

SENATE FINANCE COMMITTEE  
May 10, 2023  
9:29 a.m.

[9:29:02 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:29 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Donny Olson, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Click Bishop  
Senator Jesse Kiehl  
Senator Kelly Merrick  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Tim Grussendorf, Staff, Senator Lyman Hoffman; Pete Ecklund, Staff, Senator Bert Stedman; Alexei Painter, Director, Legislative Finance Division; Sorcha Hazelton, Staff, Senator Kelly Merrick; Ken Alper, Staff, Senator Donny Olson; Senator Bill Wielechowski, Sponsor.

SUMMARY

SB 41        APPROP: CAPITAL/SUPPLEMENTAL

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

SB 95        LICENSE PLATES: SPECIALTY ORGANIZATIONS

SB 95 was HEARD and HELD in committee for further consideration.

SB 99        FINANCIAL LITERACY COURSE IN SCHOOLS

CSSB 99(EDC) was REPORTED out of committee with three "do pass" recommendations and with three "no recommendation" recommendations and with one previously published fiscal impact note: FN1(EED).

SB 140 INTERNET FOR SCHOOLS

CSSB 140(FIN) was REPORTED out of committee with four "do pass" recommendations and with two "no recommendation" recommendations and with a forthcoming fiscal impact note from the Department of Education and Early Development.

CSHB 39(FIN) am(brf sup maj fld)(efd fld)  
APPROP: OPERATING BUDGET/LOANS/FUND; SUPP

CSHB 39(FIN) was HEARD and HELD in committee for further consideration.

Co-Chair Hoffman discussed the agenda. He relayed that the committee would consider the capital budget, after which it would consider the operating budget before taking up bills for consideration.

#sb41  
SENATE BILL NO. 41

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

9:29:51 AM

TIM GRUSSENDORF, STAFF, SENATOR LYMAN HOFFMAN, introduced himself.

9:30:31 AM

AT EASE

9:30:38 AM

RECONVENED

Senator Kiehl MOVED to ADOPT proposed committee substitute for SB 41, Work Draft 33-GS1348\Y (Dunmire, 5/4/23).

Co-Chair Hoffman OBJECTED for discussion.

Mr. Grussendorf discussed proposed changes to the bill. He referenced two documents from the Legislative Finance Division (LFD) labeled "Document A" and "Document B" (copy on file). He identified that there were nine changes in the proposed committee substitute (CS) from the previous version of the bill. None of the changes involved Undesignated General Funds (UGF), nor were any changes related to earmarks for any individual legislator.

Mr. Grussendorf addressed Document A. The first change (on Section 10 on page 42, line 5) was a reappropriation from an existing project in the Department of Administration (DOA) and was being reappropriated towards the IRIS cloud migration. The second change (on Section 19, page 46, line 25) was a reappropriation for the Legal Services Corporation Community Justice Worker Training Hub for \$500,000. The next change (Section 19, page 47, line 1) was for the Arctic Winter Games Team Alaska for state participation. The grant was for \$500,000 and included the 2024 and 2026 games and two years' worth of travel for participants in the Arctic Winter Games. He listed the next item (on Section 1, page 4, line 27), for Skagway rockslide mitigation, which used Cruise Ship Vessel Tax funds in the amount of \$1 million. He noted that there was a rock hanging over the docks in Skagway that was inhibiting access.

Mr. Grussendorf continued his discussion of the changes to the bill. Page 3 of the document (on Section 1, Page 1, line 19) included funds for the Snowmobile Trail Development Grants which included Designated General Funds (DGF) paid by for receipts from snow machine registration. The grants were in the Department of Natural Resources. There was some language change that was also DGF and involved signage to address violations on state land.

Mr. Grussendorf identified a change to the bill on page 4 of the document involving the Department of Transportation and Public Facilities' (DOT) Emergency Weather and Catastrophic Events Fund. The fund balance was \$11.7 million and was capitalized through reappropriations through the department. The level was reduced through two reductions. He identified a reduction of \$3.1 million for the Capital Improvement Fund, used by the legislature to

fund the capital budget. He asserted that it did not make sense for the department to reappropriate the funds and the reappropriation was denied. Additionally, a reappropriation of \$26,000 from the Harbor Grant Fund was denied and the funds were returned. He added that there was intent language for the Emergency Weather and Catastrophic Events Fund, wherein funds could be used for overtime and additional personnel, much the same as funds were used at the Anchorage Airport in light of recent snow events.

Co-Chair Hoffman WITHDREW his objection. There being NO OBJECTION, it was so ordered. The CS for SB 41 was ADOPTED.

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

Co-Chair Hoffman handed the gavel to Co-Chair Stedman.

[9:36:05 AM](#)

AT EASE

[9:37:13 AM](#)

RECONVENED

#hb39

CS FOR HOUSE BILL NO. 39(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; repealing appropriations; amending appropriations; making reappropriations; and making supplemental appropriations."

[9:37:14 AM](#)

Senator Wilson MOVED to ADOPT proposed committee substitute for CSHB 39(FIN), Work Draft 33-GH1347\P (Marx, 5/5/23).

Co-Chair Stedman OBJECTED for discussion.

[9:38:01 AM](#)

PETE ECKLUND, STAFF, SENATOR BERT STEDMAN, discussed the changes proposed in the CS. He read from a document titled "Changes from HB 39 version H (SCS2) to version P (SCS3)" (copy on file):

- Technical correction to the structure of the FY23 legislature budget
- DOH cost allocation assessment tool - fund as an FY24-26 multi-year, not a temporary increment (Inc T) - this is already in the Senate budget, just changing how it is funded
  - o Dollar amounts are unchanged.
  - o Medicaid Services Cost Allocation assessment tool \$2.04 million fed, \$227 thousand UGF match
  - o Senior and Disabilities Services Cost Allocation Assessment Tool - \$698 thousand fed, 420 thousand UGF match
- Update the estimate in the FY23 judgments/settlements to include a new \$115 thousand settlement (dept of law)
- Fund the Alaska Gasline Development Corporation (AGDC) at the FY24 Unrestricted General Fund requested amount as a one-time item (3,086.1)
- Add two fire standards council positions (Fire Training Specialist II, Fire Training Administrator) \$250 thousand UGF
- head-start addition of \$5 million UGF as a one-time item (above the \$6.85 million UGF in the head-start base budget)
- Office of the Governor - Office of Management and Budget - up to \$5 million in FY23 lapse for distribution by OMB to central services agencies if cost allocation rates fall short of full reimbursement.

Co-Chair Stedman WITHDREW his objection. There being NO further OBJECTION, it was so ordered. The CS for CSHB 39(FIN) was ADOPTED.

Co-Chair Stedman relayed that the director of LFD would offer a brief review of the state's fiscal position. He commented that the Senate was in discussions with the other body and there would likely be a forthcoming CS or amendments to consider.

[9:41:24 AM](#)

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, addressed a document entitled "Document C," (copy on file), and informed that the document was updated from a previous version the committee received. He pointed out the first

line, which showed the spring revenue forecast with a \$73/bbl price of oil. He identified that SCS 2 and SCS 3 had modified the Alaska Industrial Development and Export Authority (AIDEA) dividend from the full amount, so the \$17.9 million showed up as a revenue reduction. He continued that net fund transfers also took away from revenue, resulting in about \$6.26 billion of revenue available. He listed that SCS 2, the previous version of the bill, had agency operations at about \$4.48 billion which included the \$175 million for K-12 education outside the funding formula. There were no changes from the previous version of the bill and SCS 3 in statewide items or the UGF capital budget numbers.

Mr. Painter pointed out that the Permanent Fund Dividend (PFD) also showed no change from the previous version of the bill and was \$881 million or 25 percent of the percent of market value (POMV) draw. With the items together there was an estimated \$123 million surplus. The third Senate Committee Substitute (SCS 3) added \$8.3 million UGF to the operating budget. The items that Mr. Ecklund reviewed included \$3.1 million to AGDC, \$5 million to Head Start, and \$2500,000 to the Fire Standards Council. The fiscal notes estimate had been revised from \$7 million in the previous version up to \$26.4 million.

Mr. Painter explained that the reason for the change was that the amendments made to the Base Student Allocation bill had added about \$12 million, and the elections bill heard in committee the previous day had a capital fiscal note of \$5.7 million. Adding the two items together had significantly increased the estimate for fiscal notes, which was still evolving and did not include all of the bills in the finance committees but represented a working estimate for those bills that were considered likely to pass. He continued that the \$22.7 million estimate shown for Conference Committee additions represented the outside high case if the higher House items were chosen for everything. He summarized that line 15 showed a remaining surplus of \$65.5 million. He thought the previous summary had shown a surplus of \$93 million, the difference being the higher fiscal note estimate and operating budget additions. He noted that the surplus could potentially go to an increase in the capital budget in the other body, supplementals for next session, or a cushion in case oil prices were lower than expected.

[9:44:46 AM](#)

Co-Chair Stedman asked what type of volatility in oil would it take to eradicate the \$65.5 million surplus.

Mr. Painter estimated that the amount would signify about \$1/bbl in oil price swing.

Co-Chair Stedman asked if Mr. Painter had absolute confidence that the Department of Revenue accurately predicted the oil price within a dollar. He thought it was unlikely that the price would come within a dollar.

Co-Chair Stedman noted that the summary that Mr. Painter had addressed had been circulated amongst the House Finance Committee Co-chairs, the Speaker of the House, and Rules Committee Chair. There was a slight change from the previous day's number due to the adjusted fiscal note estimate. He described that the document was subject to change with alterations with the budget. He thanked Mr. Painter for his balanced budget presentation.

CSHB 39(FIN) was HEARD and HELD in committee for further consideration.

Co-Chair Stedman handed the gavel to Co-Chair Olson.

[9:46:27 AM](#)

AT EASE

[9:48:43 AM](#)

RECONVENED

Co-Chair Olson relayed that the committee would consider three bills: SB 95, SB 140, and SB 99.

#sb95

SENATE BILL NO. 95

"An Act relating to special request specialty organization registration plates; and providing for an effective date."

[9:49:06 AM](#)

Co-Chair Olson relayed that it was the first hearing for SB 95 by Senator Merrick. The committee would consider a Sectional Analysis.

Senator Merrick, Sponsor, thanked the committee for hearing the bill, which was related to special request specialty organization registration plates. She recounted that many of the committee staff had stopped by her office for a short description of the bill and had been in favor. She contended that the legislature was always looking for ways to make government more efficient and cost effective, which SB 95 accomplished by tasking the Division of Motor Vehicles (DMV) with the issuance of specialty plates and removing the legislature from the process. She contended that the bill saved the state money by passing the cost of issuing the plates on to the organization, rather than spending state funds.

Senator Merrick commented on the many significant issues before the legislature, and that license plate legislation took time from other pressing issues. She indicated that both the Senate Rules chair and the Chair of the State Affairs Committee had sponsored similar legislation in the past. She was certain that the co-chairs had heard many license plate bills in their tenure in the legislature. She continued that SB 95 would not affect any existing specialty plates, and the effective date of January 1, 2024, allowed for passage of any current license plate legislation. She noted that due to an internet outage, DMV was unavailable for questions.

[9:51:24 AM](#)

SORCHA HAZELTON, STAFF, SENATOR KELLY MERRICK, addressed a Sectional Analysis document:

Section 1: Creates a new subsection in the Motor Vehicle statutes, AS 28.10 181, to require the Division of Motor Vehicles (DMV) to adopt regulations allowing for the issuance of specialty organization license plates sponsored by certain charitable and government organizations within Alaska.

Section 2: Adds a new paragraph to AS 28.10.421 that sets the fees for new plates and allows for other fees.

Section 3: Provides an effective date of January 1, 2024.

Co-Chair Olson asked about changes to the bill made in the Senate State Affairs Committee.

Ms. Hazelton explained that there was one change to the bill made in the committee, that removed some of the 501(c)3 organizations that the federal government recognized from being able to request the license plates. The organizations were financial institutions and insurance institutions.

Co-Chair Olson asked if someone was available to address the fiscal notes.

Ms. Hazelton answered in the negative.

Co-Chair Olson set an amendment deadline for the following day at 5 o'clock p.m.

SB 95 was HEARD and HELD in committee for further consideration.

#sb140

SENATE BILL NO. 140

"An Act relating to funding for Internet services for school districts; and providing for an effective date."

[9:52:44 AM](#)

Co-Chair Olson relayed that SB 140 was heard on Monday, and the committee had a CS to consider.

Co-Chair Hoffman MOVED to ADOPT proposed committee substitute for SB 140, Work Draft 33-LS0687\S (Klein, 5/9/23).

Co-Chair Olson OBJECTED for discussion.

[9:53:32 AM](#)

KEN ALPER, STAFF, SENATOR DONNY OLSON, addressed Version S of the bill. He noted that the only change in the CS was the addition of Section 2, with an effective date of

January 1, 2024. He offered the context that the bill had a significant fiscal note to help schools build up broadband internet capacity. He noted that with respect to the federal funding cycle and several grants coming in associated with the bill, no money needed to be spent in FY 24. By pushing the effective date back to the following year and being a part of the next federal funding cycle, any associated state spending would not kick in until sometime in FY 25.

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

Senator Bishop relayed that he had been getting interest in the bill from his rural district. He was appreciative of the bill and how it would improve student outcomes because of the download speeds and ability to do multiple classroom projects at the same time.

Co-Chair Hoffman MOVED to report CSSB 140(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

CSSB 140(FIN) was REPORTED out of committee with four "do pass" recommendations and with two "no recommendation" recommendations and with a forthcoming fiscal impact note from the Department of Education and Early Development.

#sb99

SENATE BILL NO. 99

"An Act establishing a financial literacy education course for public schools; and providing for an effective date."

[9:55:49 AM](#)

Co-Chair Olson relayed that SB 99 was previously heard by the committee on April 24, at which time public testimony was taken. There was a request for amendments, and none had been submitted.

[9:56:16 AM](#)

SENATOR BILL WIELECHOWSKI, SPONSOR, explained that the bill would require financial literacy to be taught in Alaskan schools. He relayed that the bill had been changed somewhat

substantially with suggestions made by superintendents and various school boards across the state. He clarified that the content was not required to be offered in one specific course and could be spread across courses.

Co-Chair Olson asked if the sponsor was in favor of the changes that were made.

Senator Wielechowski answered "yes."

Senator Bishop MOVED to report CSSB 99(EDC) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 99(EDC) was REPORTED out of committee with three "do pass" recommendations and with three "no recommendation" recommendations and with one previously published fiscal impact note: FN1(EED).

Co-Chair Olson discussed the agenda for the afternoon meeting.

#

ADJOURNMENT

9:57:50 AM

The meeting was adjourned at 9:57 a.m.