

34TH ALASKA STATE LEGISLATURE  
FIRST SESSION  
CONFERENCE COMMITTEE ON HB53 and HB55  
May 18, 2025  
2:16 p.m.

2:16:02 PM

CALL TO ORDER

Representative Josephson called the Conference Committee meeting on HB53 and HB55 to order at 2:16 p.m.

MEMBERS PRESENT:

House:

Representative Andy Josephson, Chair  
Representative DeLena Johnson  
Representative Calvin Schrage

Senate:

Senator Lyman Hoffman, Vice-Chair  
Senator James Kaufman  
Senator Bert Stedman

MEMBERS ABSENT

None

ALSO PRESENT:

Alexei Painter, Director, Legislative Finance Division.

SUMMARY

HB 53        APPROP: OPERATING BUDGET; CAP; SUPP

CCS HB 53 was REPORTED out of committee with a  
"do pass" recommendation.

HB 55        APPROP: MENTAL HEALTH BUDGET

CCS HB 55 was REPORTED out of committee with a  
"do pass" recommendation.

#HB53

#HB55

CS FOR HOUSE BILL NO. 53(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 supplemental appropriations."

SENATE CS FOR CS FOR HOUSE BILL NO. 53(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 supplemental appropriations; and providing for an effective date."

and

CS FOR HOUSE BILL NO. 55(FIN)

"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."

SENATE CS FOR CS FOR HOUSE BILL NO. 55(FIN) am S

"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."

[2:16:37 PM](#)

Chair Josephson invited Alexei Painter, Legislative Fiscal Analyst, to the table. He stated the committee would address items in House Bill 53 and House Bill 55 based on the motion sheets distributed to members earlier in the day and dated May 18th. The sheets included items for the following:

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC  
DEVELOPMENT  
DEPARTMENT OF CORRECTIONS  
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

OFFICE OF THE GOVERNOR  
DEPARTMENT OF HEALTH  
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
DEPARTMENT OF PUBLIC SAFETY  
DEPARTMENT OF REVENUE  
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
UNIVERSITY  
PERMANENT FUND  
SUPPLEMENTAL OPERATING ITEMS  
MONETARY TERMS and COLLECTIVE BARGAINING AGREEMENTS  
FISCAL NOTES

[2:17:52 PM](#)

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

Vice-Chair Hoffman MOVED that the committee adopt the following items in the Department of Commerce, Community and Economic Development:

Items 6 through 9 House, all items

There being NO OBJECTION, it was so ordered.

Chair Josephson stated that the action closed all remaining conference-able items in the Department of Commerce, Community, and Economic Development.

[2:18:15 PM](#)

DEPARTMENT OF CORRECTIONS

Vice-Chair Hoffman MOVED that the committee adopt the following items in the Department of Corrections:

|                  |                                                                      |
|------------------|----------------------------------------------------------------------|
| Items 3, 5 and 6 | House                                                                |
| Item 7           | House, modify fund source to Interagency Receipts (fund source 1007) |
| Item 41          | Line 1: House<br>Line 2: House, minus \$1.5 million                  |

There being NO OBJECTION, it was so ordered.

Chair Josephson stated that the action closed all conference-able items in the Department of Corrections.

[2:18:58 PM](#)

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Vice-Chair Hoffman MOVED that the committee reopen Item 10 in the Department of Education and Early Development.

There being NO OBJECTION, Item 10 was reopened.

Vice-Chair Hoffman MOVED that the committee adopt the following items in the Department of Education and Early Development:

Item 10     House  
Item 15     Senate

There being NO OBJECTION, it was so ordered.

Chair Josephson stated that the action closed all conference-able items in the Department of Education and Early Development.

[2:20:07 PM](#)

OFFICE OF THE GOVERNOR

Vice-Chair Hoffman MOVED that the committee adopt the following item in the Office of the Governor:

Item 4     House, modify to intent language as shown on the motion sheet. This language directs OMB to provide agency-level reports on overtime and other specialty pay types.

There being NO OBJECTION, it was so ordered.

Chair Josephson stated that the action closed all conference-able items in the Office of the Governor.

[2:20:45 PM](#)

DEPARTMENT OF HEALTH

Vice-Chair Hoffman MOVED that the committee adopt the following items in the Department of Health budget:

Items 1 and 2     House, both items

|                 |                                                                                                                        |
|-----------------|------------------------------------------------------------------------------------------------------------------------|
| Item 3          | Senate, both lines                                                                                                     |
| Item 4          | Senate                                                                                                                 |
| Item 5          | House, both lines:<br>Line 1, minus \$333.8 thousand<br>GF/Match<br>Line 2, minus \$147.5 thousand<br>Federal Receipts |
| Item 6          | House                                                                                                                  |
| Item 7          | House minus \$424.4 thousand<br>GF/Match                                                                               |
| Item 8          | Senate, all lines                                                                                                      |
| Item 9          | House                                                                                                                  |
| Item 10         | Senate                                                                                                                 |
| Items 11 and 12 | Senate, both items, all lines                                                                                          |
| Item 13         | House, both lines                                                                                                      |
| Items 14 and 15 | Senate, both items, all lines                                                                                          |
| Items 16 and 17 | House, both items                                                                                                      |
| Items 18 and 19 | Senate, both items                                                                                                     |
| Item 20         | House minus \$500.0 thousand UGF                                                                                       |
| Items 21-24     | House, all items                                                                                                       |
| Items 25-30     | Senate, all items                                                                                                      |
| Item 31         | House                                                                                                                  |
| Items 32-38     | Senate, all items, all lines                                                                                           |

[2:22:48 PM](#)

Senator Kaufman OBJECTED to Items 8 and 9. He asked for clarification of the function of the fiscal notes pertaining to legislation.

Chair Josephson invited Mr. Painter to the table.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION answered that pertaining to Item 8 there was a fiscal note in committee members' packets that added the item back contingent on the passage of Senate Bill 95. Item 9 did not relate to any fiscal notes.

Senator Kaufman WITHDREW the OBJECTION.

There being NO further OBJECTION, it was so ordered.

Chair Josephson stated that all of the above items were adopted, and the action closed all conference-able items in the Department of Health.

[2:24:23 PM](#)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Vice-Chair Hoffman MOVED that the committee adopt the following item in the Department of Labor and Workforce Development budget:

Item 3 Senate

There being NO OBJECTION, it was so ordered.

Chair Josephson stated that the action closed all conference-able items in the Department of Labor and Workforce Development.

[2:24:40 PM](#)

Senator Kaufman requested to return to an item in the Department of Health.

Chair Josephson noted that the items in the Department of Health had been closed. He asked Senator Kaufman to speak to the item.

Senator Kaufman OBJECTED for discussion to Item 16 under the Department of Health. He observed that the item funded \$85,000 for a media campaign at a time when the state was laying people off and potentially not funding positions that had been created. He asked if it was the best use of funding currently.

Chair Josephson replied that the Statewide Suicide Prevention Council was housed under the Department of Health, and it issued a plan called Messages of Hope spanning from 2023 to 2027. He detailed that pages 24 and 25 of the plan spoke extensively about a campaign for a public relations strategy to reduce access by youth in particular, to firearms. He highlighted that the council included legislative members of both bodies. The council cited the American Association of Suicidology, which recommended safely storing firearms as a universal means of preventing suicide. The item was adopted by the subcommittee of the Department of Health, which he had chaired. The item was a reflection of the respect for the work of the suicide council.

Senator Kaufman appreciated the explanation. He remarked that the legislature was potentially not funding positions, but it was paying for a media campaign. He noted that the state had a lot of needs. Separately, he asked about behavioral health funding, which was a real challenge for Anchorage with respect to the homeless problem and behavioral issues with individuals who ended up in Anchorage. He asked how the funding had been arrived at for Item 35. He appreciated the chair's indulgence for discussing the items.

Chair Josephson responded that Senator Kaufman's sentiments were correct. There was confusion about the complicated language on how to write behavioral health grants that would be receptive to Senior and Disability Services and Medicaid Services. There had been choices to make, and it was not a choice that he had made. He stated it was a topic that needed serious consideration in January.

[2:28:45 PM](#)

Senator Kaufman remarked that there were priorities and there were priorities, and the state was challenged with the funding available. He thanked the thanked the chair for allowing the discussion on the items. He WITHDREW the OBJECTION.

[2:29:15 PM](#)

#### DEPARTMENT OF PUBLIC SAFETY

Vice-Chair Hoffman MOVED that the committee adopt the following items in the Department of Public Safety budget:

Items 3, 4, 8, 13 and 14 Senate

Representative Johnson OBJECTED. She highlighted that the funding was a Department of Public Safety (DPS) request to fund trooper positions in a trooper post on the Parks Highway about halfway between Anchorage and Fairbanks, which was a direct pipeline for fentanyl distribution out to rural Alaska. The intent of the post was to be a way to stop the flow of drugs and monitor the situation.

[2:30:40 PM](#)

AT EASE

2:31:07 PM  
RECONVENED

Vice-Chair Hoffman relayed that the increment was the governor's request. He shared that the legislature received communication that the governor had withdrawn all of his amendments; therefore, the proposed action complied with the governor's request.

Senator Stedman asked for clarification on the motion.

Chair Josephson clarified that a yes vote would adopt Vice-Chair Hoffman's motion to adopt the Senate version of Items 3, 4, 8, 13, and 14 within DPS.

Representative Johnson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Senator Stedman, Representative Schrage, Senator Hoffman, Representative Josephson  
OPPOSED: Senator Kaufman, Representative Johnson

The MOTION PASSED Senate 2/1 House 2/1. There being NO further OBJECTION, it was so ordered.

2:32:57 PM  
AT EASE

3:01:15 PM  
RECONVENED

Chair Josephson noted the committee left off at the Department of Revenue.

#### DEPARTMENT OF REVENUE

Vice-Chair Hoffman MOVED that the committee adopt the following items in the Department of Revenue budget:

|             |                                                        |
|-------------|--------------------------------------------------------|
| Item 1      | Senate, plus 2 positions and plus \$311.0 thousand UGF |
| Items 2-4   | Senate, all items                                      |
| Item 5      | House                                                  |
| Items 6-9   | Senate                                                 |
| Item 10     | House                                                  |
| Items 11-14 | Senate                                                 |

|             |                                                         |
|-------------|---------------------------------------------------------|
| Items 15-20 | House                                                   |
| Item 21     | Senate, plus 1 million, 282.4 thousand dollars PF Gross |
| Items 22-42 | House, all items                                        |
| Items 43-46 | Senate, all items                                       |
| Item 47     | House                                                   |
| Item 48     | Senate                                                  |
| Item 49     | House                                                   |
| Items 50-51 | Senate, both items                                      |
| Item 52     | House                                                   |
| Item 53     | Senate                                                  |
| Item 54     | House                                                   |
| Item 55     | Senate                                                  |
| Items 56-60 | House, all items                                        |
| Item 61     | Senate                                                  |

3:03:14 PM

Senator Kaufman OBJECTED and asked for an explanation of the net effect on the operations of the Alaska Permanent Fund Corporation (APFC).

Mr. Painter explained that the motion returned the APFC budget total funding level to the adjusted base with three exceptions. The first exception was an increase of \$250,000 in statutory designated program receipts for accepting third party travel. The second exception was common item adding \$100 for the APFC Anchorage office, which was above the adjusted base. The third item was a reduction of \$32,000 to APFC maintenance and operations, which was below the adjusted base. With the exception of the three items, the funding level was the adjusted base. The structure differed from the governor's submitted budget and returned to the FY 25 structure with a Juneau operations and Anchorage separate. The bill added an additional appropriation from the Senate structure for information technology and other software systems.

Senator Kaufman WITHDREW the OBJECTION. There being NO further OBJECTION, it was so ordered.

Chair Josephson stated that the action closed all conference-able items in the Department of Revenue.

3:05:54 PM

#### DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Vice-Chair Hoffman MOVED that the committee reopen the budget of the Department of Transportation and Public Facilities (DOT) for the purpose of amendments.

There being NO OBJECTION, it was so ordered.

Vice-Chair Hoffman MOVED that the committee reopen Item 23 in the DOT budget.

There being NO OBJECTION, it was so ordered.

[3:06:33 PM](#)

Vice-Chair Hoffman MOVED that the Committee adopt Amendment 1, 34-GH1462\B.A.3 (Marx, 5/15/25)(copy on file), which modified the House number by reducing the amount to \$5 million dollars and conformed to the Conference Committee budget structure:

Page 85, following line 29:

Insert a new subsection to read:

"(d) If the amount of federal receipts that are received by the Department of Transportation and Public Facilities for the period beginning January 1, 2026, and ending December 31, 2026, fall short of the amount appropriated in sec. 4 of this Act, the amount of the shortfall, not to exceed \$5,000,000, is appropriated from the general fund to the Department of Transportation and Public Facilities, Alaska marine highway system, for operation of marine highway vessels for the period beginning January 1, 2026, and ending December 31, 2026."

Page 102, line 17:

Delete "20 - 42"

Insert "20 - 36, 37(a) - (c), 38 - 42"

Page 103, line 14, following "Sections 4 - 6":

Insert "and 37(d)"

There being NO OBJECTION, Amendment 1 was ADOPTED.

[3:07:23 PM](#)

Vice-Chair Hoffman MOVED that the committee adopt the following item in the DOT budget:

Item 23 House, as modified by the adoption of  
Amendment B.A.3

There being NO OBJECTION, it was so ordered.

[3:07:50 PM](#)

Vice-Chair Hoffman MOVED to reopen common items within the DOT budget for the purpose of adopting an amendment.

Senator Kaufman OBJECTED for discussion.

Vice-Chair Hoffman MOVED that the committee adopt Amendment 2 (copy on file). The amendment provided net-zero fund source changes in two allocations. For the Northern Region Highways and Aviation allocation, it added an increment of \$2.1 million in Vehicle Rental Tax receipts, added a one-time increment of \$1.3 million in funds from the Alaska Housing Capital Corporation (AHCC), and deleted \$3.4 million in UGF. For the Central Region Highways and Aviation allocation, the amendment added a one-time increment of \$1.4 million in Derelict Vessel Prevention Program Funds and deleted \$1.4 million in UGF. The amendment also stated it was the intent of the Conference Committee that the one-time increments from AHCC and the Derelict Vessel Prevention Program be replaced with general funds in FY 27.

Senator Kaufman OBJECTED.

[3:09:30 PM](#)

AT EASE

[3:10:30 PM](#)

RECONVENED

Chair Josephson noted there had been an objection to the reopening of common items [within the DOT budget].

Senator Kaufman replied it was his intent to object to the amendment. He thought the Derelict Vessel Program was a good one. He relayed that if the item needed to be opened in order to object to the amendment, he would withdraw his objection to the reopening of the item.

[3:11:09 PM](#)

AT EASE

[3:14:35 PM](#)

RECONVENED

Chair Josephson relayed there was a motion to open common items in the DOT budget, which had been objected to for purposes of hearing what was intended.

Senator Kaufman MAINTAINED the OBJECTION to the reopening of common items.

A roll call vote was taken on the motion.

IN FAVOR: Senator Stedman, Representative Schrage, Senator Hoffman, Representative Josephson

OPPOSED: Senator Kaufman, Representative Johnson

The MOTION PASSED Senate 2/1 House 2/1. There being NO further OBJECTION, common items within the DOT budget were reopened.

[3:15:58 PM](#)

Chair Josephson noted that Vice-Chair Hoffman had already described Amendment 2.

Vice Chair Hoffman MOVED to ADOPT Amendment 2. He restated his earlier explanation of the amendment [see above for detail].

Senator Kaufman OBJECTED. He thought transferring receipts from vehicle rental tax to the Derelict Vessel Prevention Program seemed like a stretch. He thought the funds should be directed more towards what was impacted in terms of transportation, park access, and items more related to vehicle rental activities.

A roll call vote was taken on the motion.

IN FAVOR: Senator Stedman, Representative Schrage, Senator Hoffman, Representative Josephson

OPPOSED: Senator Kaufman, Representative Johnson

The MOTION PASSED Senate 2/1 House 2/1. There being NO further OBJECTION, Amendment 2 was ADOPTED.

Chair Josephson stated that the action closed all conference-able items in the Department of Transportation and Public Facilities.

[3:18:38 PM](#)

UNIVERSITY OF ALASKA

Vice-Chair Hoffman MOVED that the committee reopen the budget of the University of Alaska for the purpose of adopting Conference Committee Item 33.

There being NO OBJECTION, it was so ordered.

Vice-Chair Hoffman MOVED that the committee adopt the following item in the University of Alaska budget:

Item 33 Adopt new Conference Committee intent language as shown on the motion sheet. This language directs the University to report on fund transfers from rural allocations to main campus allocations.

Representative Johnson OBJECTED for discussion. She asked if the term "main campus" referred to Southeast, Fairbanks, and Anchorage. She asked if rural could possibly mean Mat-Su.

Vice Chair Hoffman replied affirmatively.

There being NO further OBJECTION, Item 33 in the University of Alaska budget was ADOPTED.

Chair Josephson stated that the action closed all conference-able items in the budget of the University of Alaska.

[3:20:19 PM](#)

PERMANENT FUND

Senator Hoffman MOVED that the committee adopt the following in the Permanent Fund:

Items 1 and 2 Senate

Representative Johnson OBJECTED. She highlighted that the proposal was a reduction to the Permanent Fund Dividend (PFD). She explained that the proposal would bring the 75/25 PFD in the House budget to the Senate amount of \$1,000 per person.

Chair Josephson agreed. He asked Mr. Painter if the proposal would result in a PFD of \$1,000.

Mr. Painter replied affirmatively.

Representative Johnson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Representative Schrage, Senator Stedman,  
Representative Josephson, Senator Hoffman  
OPPOSED: Representative Johnson, Senator Kaufmann

The MOTION PASSED House 2/1 Senate 2/1. There being NO further OBJECTION, it was so ordered.

Chair Josephson stated that the action closed the conference-able items in the Permanent Fund.

[3:22:39 PM](#)

#### SUPPLEMENTAL OPERATING ITEMS

Vice-Chair Hoffman MOVED that the committee adopt the following budget items for the Supplemental Operating Budget:

Item 1 House, effective date June 30th, 2025  
Item 75 Senate

There being NO OBJECTION, it was so ordered.

Chair Josephson stated that the action closed all conference-able items in the Supplemental Operating Budget.

[3:23:08 PM](#)

#### MONETARY TERMS OF COLLECTIVE BARGAINING AGREEMENTS

Vice-Chair Hoffman MOVED that the committee adopt Packet 1 titled "Monetary Terms of Collective Bargaining Agreements" (copy on file). The packet funded the negotiated contracts for: Marine Engineers' Beneficial Association, Confidential Employees Association, and Inlandboatmen's Union of the Pacific, Alaska Region.

There being NO OBJECTION, it was so ordered.

Chair Josephson stated that the action accepted the Monetary Terms of the Collective Bargaining Agreements.

[3:24:11 PM](#)

#### FISCAL NOTES

Vice-Chair Hoffman MOVED that the committee adopt Packet 2, titled Fiscal Notes (copy on file):

This document adds a new Section 2 to the Operating Bill, HB 53. Section 2 makes appropriations associated with the bills listed. If a bill listed either fails to pass, its substance fails to be incorporated in some other measure, or is vetoed by the Governor, the appropriations associated with that bill are reduced. The attached reports prepared by the Legislative Finance Division list the fund sources and agencies associated with the bill.

Representative Johnson OBJECTED for discussion. She clarified that approving the fiscal notes did not mean that she was in favor of the bills.

Co-Chair Josephson asked Mr. Painter if he had any remarks on the fiscal notes.

Mr. Painter made comments on three items associated with the fiscal notes. The first was regarding HB 57, the education funding bill. The largest fiscal note for HB 57 was a public education fund capitalization; it was included in members' packets as information and would not be reflected in the bill. The existing common language for the public education fund was for the amount necessary and the effect of the bill would be captured by existing language. He explained that the Legislative Finance Division (LFD) budget reports counted funding included as outside of the formula funding that was contingent on the failure of HB

57. If HB 57 was enacted into law, LFD would switch to counting an increase to the estimate for the public education fund capitalization. He clarified it would be counted either way, but not simultaneously. Second, there was a conference committee prepared note for SB 95, childcare funding legislation. He explained that the funding was zeroed out in the conference committee motion; therefore, it made the funding contingent on the enactment of SB 95. Third, the funding was zeroed out for SB 97 and was contingent on the enactment of SB 97. The conference committee note changed the governor's proposed fund source from UGF to general fund program receipts, which matched the budget passed by the House.

[3:27:59 PM](#)

Representative Johnson WITHDREW the OBJECTION.

There being NO further OBJECTION, Packet 2: Fiscal Notes was ADOPTED.

[3:28:25 PM](#)

#### FUNDING FY2025 APPROPRIATIONS

Vice-Chair Hoffman MOVED Conference Committee Amendment 3, 34-GH1462\B.A.6 (Marx, 5/18/25) [note: due to the length of the amendment it is not included here. See copy on file for detail].

Representative Johnson OBJECTED.

Vice-Chair Hoffman explained the amendment:

In summary, this amendment authorizes a draw from the Constitutional Budget Reserve Fund for appropriations in Fiscal Year 2025 and provides contingency language that authorizes using funds from the Alaska Industrial Development and Export Authority and the Higher Education Investment Fund if the CBR draw fails to be enacted. Specifically, if the CBR draw fails to be enacted, this amendment authorizes using up to \$100 million from the unexpended and unobligated balance of the reserves of AIDEA for appropriations in Fiscal Year 2025. It further authorizes a draw from the Higher Ed fund if the funds from AIDEA do not balance revenue and general funds for Fiscal Year 2025.

Representative Johnson noted that the amendment took money from Alaska Industrial Development and Export Authority (AIDEA) receipts to fund the FY 25 budget. She recognized it was contingency language, but she cautioned if it took place it would impact AIDEA's bond rating. She thought it was not the best way to fund the budget. She highlighted that the Higher Education Investment Fund (HEIF) was set up similarly to the Permanent Fund with a percent of market value (POMV) draw, which would be overdrawn if the funding was needed. She would prefer a more robust negotiation on a CBR draw rather than the use of contingency language that would allow the normal process to be bypassed.

Vice-Chair Hoffman relayed that the FY 25 budget needed approximately \$200 million. The amendment proposed to use the Constitutional Budget Reserve (CBR). The decision would be made individually and required a three-quarter vote of both bodies. If the vote was accomplished, the governor's FY 25 supplemental would be funded. If the vote failed, there was a waterfall effect that would enable the use of up to \$100 million in unexpended balance from AIDEA. The remainder needed to fund the FY 25 budget would come from HEIF funds. He pointed out that AIDEA and HEIF funds would not be needed if the legislature was able to achieve and support the governor's FY 25 budget.

[3:33:13 PM](#)

Senator Kaufman asked for a high level overview of what the was being funded in the supplemental budget.

Vice-Chair Hoffman noted that dialogs on the supplemental had taken place previously. The supplemental was what the governor had requested. The only addition was an additional appropriation of \$5 million for fire prevention due to low snowfall over the winter and a higher potential for fires. The funding had been included to help protect Alaskan citizens.

Senator Stedman provided clarity for the public. He explained that the previous session the legislature based the budget on \$78 [per barrel of oil]. He relayed that as FY 25 advanced, the \$78 price of oil was not realized, which pushed the current year into deficit. The current number was in the \$68 range. There were significant concerns there may be a dry spring, which could put the

Kenai and Fairbanks at risk of fires. Therefore, the legislature added \$5 million for fire suppression. Other than that, the budgetary numbers were created by some unforeseen expenditures, but mainly resulted from a decline in revenue expectations. The legislature had a constitutional obligation to pass a balanced budget. It was the normal course of action for the legislature to use savings to balance the budget. He relayed there was no revenue in FY 25 to use. The CBR language had to be in the budget to allow access via a three-quarter vote. He stated that in the event members of the legislature did not want to draw on a savings account, there were no other options. He remarked that not paying the bills did not work. The language [included in Amendment 3] was a fallback in the event the savings could not be used. He believed savings should be used instead of reverting to AIDEA or HEIF.

Senator Stedman stated that at the end of the day, the language was included in order to ensure the legislature met its constitutional obligation. He elaborated that each of the elected legislators would decide where they wanted to get the money. He pointed out that some responses had been to slow down expenditures; however, the administration did not have the ability to draw down \$200 million by the end of June for FY 25. He underscored that the option was highly suspect and not a solution. He supported the proposal in Amendment 3. He hoped it was not necessary to use AIDEA or HEIF funds. There was a little under \$3 billion in the CBR and the proposal would draw \$200 million. The legislature had been very concerned with not drawing the account down too fast because it may be needed the following year. He urged his colleagues to support the CBR draw.

[3:38:43 PM](#)

Chair Josephson asked Mr. Painter to review the items in the supplemental. He recalled there was \$81 million "of red ink" from the oil price decrease. The budget included disaster relief, firefighting funding, and \$4 million for a lawsuit against the state involving foster care children.

Mr. Painter highlighted \$13 million for a settlement and new investment projects required by the federal government due to the state's performance on public assistance programs. The budget included funds for the Department of Corrections and \$14 million in additional general funds for

Medicaid. The budget included \$7 million in additional capital funds for the Alaska Marine Highway System (AMHS) from the general fund. He explained that much of the funding would cover AMHS maintenance that had already taken place. He explained that the governor had proposed use of AMHS fund, but the use of the funds would overdraw the account.

Representative Johnson listed the Department of Corrections and \$10 million for the Alaska Seafood Marketing Institute (ASMI).

Representative Johnson MAINTAINED the OBJECTION to Amendment 3.

A roll call vote was taken on the motion.

IN FAVOR: Senator Kaufman, Senator Stedman, Representative Schrage, Senator Hoffman, Representative Josephson  
OPPOSED: Representative Johnson

The MOTION PASSED Senate 3/0 House 2/1. There being NO further OBJECTION, Amendment 3 was ADOPTED.

[3:41:51 PM](#)

AT EASE

[3:46:22 PM](#)

RECONVENED

Chair Josephson noted there were a couple of items to take up prior to moving the bills from committee.

Vice-Chair Hoffman MOVED to reopen the Department of Natural Resources.

There being NO OBJECTION, it was so ordered.

Vice-Chair Hoffman MOVED to reopen Item 9 within the Department of Natural Resources.

Senator Kaufman OBJECTED for discussion.

Vice-Chair Hoffman MOVED to change the fund source to UGF instead of vehicle rental tax.

Chair Josephson asked Vice-Chair Hoffman to describe the motion with full details.

Vice-Chair Hoffman explained that the motion pertained to Item 9 in the Department of Natural Resources budget, which took the House number minus \$222,900. The motion would change the fund source from vehicle rental tax to UGF.

Senator Kaufman WITHDREW the OBJECTION.

There being NO further OBJECTION, it was so ordered.

Vice-Chair Hoffman believed Senator Kaufman had removed his objection to the reopening of the Department of Natural Resources budget items.

Vice-Chair Hoffman MOVED to ADOPT Item 9 in the Department of Natural Resources budget, House minus \$222,900. The motion would change the fund source from vehicle rental tax to a one-time UGF increment.

Senator Kaufman OBJECTED. He WITHDREW the OBJECTION.

There being NO further OBJECTION, it was so ordered.

[3:49:21 PM](#)

Vice-Chair Hoffman MOVED to reopen the Department of Health.

There being NO OBJECTION, it was so ordered.

Vice-Chair Hoffman MOVED to reopen Items 35 and 36 in the Department of Health.

There being NO OBJECTION, it was so ordered.

Vice-Chair Hoffman MOVED to ADOPT Items 35 and 36 House.

There being NO OBJECTION, it was so ordered.

Senator Kaufman wanted to reopen Item 16 in the Department of Health. The item was \$85,000 for a media campaign. He believed that the committee should look for recovering funding to help pay for funds it had just allocated. He MOVED to ADOPT the Senate version of Item 16.

Vice-Chair Hoffman OBJECTED to reopening Item 16.

A roll call vote was taken on the motion.

IN FAVOR: Representative Johnson, Senator Kaufman

OPPOSED: Senator Stedman, Representative Schrage,  
Representative Josephson, Senator Hoffman

The MOTION to reopen Item 16 in the Department of Health budget FAILED House 1/2 Senate 1/2.

Chair Josephson stated that the action closed all items in Department of Health.

[3:52:08 PM](#)

Vice-Chair Hoffman MOVED that the committee give the Legislative Finance Division and Legislative Legal Services the ability to make technical and conforming adjustments to CCS HB 53.

There being NO OBJECTION, it was so ordered.

Vice-Chair Hoffman MOVED to report CCS HB 53 out of committee with individual recommendations.

There being NO OBJECTION, CCS HB 53 was REPORTED out of committee with a "do pass" recommendation.

Vice-Chair Hoffman MOVED that the committee give the Legislative Finance Division and Legislative Legal Services the ability to make technical and conforming adjustments to CCS HB 55.

There being NO OBJECTION, it was so ordered.

[3:53:08 PM](#)

Vice-Chair Hoffman MOVED to report the CCS HB 55 out of Committee with individual recommendations.

There being NO OBJECTION, CCS HB 55 was REPORTED out of committee with a "do pass" recommendation.

Chair Josephson took an at ease for committee members to sign the reports.

[3:53:29 PM](#)

AT EASE

[3:55:54 PM](#)

RECONVENED

Chair Josephson stated that the meeting closed out all conference-able items in the operating and mental health appropriation bills, HB 53 and HB 55. The work of the conference committee was concluded. He thanked conference committee members and their staff, especially Vice-Chair Hoffman and his aide Pete Ecklund on the Senate side and Brodie Anderson and Alexander Schroeder on the House side. He thanked the Legislative Finance Division, Legislative Legal Services, and House Finance Committee staff.

Representative Johnson thanked her chief of staff Remond Henderson.

Vice-Chair Hoffman thanked the House members for working with the Senate on a compromise budget. He stated it had been a difficult year, but he believed the committee had done justice to the citizens of Alaska.

Chair Josephson agreed.

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

#

ADJOURNMENT

[3:58:07 PM](#)

The meeting was adjourned at 3:58 p.m.