

SENATE FINANCE COMMITTEE

April 5, 2024

9:41 a.m.

[9:41:49 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:41 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Donny Olson, Co-Chair

ALSO PRESENT

Tim Grussendorf, Staff to Senator Lyman Hoffman.

SUMMARY

SB 187      APPROP: CAP; REAPPROP

SB 187 was heard and HELD in Committee for further consideration.

Co-Chair Hoffman discussed the agenda.

#sb187

SENATE BILL NO. 187

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

[9:42:13 AM](#)

Co-Chair Hoffman relayed that the committee would be introducing the first Committee Substitute (CS) for the capital budget.

Co-Chair Stedman MOVED to ADOPT proposed committee substitute for SB 187, Work Draft 33-GS2491\B (Dunmire, 4/4/24). There being NO OBJECTION, it was so ordered.

[9:43:07 AM](#)

TIM GRUSSENDORF, STAFF TO SENATOR LYMAN HOFFMAN, discussed the CS. He referenced Attachment B, and four other documents produced by the Legislative Finance Division (LFD) entitled Attachment A, Attachment C, Attachment D, and Attachment E (copy on file). He relayed that staff had joint meetings with the administration and agencies, as well as the Office of Management and Budget (OMB), the Legislative Finance Division (LFD), and finance committee counterparts in the House. He noted that there was staff from LFD available to speak to any questions that might arise.

Mr. Grussendorf referenced Attachment B, and made note of Section 1, known as the numbers section. The section removed some of the Undesignated General Funds (UGF) and featured 11 items with a reduction of \$63.4 million. He highlighted the first project listed, "Advance Commercial Investment in the Alaska LNG Project and Maintain Project Assets in Ready Status." He identified that the project was from the Alaska Gasline Development Corporation (AGDC) and signified a reduction of \$4.5 million.

Mr. Grussendorf highlighted a \$2.5 million item for the Alaska Travel Industry Association (ATIA), which was not a reduction but rather funds being moved to the operating budget. He listed a project for \$2.2 million for statewide security doors and windows in the Department of Corrections (DOC). The fourth project, also for DOC, was for "Statewide Security Perimeter Fences and Gates Upgrade." Item 5 proposed \$500,000 for the Alaska Military Youth Academy safety and security preparedness. He listed a reduction of \$3.575 million in the Department of Natural Resources (DNR) for "Silviculture Treatments and Precommercial Thinning to Boost the Timber Industry."

Mr. Grussendorf continued to address the items listed on Attachment B. He listed a \$6.2 million increment for the

Pilatus PC12NG Aircraft Acquisition in the Department of Public Safety (DPS). He cited a \$25 million item for the Alaska Housing Finance Corporation's (AHFC) Down Payment Assistance Grant Program. In the Department of Transportation and Public Facilities (DOT) there was a \$4.35 million increment for Copper River Highway Wood Canyon Bridges and Trails. He listed a project involving achieving Research 1 status for the University of Alaska Fairbanks (UAF). He noted that the governor had proposed to fund the item with \$10 million in UGF and \$10 million of University receipts. The Senate and current CS proposed to move all \$20 million to University receipts.

Mr. Grussendorf highlighted that the last project was the only project that fell in the "match" category, which was the Alaska Railbelt Carbon Capture and Sequestration Project at UAF, for \$2.2 million and \$8.8 million in matching funds.

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Mr. Grussendorf continued his remarks. He noted that also in the numbers section, there was a placeholder for surface transportation. He explained that there would be a Statewide Transportation Improvement Program (STIP) amendment to be coming from the Office of the Governor on the following Tuesday, which would be incorporated into the next CS.

Co-Chair Hoffman noted that the \$25 million for housing was to address a statewide issue, and the committee would be working with the governor's office to see what could be done differently from what was proposed in the budget. The \$25 million had been reduced. The funds had been earmarked for down payments for new home buyers but would not be used for any new housing. He emphasized that new housing was needed in the state and the committee was looking at what could be done.

Senator Merrick asked Mr. Grussendorf to repeat his remarks about the \$8.8 million in federal funding for carbon capture, and asked if the state needed to provide \$2.2 million in matching funds.

Mr. Grussendorf relayed that more communication was needed with UAF and noted that UAF had mentioned partnership in

the project explanation. He explained the need for further detail in the project description.

Co-Chair Hoffman explained that it was the committee's intent to work through the capital budget process and have a new CS early the following week, with the expectation of floor debate in one week.

9:50:15 AM

Mr. Grussendorf communicated that the CS proposed to fund the top projects that agencies had brought forward. He addressed the Supplemental Section in Section 4 of the bill starting on page 22. The CS did not change all the governor's amendments and reappropriations. The only change to the section was for DOT and pertained to Dalton Highway Heavy Maintenance. The department had requested \$8 million for the project on page 23 of the bill, and the CS reduced the amount to \$4 million. He explained that the rationale was that \$4 million would get the project to July 1, and the next budget would replenish the fund. If more funding was needed, funds could be added to the operating budget in the following cycle.

Mr. Grussendorf addressed reappropriations, which started in Section 7. He reiterated that the CS did not remove any of the governor's proposed reappropriations. The committee had added four reappropriations that were not in the original bill. He referenced Section 14, page 29 of the bill, with a reappropriation from the Bering Sea Fisherman's Project from the previous year. The funds were proposed to be reappropriated to the Department of Fish and Game (DFG) to support the Chinook genetics study that had been requested of the department. He noted that DFG was in a good position to complete the study and that both parties were in agreement.

Mr. Grussendorf listed that the final three additional reappropriations were projects from individual legislative districts in which money had lapsed. He listed Section 15, page 29, for a reappropriation to the Wrangell Emergency Operations. Section 16 on page 30 of the bill had a reappropriation for the Anchorage Yarman Road Project. The final project, in Section 17, would move lapsed funding to the Yuut Elitnaurviat-People's Learning Center for a damaged lift station.

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Mr. Grussendorf noted that there was a reduction in General Funds of \$63.395 million. The total supplemental budget was \$23.7 million in UGF, \$8.9 million in Designated General Funds (DGF). Other state funds totaled \$11.13 million, and federal receipts added up to \$251 million for a total of \$295 million for the supplemental portion of the bill. For the current year's proposed capital items, the CS had a UGF total \$233.7 million, \$87.7 million in DGF, other state funds in the amount of \$184.2 million, and \$3 billion in federal receipts for a grand total of \$3.514 billion.

Co-Chair Hoffman set the bill aside.

SB 187 was heard and HELD in Committee for further consideration.

Co-Chair Hoffman discussed the agenda for the next meeting.

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ADJOURNMENT

[9:55:54 AM](#)

The meeting was adjourned at 9:55 a.m.