mr. Henderson was referring to the CS.

Mr. Henderson agreed. He noted it did not reflect a \$16 million amendment submitted for education, which would increase the deficit.

Co-Chair Johnson questioned the \$450 million deficit.

[2:22:02 PM](#)

Representative Stapp clarified that the governor's amended budget included a deficit of close to \$500 million; however, the CS did not have a deficit. He asked for the accuracy of his statement.

Mr. Henderson agreed.

Co-Chair Johnson asked Mr. Henderson to review the numbers for clarification.

Mr. Henderson confirmed that Representative Stapp was correct. He explained that because the amount of the PFD had been reduced in the CS, the budget contained a surplus instead of a deficit.

Co-Chair Johnson stated, "At least today."

Representative Galvin asked for verification that the surplus in the CS did not include the \$16 million the governor proposed for education or any other additions for education and other things.

Mr. Henderson agreed. He noted that including the governor's proposed \$16 million could be done in the upcoming budget amendment process in committee.

[2:23:34 PM](#)

Co-Chair Johnson thanked Mr. Henderson for all of his work on the budget.

Mr. Henderson asked if the committee would like to address the mental health budget.

2:24:21 PM

AT EASE

2:26:35 PM

RECONVENED

Co-Chair Edgmon WITHDREW the OBJECTION.

There being NO further OBJECTION, Work Draft 33-GH1347\B was ADOPTED.

2:28:04 PM

AT EASE

2:28:31 PM

RECONVENED

Co-Chair Foster MOVED to ADOPT proposed committee substitute for HB 41, Work Draft 33-GH1349\B (Marx, 3/15/23).

Co-Chair Edgmon OBJECTED for discussion.

Co-Chair Johnson asked her staff to review the proposed changes in the committee substitute (CS).

REMOND HENDERSON, STAFF, REPRESENTATIVE DELENA JOHNSON, reviewed the changes in the CS. He highlighted report number one from the Legislative Finance Division titled "Mental Health Capital Project Detail" (copy on file). He began on page 11, lines 25 to 26, which included a governor's amendment adding \$2.95 million for the Alaska Housing Finance Corporation's (AHFC) beneficiary of special needs housing. The item had inadvertently been left out of the governor's original budget. The second change was on page 15, lines 29 through 31, that included conforming language with the operating budget reflecting the TEAME [Teachers Education Association Mt. Edgecumbe] and IBU [Inlandboatmen's Union] contract approvals. He concluded his report.

Representative Galvin asked for verification that the governor had included an additional \$2.95 million into special needs housing. She asked if Mr. Henderson had stated the item had inadvertently been left out [of the governor's original budget].

Mr. Henderson agreed.

Co-Chair Edgmon WITHDREW the OBJECTION.

There being NO further OBJECTION, Work Draft 33-GH1349\B was ADOPTED.

Co-Chair Johnson set an amendment deadline for noon, March 23 for both budget bills.

Representative Josephson noted that a number of committee members had been anticipating an amendment deadline of Friday, March 24. He requested a deadline of Friday at 9:00 a.m.

Co-Chair Johnson recalled that she had specified a tentative deadline of Friday, March 24. She stated the deadline had changed to the time she had announced [noon on March 23].

Mr. Henderson clarified the reason for the noon deadline.

2:34:05 PM

AT EASE

2:35:46 PM

RECONVENED

Co-Chair Johnson announced that the committee would recess until 2:55 pm.

HB 39 was HEARD and HELD in committee for further consideration.

HB 41 was HEARD and HELD in committee for further consideration.

2:36:07 PM

RECESSED

2:59:56 PM

RECONVENED

Co-Chair Johnson asked Mr. Painter to clarify the amendment deadline.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, clarified the deadline was not necessarily for completed amendments with the actual language from Legislative Legal Services. He explained the language and numbers amendment submittal process.

Representative Ortiz appreciated the clarification; however, it was his understanding that public testimony went through Thursday afternoon [March 23]. He thought the original amendment deadline of Friday morning would allow members to listen to the full public testimony and enable them to submit any additional amendments that may result from the testimony. He thought setting an amendment deadline prior to the end of public testimony would circumvent the public testimony process.

Co-Chair Johnson stated her understanding of Representative Ortiz's remarks.

Representative Ortiz clarified the idea that public testimony was meant to give the public an opportunity to provide input on the budget. He stated it was possible a significant idea could come up through the public testimony process that may cause any member of the committee to see the need for an amendment.

Co-Chair Johnson changed the amendment deadline to 9:00 p.m. on Thursday, March 23.

#hb79

HOUSE BILL NO. 79

"An Act making supplemental appropriations, reappropriations, and other appropriations; amending appropriations; and providing for an effective date."

3:04:30 PM

3:04:54 PM

AT EASE

3:05:23 PM

RECONVENED

Co-Chair Foster MOVED to ADOPT proposed committee substitute for HB 79, Work Draft 33-GH1063\B (Marx, 3/16/23).

Representative Stapp OBJECTED for discussion.

Co-Chair Johnson asked her staff to review the changes in the CS.

REMOND HENDERSON, STAFF, REPRESENTATIVE DELENA JOHNSON, relayed that the only changes in the CS were conforming changes made by Legislative Legal Services and the Legislative Finance Division.

[3:06:52 PM](#)

Co-Chair Foster asked for a brief review of the three items related to SNAP [Supplemental Nutrition Assistance Program], OPA [Office of Public Advocacy], and the Public Defender Agency (PD) in the fast track supplemental.

Mr. Henderson replied that Section 4 of the bill included the appropriations. The bill appropriated \$2,285,200 from the general fund to the Department of Administration (DOA) for legal and advocacy services under OPA for the cost of implementing Chapter 44 SLA 2022 for the fiscal year June 30, 2023. He believed the language was in reference to HB 325 passed in 2022, which required the agencies to obtain additional attorneys to address the items required as a result of the legislation. He recalled that HB 5 had been merged into HB 325 and the fiscal note had been zeroed out. The increment in the fast track supplemental reflected what DOA anticipated to be the cost of administering the passage of HB 325. Sections B, C, and D were primarily appropriations to the services line item in the various allocations. He stated his understanding that most of the work would likely be contracted out to address the current backlogs.

Co-Chair Foster pointed out that the bill was also meant to address the substantial issue facing the SNAP food stamp program in Alaska.

Mr. Henderson agreed. He noted that the SNAP funding was contained in Section 1 of the bill.

[3:10:16 PM](#)

AT EASE

[3:11:06 PM](#)

RECONVENED

Co-Chair Johnson OPENED public testimony.

[3:11:50 PM](#)

HERMAN MORGAN, SELF, ANIAK (via teleconference), testified that he had heard many residents on the radio reporting they had not been able to get their food stamps for many months because food stamp offices were closed. He stated the governor was going to fix schools and was telling parents to take legal action against their school boards because of inappropriate things taught without parents' permission. He felt parents' rights were being violated due to a lack of a proper consent form. He thought the legislature needed to reign in health and social services because there were side effects of an injection. Some villages wanted to take the state to court because they were getting \$2 billion in federal funds. He stated there were bad things going on that were hurting the Native population. He spoke about the importance of the Permanent Fund Dividend in rural Alaska. He continued his testimony. He was glad to answer any questions. He thought the legislature needed to listen to the governor and the people of Alaska.

[3:16:30 PM](#)

Co-Chair Johnson CLOSED public testimony.

[3:16:55 PM](#)

Representative Stapp MAINTAINED the OBJECTION to the adoption of the CS for a question. He requested to ask a question of Mr. Steininger.

Co-Chair Johnson noted individuals in the room for questions.

Representative Stapp asked about the reappropriation from the Medicaid budget to the Division of Public Assistance for the purpose of Medicaid redetermination. He asked Mr. Steininger to clarify that the \$3,088,700 reappropriation from the unobligated, unexpended balance of the Medicaid Services budget was currently available.

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, clarified that the most recent projections from the Department of Health showed an unobligated balance of approximately \$10 million.

Representative Stapp WITHDREW the OBJECTION.

Representative Josephson asked for clarification that Representative Stapp's objection had been to the adoption of the work draft.

Co-Chair Johnson replied affirmatively.

There being NO further OBJECTION, Work Draft 33-GH1063\B was ADOPTED.

Co-Chair Johnson moved to the amendment process.

[3:19:50 PM](#)

Representative Josephson MOVED to ADOPT Amendment 1 (copy on file):

DEPARTMENT: Law
APPROPRIATION: Criminal Division
ALLOCATION: Criminal Justice Litigation

ADD: \$1 ,249.8 general funds 1004
POSITIONS: 10 PFT Positions

EXPLANATION: Add five Assistant Attorney General IV positions, two Victim Witness Paralegal II positions, three Law Office Assistant II positions, and funding for associated Travel, Services, and Commodities costs. This distribution should match the SLA 2022 fiscal note to HB 5 pertaining to sexual assault and the definition of consent. The Fiscal Note was provided to the House Judiciary Committee with the identifier HB005CSSS(JUD)-LAW-CRIM-CJL-05-05-22 but was ultimately not funded in FY23.

Representative Stapp OBJECTED.

Representative Josephson explained the amendment. He stated that with great fanfare and close to a unanimous vote, HB 325 was adopted in May [2022]. He detailed that the bill had been sponsored by former Representative Sarah Rasmussen

and had added the crime of harassment to domestic violence crimes. He explained that HB 5 had been inserted into HB 325, which involved the way the state prosecutes and thinks about sexual assault. He elaborated that under prior law an assault victim had to show some evidence that they tried to use force to defend from the assailant. Under the new law that was no longer necessary. He stated the update was a very important modernization and former Representative Geran Tarr deserved much credit.

3:21:36 PM

AT EASE

3:21:48 PM

RECONVENED

Representative Josephson continued to review Amendment 1. He explained that the law was designed to result in more convictions through more pleas or trials. He elaborated that under the new law if an assault victim responded by freezing - a common, defensible, and understandable reaction out of a state of shock and fear - the prosecutor could move forward with the case. He relayed that at the close of business in May [2022] no fiscal notes were adopted to fund the bill. He emphasized that the point of the bill was to result in more crime charged. He detailed that prosecutors had requested \$1.7 million starting July 1 [2022] and the fiscal note had included two high level assistant attorney generals, three lower level assistant attorney generals, two victim witness paralegals, and three law office assistants. He underscored the issue was about enforcing the law.

Representative Josephson continued that defense counsel also explained that their workload would increase as a result of defending more clients. The public defenders did not receive their requested funding either. He relayed that HB 79 included a request for OPA and PD to address their backlog. Additionally, OPA and PD had specified their need for funding to defend the new crimes. He encouraged committee members to support the funding. He underscored that prosecutors did not have any resources to prosecute new crime. He remarked that [the Department of Law] had reported having great success (particularly around December and January) at hiring new prosecutors under a bill he had sponsored, which gave substantial pay increases for lawyers.

Representative Josephson explained that the numbers in Amendment 1 had been calculated not randomly, but sort of scientifically. He detailed that OPA's fast track amount included in HB 79 was 88.5 percent of the agency's original request. The PD's amount was 58 percent of its original request. The average of the two was 73 percent of the requests. The amendment included 73 percent of the district attorney's original request. The amendment was 100 percent consistent with the fast track issues. He emphasized the money was needed to defend the cases unless someone was prosecuting the cases. He believed the amendment had great merit, which was to prosecute offenders who behave badly. He asked for members' support.

[3:25:41 PM](#)

Co-Chair Foster shared that he had cosponsored HB 5 and supported it. He stated there had been a lot of talk about having another appropriation bill out there. He stated that people were very concerned that an appropriation bill could get "Christmas treed" and possibly die in the other body. He was very concerned that if HB 79 did not pass, there would be many people who were relying on SNAP who may not receive the benefit or may see a further delay in the benefit. He did not believe SNAP recipients could wait any longer. He believed the amendment could be added to the regular supplemental bill or another crime bill. He noted the governor currently had three crime bills before the legislature. He supported the items in the amendment; however, it had taken substantial work for the fast track bill to come before the committee and there was a lot of skittishness about having the appropriation bill out there. He underscored that having the legislation before the committee was a big deal and a good thing. He did not want to see SNAP recipients going without benefits for several more months; therefore, he opposed the amendment.

Co-Chair Johnson associated herself with the remarks made by Co-Chair Foster. She stated there was a right time for the right amendment and she believed the current focus should be on getting SNAP benefits to those who needed them.

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Galvin, Josephson, Ortiz
OPPOSED: Coulombe, Cronk, Stapp, Tomaszewski, Foster,
Johnson

Co-Chair Edgmon and Representative Hannan were absent from the vote.

The MOTION to adopt Amendment 1 FAILED (3/6).

3:29:26 PM

AT EASE

3:30:05 PM

RECONVENED

Co-Chair Johnson MOVED to ADOPT Amendment 2, 33-GH1063\B.4 (Marx, 3/20/23) (copy on file):

Page 1, line 1, following "appropriations;":
Insert "making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund;"

Page 5, following line 13:
Insert a new bill section to read:
"* Sec. 5. CONSTITUTIONAL BUDGET RESERVE FUND. (a) If, after the appropriations made in sec. 85(b), ch. 11, SLA 2022, the unrestricted state revenue available for appropriation in fiscal year 2023 is insufficient to cover the general fund appropriations that take effect in fiscal year 2023 that are made in ch. 12, SLA 2022, as passed by the Thirty-Second Alaska State Legislature in the Second Regular Session and enacted into law, and the general fund appropriations that take effect in fiscal year 2023 that are made in ch. 11, SLA 2022, as passed by the Thirty-Second Alaska State Legislature in the Second Regular Session and enacted into law, not including the appropriation made in sec. 78(u), ch. 11, SLA 2022, the amount necessary to balance revenue and general fund appropriations that take effect in fiscal year 2023 that are made in ch. 12, SLA 2022, as passed by the Thirty-Second Alaska State Legislature in the Second Regular Session and enacted into law, and the general fund appropriations that take effect in fiscal year 2023 that are made in ch. 11, SLA 2022, as passed by the

Thirty-Second Alaska State Legislature in the Second Regular Session and enacted into law, not including the appropriation made in sec. 78(u), ch. 11, SLA 2022, is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(b) If, after the appropriation made in (a) of this section, the unrestricted state revenue available for appropriation in fiscal year 2023 is insufficient to cover the general fund appropriations that take effect in fiscal year 2023, not including the appropriation made in sec. 78(u), ch. 11, SLA 2022, the amount necessary to balance revenue and general fund appropriations that take effect in fiscal year 2023, not including the appropriation made in sec. 78(u), ch. 11, SLA 2022, and not to exceed \$115,000,000, is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(c) The appropriations made from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) in (a) and (b) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska."

Renumber the following bill section accordingly.

Co-Chair Foster OBJECTED for discussion.

Co-Chair Johnson explained the amendment was in recognition of the current market conditions and the impact on the ability to fund the FY 24 budget as well as the current supplemental requests. Although the spring forecast had yet to be released, the state was anticipating an additional deficit of close to \$250 million due to low oil prices. Section (a) of the amendment appropriated a draw from the CBR to cover the deficit arising from the FY 23 revenue and all appropriations made the prior session with the exception of K-12 forward funding. Section (b) appropriated up to \$115 million from the CBR for an additional FY 23 budget rising from appropriations made in the current session. The \$115 million would cover the current supplementals requested by the governor. The amendment covered the fast track and regular supplemental and capped the amount at the amount brought forward.

[3:32:04 PM](#)

AT EASE

[3:32:40 PM](#)

RECONVENED

Co-Chair Foster WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

[3:33:41 PM](#)

AT EASE

[3:33:52 PM](#)

RECONVENED

Co-Chair Foster MOVED to REPORT CSHB 79(FIN) out of Committee with individual recommendations with authority given to Legislative Legal Services and the Legislative Finance Division to make any necessary technical and or conforming changes.

There being NO OBJECTION, it was so ordered.

[3:34:57 PM](#)

AT EASE

[3:35:04 PM](#)

RECONVENED

CSHB 79(FIN) was REPORTED out of committee with six "do pass" recommendations, two "no recommendation" recommendations, and one "amend" recommendation.

#

ADJOURNMENT

[3:35:50 PM](#)

The meeting was adjourned at 3:35 p.m.