

HOUSE FINANCE COMMITTEE
May 1, 2024
9:02 a.m.

[9:02:25 AM](#)

CALL TO ORDER

Co-Chair Edgmon called the House Finance Committee meeting to order at 9:02 a.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

Amory LeLake, Staff, Representative Bryce Edgmon.

SUMMARY

HB 119 MARIJUANA TAX

HB 119 was SCHEDULED but not HEARD.

HB 223 TAX & ROYALTY FOR CERTAIN GAS

HB 223 was SCHEDULED but not HEARD.

CSSB 187(FIN) am

APPROP: CAP; REAPPROP; SUPP

CSSB 187 (FIN) am was HEARD and HELD in committee for further consideration.

Co-Chair Edgmon reviewed the meeting agenda. The goal was to present the first committee substitute (CS) for CSSB 187 (FIN) am.

#sb187

CS FOR SENATE BILL NO. 187(FIN) am

"An Act making appropriations, including capital appropriations, supplemental appropriations, and other appropriations; making reappropriations; making appropriations to capitalize funds; amending appropriations; and providing for an effective date."

[9:03:49 AM](#)

Co-Chair Edgmon asked his staff to review the changes in the proposed CS. There had been a number of initial hearings on the capital budget but the goal of the meeting would be to explain how the budget had developed over the course of the past few months. The capital budget was a document that strived to balance a variety of elements but there was not much time left in the current session to finalize the budget. He relayed that the House had agreed to transmit the budget to the Senate by May 9, 2024, which gave members about a week to complete its work on the capital budget. The agreement between the two bodies was rigid and it included set dollar amounts focusing on life, health, safety, energy, education, and housing. He thought that the budget closely adhered to the parameters of the agreement while working within federal and state guidelines. He would respond to questions to the best of his ability, but there were invited testifiers available to provide more detailed information. Once the amendment deadline was set, his staff would send out an email to all members' offices to provide more information on the process of submitting capital budget amendments.

[9:07:08 AM](#)

Co-Chair Foster MOVED to ADOPT the committee substitute for CSSB 187(FIN), Work Draft 33-GS2491\Y (Dunmire, 4/30/24) (copy on file).

There being NO OBJECTION, Work Draft 33-GS2491\Y was ADOPTED.

[9:07:40 AM](#)

AMORY LELAKE, STAFF, REPRESENTATIVE BRYCE EDGMON, reviewed the changes in the CS. She stated that no Senate items were removed, with one exception by request of a senator in order to change a district project. There were no governor's items removed from the capital budget. The Senate funded a large portion of its capital budget through FY 24, which meant that there were some items listed in Section 1 and Section 4 of the bill. She advised members to not be alarmed if a statewide or district project was not listed as fully funded. She suggested that it was easier to look at the total additions for a complete picture of the budget. She would highlight statewide items that were represented in the bill. She also referred the committee to three reports prepared by the Legislative Finance Division (LFD) for additional clarity which could all be found on the LFD website. She would begin with the statewide regional items added in the CS.

Co-Chair Edgmon invited Ms. LeLake to review the changes.

Ms. LeLake reiterated that all of the changes were in Section 1 of the bill. She began on page 3, lines 9 through 11 of the bill. For the Alaska Energy Authority (AEA) Round 16 Renewable Energy Project Grants, the House funded \$10,302,45 in addition to the Senate's \$4 million for a total of \$14,302,45. The funding would be in effect through project 8 of the renewable energy projects. She continued to page 4, line 7, which detailed funding for grants to named recipients, which included House district items and statewide regional items. The grants began on page 4, lines 16 through 18. She indicated that there was an addition of \$2.83 million for the Alaska Addiction Rehabilitation Services' Residential Expansion Project. On page 5, lines 9 and 10, the House added \$500,000 in addition to the Senate's \$1.5 million for the Blood Bank of Alaska's Blood Donor Testing Laboratory project. The project would also be included in Section 4 as a Senate addition. On page 5, lines 28 through 30, the House added \$670,000 to the Senate's \$750,000 for Iditarod upgrades, improvements, and operational support for the Iditarod Trail Committee for a total of \$1.42 million. On page 5, lines 31 and 32, the House added \$4,535,000 for natural gas main extensions for

the Interior Gas Utility. On page 7, lines 3 through 5, the House included \$3.5 million for the Southcentral Foundation for the purpose of designing, constructing, and equipping a crisis center. The list of grants to municipalities began on page 7, line 8, and included House district and statewide regional projects. On page 8, lines 32 and 33, the House added \$2.5 million for flood and erosion mitigation for the Mat-Su Borough for susceptible roads. On page 9, lines 4 and 5, \$2.5 million was added for maintenance and enhancement of local fisheries for Mat-Su.

[9:12:08 AM](#)

Ms. LeLake moved to House additions to the Department of Education and Early Development (DEED) on page 10, lines 17 through 19. The House added \$26,570,936 for the School Major Maintenance Grant Fund. Combined with the Senate's contribution of \$36,190,217, the total funding amounted to \$62,761,729 to fund through project 26 on the school major maintenance list. The Senate's addition could be found in Section 4 of the bill.

Ms. LeLake moved to the funding amounts for the Department of Revenue (DOR). On page 15, lines 28 and 29, the House added \$7.5 million to DOR for the replacement of the dividend application information system. On page 16, lines 4 and 5, the House added \$3 million to the Alaska Housing Finance Corporation (AHFC) weatherization program. The Senate contributed \$7 million to the program for a total of \$10 million for weatherization. On page 16, lines 24 and 25, the House added \$1 million to the AHFC housing development program. Combined with the Senate's \$3 million, the total addition to the program was \$4 million.

Ms. LeLake continued to the funding amounts for the University of Alaska (UA). On page 31, lines 19 through 21, there was an addition of two new projects for UA based on the deferred maintenance priority list. The House added \$2.2 million in addition to the Senate's \$26 million, which totaled \$28,817,000 for university deferred maintenance which would fund through project 8 on the deferred maintenance list. The projects were reflected on page 31, lines 19 through 21. There was an addition of \$1,194,400 to UA's Mat-Su campus-wide mechanical systems, electrical systems, and interior systems. The next project was on page 31, lines 22 through 24 and included \$998,000 for the UA Prince William Sounds campus' mechanical systems,

electrical systems, fire protection, roof updates and maintenance, and campus interiors.

Ms. LeLake moved to page 31, lines 25 and 29, which reflected a fund source change of \$5 million for university receipts to unrestricted general funds (UGF) for a total of \$10 million in UGF for phase III of the Alaska Drones Program. On page 31, line 27 through 29, the House restored \$2,220,000 in funding at the request of the governor for the UA Fairbanks' Alaska Railbelt Carbon Capture and Sequestration Project.

Ms. LeLake moved to judiciary items beginning on page 32, line 6. The House added \$4.9 million for the Palmer Courthouse expansion, which was in addition to the Senate's \$2.3 million for a total of \$7.2 million. The addition was also reflected in Section 4 of the bill. In total, the House added \$103,693,500 for a total general fund budget of \$552,333,333 in UGF. The total for designated general funds (DGF) was \$72,156,700. In other state funds, the total was \$227,622,965. In federal funds, the total was \$3,194,117,557 billion for a total capital budget of \$4,46,352,600.

[9:17:43 AM](#)

Representative Josephson asked Ms. LeLake to repeat the items she highlighted on page 8.

Ms. LeLake responded that she highlighted lines 32 and 33 on page 8, which listed \$2.5 million for Mat-Su Borough flood and erosion mitigation for susceptible roads. On page 9, lines 4 and 5, there was an addition of \$2.5 million for the Mat-Su Borough to maintain and enhance local fisheries.

Representative Galvin asked Ms. LeLake to repeat the items she highlighted on page 16, line 24 and 25.

Ms. LeLake responded that on page 16, lines 24 and 25, the House added \$1 million to the AHFC housing development program. Combined with the Senate's \$3 million, the total addition to the program was \$4 million.

Co-Chair Edgmon added that he had previously understood that the \$1 million the House was adding was the entirety of the funding, but there was an additional \$3 million coming from the Senate for a total of \$4 million. The

program allowed AHFC to work with the Alaska Mental Health Trust Authority (AMHTA), the Department of Natural Resources (DNR), and the university in an effort to identify possible land that could be suitable for expanding and building housing developments. He suggested that the effort would be centered more around the Railbelt area than outlying areas where land ownership was not state centered.

Representative Ortiz understood that the governor's budget was not reduced; however, he thought that in the initial CS proposed by the Senate, the governor's budget actually was reduced. He asked if it was part of the deal between the two bodies that it would be the House's responsibility to restore the funding that the Senate reduced.

Ms. LeLake responded that the Senate reduced some governor's items by a little over \$50 million as part of the agreement. The House was responsible for deciding whether it wanted to restore the funding for any of the governor's items and the House had chosen to restore the funding to one project.

[9:21:29 AM](#)

Representative Josephson asked Ms. LeLake for clarification on her last statement as he did not hear the final word.

Ms. LeLake responded that the House restored funding to one project.

Representative Josephson asked which project was restored.

Ms. LeLake responded that the project was on page 31, lines 27 and 29. The House restored \$2,220,000 in funding at the request of the governor for the UA Fairbanks' Alaska Railbelt Carbon Capture and Sequestration Project.

Co-Chair Edgmon noted that the agreement between the House and Senate was to fund the capital budget at \$550 million in UGF accompanied by about \$3 billion in federal funding and other funding sources. When the capital budget was originally submitted by the governor, he proposed a total of around \$303 million in UGF. The capital budget was historically constructed with input from the executive branch and the Senate. Every branch would be able to contribute to the building of the budget. The Senate worked

with the governor to reduce some of his needs but both bodies contributed to the budget in its current form.

Representative Galvin commented that she wanted more time to digest the information and she would likely have questions later. She thought it was a relief that there would not be many struggles in the negotiation process. She appreciated that many needs seemed to have been met and appreciated the work that had been put into crafting the budget.

Co-Chair Edgmon set an amendment deadline of Friday, May 3, 2024, at 10:00 a.m.

CSSB 187(FIN) am was HEARD and HELD in committee for further consideration.

[9:25:06 AM](#)

Co-Chair Foster began chairing the meeting. He reviewed the meeting agenda for the afternoon.

ADJOURNMENT

[9:26:23 AM](#)

The meeting was adjourned at 9:26 a.m.