

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
THIRTIETH LEGISLATURE
SECOND SPECIAL SESSION

Juneau, Alaska

Saturday

July 1, 2017

Sixteenth Day

Pursuant to adjournment the House was called to order by Speaker pro tempore Kito at 10:02 a.m.

The following members were present for the technical session: Representatives Kito, Millett, and Parish.

MESSAGES FROM THE GOVERNOR

HB 57

The following letter was dated June 30 and received July 1 at 10:37 a.m.:

"Dear Speaker Edgmon:

On this date, I have signed the following bill passed during the second special session of the Thirtieth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CONFERENCE CS FOR HOUSE BILL NO. 57

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; repealing appropriations; making supplemental

appropriations and reappropriations; 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."

Chapter No. 1, SSSLA 2017
[Effective Date: See Chapter]

The State of Alaska finds itself at a critical juncture. Unrestricted general fund revenue has fallen significantly over the past three years and even under optimistic assumptions, neither oil prices nor production are expected to increase sufficiently to make up for these large revenue shortfalls in the near term. Projected FY2018 unrestricted general fund revenue is \$1.9 billion which is \$7.6 billion and 80 percent less than in FY2012 and as a result a significant savings draw is still needed even after substantial reductions to the budget. The balance of the Constitutional Budget Reserve is projected to be just two billion by the end of FY2018, representing a drawdown of over \$14 billion since FY2014 of our primary savings account. In short, there will be insufficient savings to fund the FY2019 budget.

I'm encouraged to see many priorities such as funding for K-12 education and State Troopers included in the budget and I remain optimistic that the Legislature will act on revenue measures such as Permanent Fund restructuring, broad-based taxes, oil and gas tax credit reform, and motor fuels taxes. As a result, I have not utilized my line item veto power on this piece of legislation. Without additional fiscal plan elements, the uncertainty for Alaskans continues.

My administration remains committed to providing any assistance necessary to enact a long-term, sustainable fiscal plan that is balanced and fair. Our savings will not last much longer and our bond rating is falling. All Alaskans embrace a vision for the State that provides government services to needy Alaskans, maintains infrastructure, educates our children, and creates an environment where businesses want to invest and grow the economy.

July 1, 2017

1717

I urge you to pass appropriate revenue measures to give Alaskans and investors greater certainty and confidence in Alaska's future.

Sincerely,
/s/
Bill Walker
Governor"

HB 59

The following letter was dated June 30 and received July 1 at 10:37 a.m.:

"Dear Speaker Edgmon:

On this date I have signed the following bill passed by the first special session of the Thirtieth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Office of the Lieutenant Governor for permanent filing:

CONFERENCE CS FOR HOUSE BILL NO. 59

"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."

Chapter No. 1, FSSLA 2017
[Effective Date: July 1, 2017]

I am committed to a responsible budget that provides for essential mental health services to the public. I am encouraged to see that the Legislature shares this vision and has funded the FY2018 comprehensive mental health program contained in this bill within less than one-half of one percent of my December proposal.

Sincerely,
/s/
Bill Walker
Governor"

HB 137

A message dated June 30 was received stating the Governor signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR HOUSE BILL NO. 137(FIN)

"An Act redesignating the Alaska State Council on the Arts as a public corporation and governmental instrumentality of the state; defining the powers and duties of the Alaska State Council on the Arts; providing exemptions from certain statutes for the Alaska State Council on the Arts; making conforming amendments; and providing for an effective date."

Chapter No. 16, SLA 2017
Effective Date: July 1, 2017

COMMUNICATIONS

The following was received:

State of Arizona

House of Representatives and Senate

House Concurrent Resolution 2022

"Providing for the selection and instruction of commissioners and for a planning convention regarding an Article V Convention for proposing an amendment to the Constitution of the United States."

HB 57

A letter dated June 28 to Speaker Edgmon and President Kelly from the Legislative Finance Division was received identifying the fiscal notes included in the packet that accompanied the conference committee with limited powers of free conference report (page 1683) for the following, which was adopted by the House and Senate June 22:

CONFERENCE CS FOR HOUSE BILL NO. 57

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; repealing appropriations; making supplemental

appropriations and reappropriations; 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."

The following fiscal notes were itemized in the letter:

HB 103-OPTOMETRY & OPTOMETRISTS

2. Fiscal, Dept. of Commerce, Community, & Economic Development (published 4/3)

HB 137-ST. COUNCIL ON THE ARTS: PUBLIC CORP.

2. Fiscal, Dept. of Education & Early Development (published 4/5)
3. Fiscal, Dept. of Education & Early Development (published 4/5)

HB 159-OPIOIDS;PRESCRIPTIONS;DATABASE;LICENSES

3. Fiscal, Dept. of Commerce, Community, & Economic Development (published 3/6)

ENGROSSMENT AND ENROLLMENT

HB 57

The following was engrossed and enrolled, signed by the Speaker and Chief Clerk, President and Secretary of the Senate, and the engrossed and enrolled copies were transmitted to the Office of the Governor at 3:22 p.m., June 28, with a manifest error memorandum (page 1703), legislative finance message (page 1718), and a fiscal note packet:

CONFERENCE CS FOR HOUSE BILL NO. 57

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; repealing appropriations; making supplemental appropriations and reappropriations; 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."

HB 59

The following was engrossed and enrolled, signed by the Speaker and Chief Clerk, President and Secretary of the Senate, and the engrossed and enrolled copies were transmitted to the Office of the Governor at 3:22 p.m., June 28:

CONFERENCE CS FOR HOUSE BILL NO. 59

"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."

Also transmitted was a copy of the following letter dated June 19 to Mr. Russ Webb, Chair, Alaska Mental Health Trust Authority:

"Dear Mr. Webb:

Pursuant to the requirements of AS 37.14.005(c), this letter and the enclosed reports describe how the funding contained in HB 59 (the FY18 Mental Health budget) and SB 23 (the Capital Bill) differ from the FY18 Mental Health Trust Authority's (Authority) funding recommendations for the State's integrated comprehensive mental health program. While the statute requires reporting only on general fund expenditures, information regarding expenditures of Authority receipts is also included in the attached reports.

Operating Appropriations

For mental health operating program funding, the *Agency Summary* report compares the FY18 Mental Health Trust Authority operating budget recommendations to the Governor's request and to the appropriations passed by the legislature. Note that, for comparison purposes, Authority recommendations include FY18 salary adjustments and base transactions requested by the Governor. This brings the FY18 total recommendations to \$218.5 million (column 1). The Governor requested \$218.3 million (column 2), and the Conference Committee's budget totaled \$218.1 million (column 3). The Conference Committee budget is \$215.4 (0.1 percent) less than the Governor's request.

Governor's Request

An enclosed *Transaction Comparison* report shows differences between Authority recommendations and the Governor's request. The only differences between the two are as follows:

- Department of Natural Resources/Mental Health Trust Lands Administration. The MH Trust requested \$54.7 more of MHTAAR funding than the Governor requested.
- Department of Revenue/Mental Health Trust Operations. The Trust requested \$117.0 more of MHTAAR funding than the Governor's request.

Conference Committee Budget

The legislature treated the Governor's request as a starting point for budget deliberations. Other than the differences listed below, the legislature approved the FY18 Mental Health Budget as submitted by the Governor.

- Department of Health and Social Services/Behavioral Health Medicaid Services - Decrementing \$200.0 of GF/Mental Health funding to incorporate a portion of the \$462.0 of SB74 fiscal note savings projected for FY18.
- Department of Revenue/Mental Health Trust Lands Administration - Decrementing \$250.0 of MHTAAR funding to eliminate funding for public relations contract.
- Department of Revenue/Mental Health Trust Operations.
 - Added \$150.0 of Alcohol and Other Drug Abuse Treatment & Prevention funding to continue to develop, implement and evaluate Fetal Alcohol Spectrum Disorder (FASD) prevention strategies and to continue the FASD media campaign.
 - Added \$43.3 of MHT Admin funding to increase the travel and contractual services lines.
- Added \$41.3 to remove the Governor's placeholder reduction to reflect the cost of zeroing out merit increases for exempt and partially exempt employees. The legislature believed this funding should be included in a fiscal note if legislation passed (which did not occur).

Supplemental Appropriations

All of the Mental Health supplemental requests submitted by the Governor were accepted by the legislature, though they are contained within SB 23 which has not yet passed the legislature, but is expected to do so soon, and include:

- A veterans database grant in DMVA/Veterans' Services: \$50.0 MHTAAR
- Salary adjustments in various departments totaling \$61.2 for the following:
 - Supervisory Unit Furlough Contract Terms *decrements* totaling \$17.2 (\$16.0 UGF and \$1.2 MHTAAR)
 - Health insurance increase from \$1,346 to \$1,555 per month for an *increase* of \$78.4 GF/MH

Capital Appropriations

The Authority recommended a \$15.2 million capital budget. The Governor's request totaled \$12.1 million (a reduction of \$3.1 million). The enclosed *Project Detail by Agency* report shows how the Governor modified the Authority's recommendations.

Other than a few fund changes for two projects, the legislature approved the Governor's request as submitted.

We appreciate the good working relationship between the Authority and the legislature.

If you have questions regarding the enclosed reports, please contact Amanda Ryder of the Legislative Finance Division at 465-5411.

Sincerely,

/s/

Representative Paul Seaton
Conference Committee Chair

Senator Lyman Hoffman
Conference Committee Vice Chair

Enclosures

Agency Summary (Operating Budget)

Transaction Compare between MH Trust Request & Governor's Amd+

Transaction Compare (GovAmd+ to CCMH)

Capital Project Detail by Agency"

ANNOUNCEMENTS

Rule 23(d) of the Uniform Rules is in effect.

House committee schedules are published under separate cover.

ADJOURNMENT

Representative Parish, Acting Majority Leader, moved and asked unanimous consent that the House adjourn until 2:00 p.m., July 5 for a technical session. There being no objection, the House adjourned at 10:04 a.m.

Crystaline Jones
Chief Clerk