

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
TWENTY-SECOND LEGISLATURE

Juneau, Alaska

Wednesday

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Final Supplement

CERTIFICATION OF THE JOURNAL

As Chief Clerk, I certify as to the correctness of the journal for the third and fourth days of the Third Special Session of the Twenty-Second Legislature.

MESSAGES FROM THE GOVERNOR

HB 281

A message dated June 27, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 281(JUD)

"An Act relating to civil liability for providing alcoholic beverages to a person under 21 years of age; and providing for an effective date."

Chapter No. 88, SLA 2002
Effective Date: July 1, 2002

HB 305

A message dated June 27, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 305(RLS)

"An Act prohibiting certain state employment, a student loan, or a permanent fund dividend for a person who fails to register for the

military selective service; and providing for an effective date."

Chapter No. 89, SLA 2002
Effective Date: See Chapter

HB 330

A message dated June 27, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CONFERENCE CS FOR HOUSE BILL NO. 330
"An Act relating to brewpub licenses and to providing alcoholic beverages to a person under 21 years of age."

Chapter No. 90, SLA 2002
Effective Date: September 25, 2002

HB 332

A message dated June 27, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 332(FIN)
"An Act extending the termination date of the Council on Domestic Violence and Sexual Assault; relating to the council's duties; placing the executive director and staff of the council in the exempt service; and providing for an effective date."

Chapter No. 91, SLA 2002
Effective Date: June 28, 2002

HB 350

A message dated June 27, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 350(JUD)

"An Act relating to murder, conspiracy, criminal mischief, and terroristic threatening; and providing for an effective date."

Chapter No. 92, SLA 2002
Effective Date: June 28, 2002

HB 381

A message dated June 27, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 381 am S
"An Act relating to the crime of failure to stop at the direction of a peace officer; and providing for an effective date."

Chapter No. 93, SLA 2002
Effective Date: June 28, 2002

HB 405

A message dated June 27, 2002, was received stating the Governor has 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. 405(JUD)
"An Act relating to the prosecution of criminal offenses committed on or against aircraft owned or operated by the state or ferries and other watercraft owned or operated by the state; and providing for an effective date."

Chapter No. 87, SLA 2002
Effective Date: June 28, 2002

HB 499

The following letter, dated June 27, 2002, was received:

"Dear Speaker Porter:

Under the authority vested in me by art. II, sec. 15, of the Alaska Constitution, I have vetoed the following bill:

CS FOR HOUSE BILL NO. 499(JUD)

"An Act declaring legislative intent to reject the continuity of enterprise exception to the doctrine of successor liability adopted in *Savage Arms, Inc. v. Western Auto Supply*, 18 P.3d 49 (Alaska 2001) as it relates to products liability; providing that a successor corporation or other business entity that acquires assets of a predecessor corporation or other business entity is subject to liability for harm to persons or property caused by a defective product sold or otherwise distributed commercially by the predecessor only if the acquisition is accompanied by an agreement for the successor to assume the liability, results from a fraudulent conveyance to escape liability for the debts or liabilities of the predecessor, constitutes a consolidation or merger with the predecessor, or results in the successor's becoming a continuation of the predecessor; defining 'business entity' that acquires assets to include a sole proprietorship; and applying this Act to the sale, lease, exchange, or other disposition of assets by a corporation, a limited liability company, a partnership, a limited liability partnership, a limited partnership, a sole proprietorship, or other business entity that occurs before, on, or after the effective date of this Act."

This legislation takes the unusual and unwise approach of being retroactive, a tactic the Legislature rarely employs. In passing the Tort Reform act of 1997, for example, it was clear the changes in that bill would be applied prospectively and not affect cases already in process. Through its retrospective application, this bill is designed to inappropriately affect the outcome of pending litigation in the *Savage Arms* case which the Alaska Supreme Court ruled on unanimously and remanded for further factual development of the record.

The Legislature's decision to codify the strict Products Liability Restatement in Alaska law and reject the Alaska Supreme Court's decision to apply a broader interpretation of product liability is based on no evidence that the stricter standard hurts business. Rather, the bill is designed to simply protect one company fighting one serious liability case. The potential outcome of this poor legislative choice, however, is to deny Alaska families the opportunity to pursue

legitimate claims against product manufacturers who offer defective goods that cause serious injury.

Sincerely,
/s/
Tony Knowles
Governor"

HB 207

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 207(RLS)

"An Act moving election district 24 as described in the Constitution of the State of Alaska at statehood from the Second Judicial District to the Fourth Judicial District and adding the Nabesna area to the Third Judicial District and removing it from the Fourth Judicial District."

Chapter No. 108, SLA 2002

Effective Date: September 26, 2002

HB 262

A message dated June 28, 2002, was received stating the Governor has 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. 262(RLS)

"An Act relating to the accounting for and appropriations of certain state program receipts; and providing for an effective date."

Chapter No. 96, SLA 2002

Effective Date: July 1, 2002

HB 276

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 276(RLS)

"An Act relating to temporary permits and licenses by endorsement issued by the Board of Nursing; and relating to the delegation of nursing duties."

Chapter No. 97, SLA 2002

Effective Date: September 26, 2002

HB 349

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 349

"An Act relating to agency programs and financial plans."

Chapter No. 98, SLA 2002

Effective Date: September 26, 2002

HB 352

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 352(HES) am

"An Act extending the dates for assignment of performance designations of public schools and the dates for reports and monitoring based on those designations; and providing for an effective date."

Chapter No. 99, SLA 2002

Effective Date: June 29, 2002

HB 355

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 355(CRA)

"An Act relating to the taxation of mobile telecommunications services by municipalities; and providing for an effective date."

Chapter No. 100, SLA 2002
Effective Date: See Chapter

HB 362

A message dated June 28, 2002, was received stating the Governor has 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. 362(RLS)

"An Act extending the termination date of the Board of Governors of the Alaska Bar Association."

Chapter No. 101, SLA 2002
Effective Date: September 26, 2002

HB 389

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 389(RLS)

"An Act changing the date of repeal of a provision authorizing an exemption from and deferral of municipal property taxes on certain types of deteriorated property; and providing for an effective date."

Chapter No. 102, SLA 2002
Effective Date: June 29, 2002

HB 403

The following letter, dated June 28, 2002, was received:

"Dear Speaker Porter:

On this date I have signed with line items vetoes the following bill passed by the second session of the Twenty-second 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. 403

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

Chapter No. 94, SLA 2002

[Effective Date: See Chapter]

The FY2003 budget I introduced last December would have held the line on state services by funding non-discretionary cost increases such as debt service and operations for newly constructed facilities, contractual obligations, and replacement of federal or other fund sources no longer available to pay for basic programs. I proposed increasing resources to meet certain goals which I believe Alaskans share: help schools implement our new quality education standards, continue to revitalize the university, improve public safety especially for child protection, address homeland security, tackle the huge burden and cost created by alcohol abuse, and create jobs for Alaskans with strategic investments for economic development.

The legislature's final budget for FY2003 falls far short of these goals. While the legislature did increase funding for K-12 and the university, the amounts were significantly less than I proposed. The university increase did not even keep pace with non-discretionary cost increases, let alone take the next steps forward. Public safety levels will actually decline, again because non-discretionary increases were not fully funded. Child protection got no additional resources despite compelling justification for additional troopers for child abuse investigations and expansion of community programs to ensure that all reports of harm are pursued. As a result of legislative cuts to public safety and the failure to create an Office of Homeland Security or adopt most of the recommendations of my Disaster Policy Cabinet, Alaskans are less safe today than on September 10, before the terrorism attack on our nation. Gen. Phil Oates, chairman of the

Disaster Policy Cabinet, made this testimony to the legislature. Effective alcohol treatment programs were spared the initial devastating cuts when the alcohol tax was increased but they were not expanded despite the obvious financial advantage of reducing future costs such as corrections. And important job-creating programs from fisheries management to permitting to international trade were cut back.

Over and over, the majority justified their cuts to basic services -- including road and airport maintenance, parks and public safety and the like -- by saying there wasn't enough money to hold the line on these services. But if a lack of money were a reason, why did the appropriations in some areas of the budget exceed next year's needs?

Between the operating and capital budgets, the legislature deposited \$14 million more into the debt retirement fund than is needed for next year's debt payments. There is no legitimate financial reason for the over-appropriation to this account. Furthermore, last minute unannounced manipulation of dates by applying most of this appropriation to the FY2002 budget raises serious questions of appropriate accounting procedures and attempts to trick the public on spending levels. The effect of this is to draw more from the Constitutional Budget Reserve than necessary this year. Therefore, I vetoed two appropriations in the operating budget which were part of this excessive appropriation: \$1,061,400 from the Tobacco Education and Cessation Fund (page 72, lines 10-11); and the balance of the International Trade and Business Endowment which is \$4,417,500 (page 72, lines 17-19). I also vetoed the third element of this over-appropriation that is in the capital budget.

Last year the legislature passed a law creating the Tobacco Education and Cessation Fund directing 20% of the annual tobacco settlement payments into the fund. Last year's budget left over \$2 million in the fund despite the great need for an aggressive anti-smoking campaign, particularly with teenagers. I proposed giving a strong shot in the arm to the anti-smoking effort by adding that unused FY2002 amount to next year's full 20%. Instead, the majority used over \$1 million of tobacco settlement funds to over-stock the debt retirement fund.

The International Trade and Business Endowment was established in statute for the express purpose of providing interest earnings to support economic development opportunities for the sale of Alaska goods and services abroad. Since 1999, the endowment has provided between 10% and 25% of the annual budget for the state's trade activities which have produced many examples of increased business for Alaska companies. Until this year, it has not been touched for anything but its statutorily intended purpose. Ironically, no bills were introduced to repeal or modify the statute creating the endowment. It makes no sense to eliminate the trade endowment simply to sock money away in the debt retirement fund for the FY2004 budget.

Unfortunately, a governor's veto pen cannot correct the serious problems of legislative under-funding even when other areas such as debt are over-funded. Numerous mandated services such as formula programs will require large supplemental appropriations and the legislature has been clearly informed of these deficiencies. And despite the repeated pleas of my administration and the public, the legislature refused to plug gaping holes in their budgets for transportation, parks, public safety and other services. This will force on Alaska's citizens the very cuts we argued against but said would result from the legislature's actions such as closure of the Steese Highway, layoff of more than 40 filled road maintenance positions around the state, and closure of state parks -- despite the availability of additional fees to cover parks' costs.

Finally, I would note that under the Alaska Supreme Court's decision in *Alaska Legislative Council v. Knowles*, 21 P.3d 367 (Alaska 2001) a governor may not veto intent or other language even if that language is unconstitutional. Therefore, the fact that these language provisions remain in the bill should not necessarily be construed as agreement with the content. For example, since the courts have clearly stated that the state cannot deny funding for abortions when pregnancy services are funded, my administration will disregard that unconstitutional language even though I cannot veto it.

This year, like many in the recent past, my administration started the session hopeful of finally developing the coming year's budget within the framework of a long-range fiscal plan. And again we were hopeful of working on a budget with the legislature in an open process with

full disclosure of the true financial impacts of providing services. I think the public shared these hopes, but they were not fulfilled. I believe that Alaskans deserve more than the shortsighted approach used by recent legislatures to spend billions of public dollars providing services on which Alaskans depend without a long-range fiscal plan.

Sincerely,

/s/

Tony Knowles
Governor"

HB 404

The following letter, dated June 28, 2002, was received:

"Dear Speaker Porter:

On this date I have signed the following bill passed by the second session of the Twenty-second 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. 404

"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. 95, SLA 2002

[Effective Date: July 1, 2002]

The FY2003 budget will continue to provide services to Alaska's mental health trust beneficiaries. One capital project this year, Crisis Respite Facility Replacement Phase 1, relates to the construction of the new Alaska Psychiatric Institute. Since the new API requires the demolition of the existing facility, it is important we replace the facility that provides these vital crisis respite services to beneficiaries.

I have made no changes to the dollar amounts in the comprehensive mental health budget bill passed by the Legislature. I would note that under the Alaska Supreme Court's decision in Alaska Legislative Council v. Knowles, 21 P.3d 367 (Alaska 2001) a governor may not

veto intent or other language even if that language is unconstitutional. Therefore, the fact that these language provisions remain in the bill should not necessarily be construed as agreement with the content. For example, since the courts have clearly stated that the state cannot deny funding for abortions when pregnancy services are funded, my administration will disregard that unconstitutional language even though I cannot veto it.

There is a major constitutional issue relating to the language with which the legislature attempts to limit expenditures for abortions. The executive branch is already under court order in State of Alaska, Dept. of Health & Social Services v. Planned Parenthood of Alaska to operate the Medicaid program in a constitutional manner by paying for therapeutic or medically necessary abortions. I will abide by the decision of the court as to whether these abortions must be paid for in FY2003.

Sincerely,
/s/
Tony Knowles
Governor"

HB 418

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 418(L&C)

"An Act amending the Alaska Corporations Code as it relates to delivery of annual reports, notice of shareholders' meetings, proxy statements, and other information and items to shareholders, to voting, and to proxies, including electronic proxy voting and proxy signing; and providing for an effective date."

Chapter No. 103, SLA 2002
Effective Date: See Chapter

HB 443

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled

copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 443(L&C)

"An Act retroactively extending the application and licensing deadlines and amending the effective date of certain provisions relating to regulation of persons who practice tattooing and permanent cosmetic coloring or body piercing; and providing for an effective date."

Chapter No. 104, SLA 2002

Effective Date: See Chapter

HB 447

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 447

"An Act relating to the interest rates that may be charged on loans by the Commercial Fishing and Agriculture Bank."

Chapter No. 105, SLA 2002

Effective Date: September 26, 2002

SB 115

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE BILL NO. 115

"An Act extending the termination date of the Board of Storage Tank Assistance."

Chapter No. 106, SLA 2002

Effective Date: September 26, 2002

SB 140

A message dated June 28, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled

copies to the Lieutenant Governor's office for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL NO. 140(FIN)

"An Act relating to regulation and licensing of certain water-power development projects; and providing for an effective date."

Chapter No. 107, SLA 2002

Effective Date: January 31, 2003

SB 2006

The following letter, dated June 28, 2002, was received:

"Dear Speaker Porter:

On this date I have signed with line item vetoes the following bill passed by the second special session of the Twenty-second Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL NO. 2006(FIN) am H

"An Act making and amending 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 2002

[Effective Date: See Chapter]

Throughout the session, there were many claims from members of the legislative majority that various programs had to be cut, the state could not afford my proposed investments in education and child protection, and certain projects in my capital budget could not be funded because there was not enough money. From those statements, Alaskans might have expected a very lean state-funded capital budget. In fact, the combined costs of this capital budget bill, the two general obligation bond bills, and the debt reimbursement bill result in one of the largest obligations of state funds for capital construction in many years.

The irony is that despite this capital 'largesse', only a token level of funding was provided for one of the most basic elements of my

proposed infrastructure program: deferred maintenance. Whereas I proposed issuing \$137 million of debt to repair, and in some cases replace, aging state facilities from Pioneers Homes to prisons, the legislature provided only \$10 million toward a nearly billion dollar problem. The legislature itself recognized the magnitude of deferred maintenance needs facing our state just a few years ago when it appointed a task force to focus on this problem.

In this capital budget bill alone, legislators added some \$23 million dollars for projects in their districts. Alaskans will undoubtedly disagree about the necessity of many of these legislative capital budget add-ons, especially at a time when the legislature claimed funds were so scarce that they had to cut public safety, roads and state parks. Nevertheless, many of these add-ons have worthwhile purposes such as school repair, programs for seniors and children, and local road improvements. A few are for projects that most Alaskans would agree are state responsibilities. But the level is much higher than in recent years and that flies in the face of fiscal restraint and legislative claims of insufficient funds for basic services.

I believe most Alaskans would agree that some of these projects are unwarranted under present circumstances. I have vetoed them for the reasons outlined below.

The first three vetoes total \$220,000 which is nearly the amount the legislature could have used to restore winter maintenance on the Steese Highway. While recognizing the abundance of mosquitoes in Alaska, asking the state to pay for 'mosquito magnets' cannot be justified. That's why I have vetoed the \$20,000 grant to Larsen Bay to purchase them (page 6, line 32). Nor does the state have an obligation to provide \$150,000 in operating funds for the private non-profit Alaska Aviation Heritage Museum (page 20, line 9), especially when the group has claimed for years that it could be self-supporting and we don't even have enough funds to operate all our state-owned parks. The production of another video on how to trap wolves is unnecessary because an adequate video is available to the public through the Alaska Department of Fish and Game. So I have vetoed \$50,000 to the Alaska Trappers Association to produce another video (page 20, line 26).

Several larger appropriations for things that are not typically state responsibilities surfaced very late in the legislative process and received virtually no public discussion. The legislature added \$100,000 to study the feasibility of constructing a new World Trade Center office building in Anchorage (page 99, line 8). I vetoed it because there is no evidence that this building is needed by state agencies or that the private sector is unable to provide adequate commercial space in Anchorage.

I vetoed a grant for \$500,000 directed to the Alaska Geospatial Information Coalition (page 138, line 22) which includes a private sector mapping company. This constitutes a sole-source grant without competitive public bid. Further, questions have been raised regarding the amount of information generated with this grant that will be available in the public domain. This grant would just be the first installment of a multi-year multi-million dollar state commitment. It is imperative that geomapping be pursued in strict compliance with state procurement rules and that we know in advance precisely how the public needs and interests will be met. There are excellent reasons to pursue private-public partnerships for detailed mapping of the state. I will direct state agencies to develop a plan outlining an appropriate process for moving the state forward to determine how the public and private sectors can work together to achieve the laudable goals of improved, widely accessible mapping data.

I vetoed another late-breaking appropriation which was a \$1 million no-interest loan to the community of Delta Junction for payment of its settlement agreement in litigation over the unsuccessful private prison proposal there (page 121, line 26). The loan would be converted to a grant if the community joined a borough. The state was not a party to this litigation and there is no public purpose for state expenditures in legal settlements in which the state has no interest. The state should not be viewed as the deep pocket by private parties dealing with local governments.

I have vetoed a grant to the Matanuska Electric Association (MEA) for \$10 million (page 131, lines 13 and 24) and reduced another MEA grant (page 131, lines 13 and 22) from \$6 million down to the \$500,000 amount which was in HB 175, a package of Railbelt Energy Fund projects. Unlike other projects funded in the capital budget from

the Railbelt Energy Fund, the \$10 million item appeared only at the last minute and no project justification or back-up was provided. The increase from a \$500,000 to a \$6 million project was also made at the last minute with no justification or back-up.

As detailed in my operating budget transmittal, the legislature appropriated more money to the debt retirement fund than will be needed next year, even as it claimed there was not enough money to maintain basic services. This was partly due to a particularly disingenuous accounting method of setting the date for the \$20 million general fund appropriation so it takes effect in the current fiscal year rather than FY2003. This is clearly a maneuver to mislead the public concerning legislative spending levels. I am reducing the 'supplemental' appropriation in this bill (page 130, line 18) by \$8,468,300 so the amount funded for debt service in the two bills equals the anticipated need for next year.

Despite written notification from both the Legislative Finance Division and my Office of Management and Budget, the legislature over-appropriated the maximum allowable dividend from the Alaska Industrial Development and Export Authority (AIDEA) by \$1 million. I do not think it is appropriate to fix this error by reducing the long-standing community capital matching grants program or eliminating state funding for subsistence activities in the Department of Fish and Game. (I do think it is imperative that the legislature switch subsistence funding back to general funds next year.) Therefore, I took the only viable alternative which is to correct the over-appropriation by reducing the amount of AIDEA dividends used for Federal Aid Highway State Match (page 49, lines 11 and 19-20). If more matching funds are needed once final congressional action is known, the next legislature can correct this year's error with a supplemental appropriation.

The legislature appropriated money to itself for two studies which could have been partially funded with federal funds if the appropriations had been made to the Department of Health and Social Services (HSS). The first appropriation for one study is to Legislative Budget and Audit to develop a state health facilities plan (page 100, line 6) with the second appropriation of federal funds for that study going to HSS (page 100, line 31). Although the study appropriations

call for about half state and half federal funds, the federal funds will not be available and the \$31,300 in reappropriated state funds will not be adequate to do the work so I am vetoing both parts. The other is a study of welfare and Medicaid recipients funded with \$200,000 in general funds (page 108, line 16) even though HSS officials told legislators Medicaid could pay half of that if the appropriation went to HSS instead. I have also vetoed these two appropriations because studies of this kind are more appropriately conducted by the executive branch and, in the case of the latter study, because of the bad precedent of having funds go to the appropriate executive branch agency via a contract with a legislative body.

As I noted in my operating budget transmittal letter, my administration started the session hopeful of developing the coming year's budget within the framework of a long-range fiscal plan. As in past years, we were also hopeful of working on the budget with the legislature in an open process with full disclosure of the true financial impacts of providing services. I think the public shared these hopes, but they were not fulfilled in this session. Alaskans deserve more than the shortsighted approach used by recent legislatures. I hope future legislatures will recognize that it is not acceptable to spend billions of public dollars providing services on which Alaskans depend without the context of a long-range fiscal plan.

Sincerely,
/s/
Tony Knowles
Governor"

HB 53

A message dated July 1, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 53(STA)
"An Act establishing the Alaska Seismic Hazards Safety Commission."

Chapter No. 109, SLA 2002
Effective Date: September 29, 2002

HB 56

A message dated July 1, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 56(FIN)

"An Act relating to minimum wages; and providing for an effective date."

Chapter No. 110, SLA 2002

Effective Date: See Chapter

HB 135

A message dated July 1, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 135(JUD)

"An Act relating to municipal fees for certain police protection services and to a tenant's activities that result in the imposition of those fees."

Chapter No. 111, SLA 2002

Effective Date: September 29, 2002

HB 300

A message dated July 1, 2002, was received stating the Governor has 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. 300(STA)

"An Act relating to the procurement of certain travel services."

Chapter No. 112, SLA 2002

Effective Date: September 29, 2002

HB 348

A message dated July 1, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 348

"An Act relating to violations of domestic violence protective orders."

Chapter No. 113, SLA 2002

Effective Date: September 29, 2002

HB 504

The following letter, dated July 1, 2002, was received:

"Dear Speaker Porter:

Under the authority of art. II, sec. 15, of the Alaska Constitution, I have vetoed the following bill:

CS FOR HOUSE BILL NO. 504(FIN) am

"An Act relating to the wages of people working in the fisheries business."

This bill would have negated the minimum wage increase for workers in remote seafood processing plants by allowing employers to charge them for room and board. In fact, some workers could have been forced to turn up to a fifth of their wages for employer-provided room and board.

The practice of charging workers for room and board has been banned since Statehood, more than 40 years ago. It applies to no other industry in Alaska and permitting it for the seafood industry would open the door to a terrible precedent for many Alaskans who work at remote locations.

The State of Alaska has taken or supported numerous policies to assist Alaska's seafood industry. Through the North Pacific Fishery Management Council, we developed a rationalization plan for the Bering Sea crab fishery that assures processors, fishermen and communities all benefit from a quota system. The administration opposed the federal court injunction on ground fishing in the Steller sea lion case. And I've worked for additional state funds for the Alaska Seafood Marketing Institute, led trade missions to Asia and

Europe promoting Alaska seafood and continued to advocate successfully for annual USDA purchases of canned salmon.

Thousands of hard-working Alaska families rely on jobs in the seafood industry, which contribute to the economy of our state and adds value to our natural resources. More than 700 western Alaska residents worked for seafood processors in 2000, and the percentage of Alaskans working in this industry grew from 24 to 30 percent between 1994 and 2000. They rightfully should benefit from an increase in the minimum wage. For these reasons, I have vetoed House Bill 504.

Sincerely,
/s/
Tony Knowles
Governor"

HB 525

A message dated July 2, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 525(FIN) am S
"An Act providing for and relating to the issuance of state guaranteed transportation revenue anticipation bonds in a principal amount of not more than \$102,805,000 for the purpose of paying the cost of transportation projects that qualify for federal highway aid and the allocation of those bond proceeds; relating to the issuance of general obligation bonds in a principal amount of not more than \$123,914,500 for the purpose of paying the cost of state transportation projects; and providing for an effective date."

Chapter No. 114, SLA 2002
Effective Date: July 3, 2002

HB 528

A message dated July 2, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 528(FIN) am S
"An Act relating to programs of state reimbursement for debt payments for certain capital projects; and providing for an effective date."

Chapter No. 115, SLA 2002
Effective Date: July 3, 2002

HB 2002

A message dated July 2, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 2002(RLS) am S
"An Act relating to the issuance of general obligation bonds for the purpose of paying the cost of design, construction, and major maintenance of educational and museum facilities; and providing for an effective date."

Chapter No. 2, SSSLA 2002
Effective Date: July 3, 2002

HB 2003

A message dated July 2, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 2003(RLS)
"An Act relating to construction, rehabilitation, and improvement of schools and education-related facilities; relating to municipal bond reimbursement for school construction; and providing for an effective date."

Chapter No. 3, SSSLA 2002
Effective Date: See Chapter

HB 225

A message dated July 3, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 225(RLS)

"An Act relating to state taxation of alcoholic beverages; and increasing the alcoholic beverage state tax rates."

Chapter No. 116, SLA 2002

Effective Date: October 1, 2002

SB 2001

A message dated July 3, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE CS FOR SENATE BILL NO. 2001(FIN)

"An Act changing the name of the Alaska Pioneers' Home to the Alaska Pioneers' and Veterans' Home and of the Alaska Pioneers' Homes Advisory Board to the Alaska Pioneers' and Veterans' Home Advisory Board; relating to housing and services for veterans; relating to the advisory board for the home; making other amendments to the statutes relating to the home; and providing for an effective date."

Chapter No. 4, SSSLA 2002

Effective Date: See Chapter

HB 160

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 160(JUD)

"An Act requiring the reporting of induced terminations of pregnancies."

Chapter No. 141, SLA 2002

Effective Date: October 3, 2002

HB 180

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled

copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 180(JUD)

"An Act relating to persons who provide services related to children; establishing a legislative task force on child services; and providing for an effective date."

Chapter No. 143, SLA 2002

Effective Date: July 6, 2002

HB 206

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 206(RLS) am S

"An Act relating to a vessel-based commercial fisheries limited entry system for the Bering Sea Korean hair crab fishery and for weathervane scallop fisheries, to management of offshore fisheries, and to the definition of 'person' for purposes of the commercial fisheries entry program; and providing for an effective date."

Chapter No. 137, SLA 2002

Effective Date: See Chapter

HB 286

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 286(RES)

"An Act allowing a person to hold two commercial fishing entry permits for a salmon fishery for the purpose of consolidating the fishing fleet for a salmon fishery; relating to salmon fishery associations and to salmon fishery assessments; and providing for an effective date."

Chapter No. 134, SLA 2002

Effective Date: July 6, 2002

HB 287

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 287(FIN)

"An Act relating to the exemption of commercial fishing entry permits from claims of creditors and execution on an interest in a limited entry permit; and providing for an effective date."

Chapter No. 138, SLA 2002
Effective Date: July 6, 2002

HB 288

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 288(FIN) am

"An Act relating to commercial fishing limited entry permit buy-back programs, to a permit buy-back assessment, and to voluntary relinquishment of commercial fishing permits; and defining 'optimum number.'"

Chapter No. 135, SLA 2002
Effective Date: October 3, 2002

HB 296

The following letter, dated July 5, 2002, was received:

"Dear Speaker Porter:

Under the authority vested in me by art. II, sec. 15, of the Alaska Constitution, I have vetoed the following bill:

SENATE CS FOR CS FOR HOUSE BILL NO. 296(JUD)

"An Act relating to mergers and consolidations of municipalities."

This legislation, which would alter how local option mergers and consolidations of municipalities may be accomplished, could have an adverse effect on all future merger and consolidation efforts.

Under current law, a simple majority of the electors of the entire area to be consolidated determines whether the consolidation or merger passes. This voting process has been upheld as constitutional and is in furtherance of art. X, sec. 1, of the Alaska Constitution. *See Douglas v. City and Borough of Juneau*, 484 P.2d 1040 (Alaska 1971).

This bill would require a majority of voters in *each* of the affected parts of municipalities to be merged or consolidated to vote in favor of the action and does so by creating *de facto* election districts. For instance, under this bill all voters in a borough *outside city limits* become a separate voting district. City dwellers within the borough may vote only as residents and taxpayers of the city, but are prevented from voting as residents of the borough where they also live and pay taxes. This disenfranchises the city voters by denying them an appropriate share of the vote in the borough election, and actually empowers the smaller non-city portion of the borough electorate to solely decide the outcome of the merger or consolidation vote. The result is that consolidations and mergers of municipalities become more difficult, if not impossible, under the local option method. This would be contrary to the Alaska Constitution.

The bill also provides that the voting provisions related to mergers and consolidations are intended to be consistent with the voting requirements for annexation specified in AS 29.06.040(c)(1). However, there is nothing in AS 29.06.040(c)(1) that provides for the minority vote to supersede the majority vote. In fact, this statute directly contradicts the provisions of this bill. This would only serve to cause serious legal problems in the administration of the new provisions in this bill.

For the reasons stated, I have vetoed this bill.

Sincerely,
/s/
Tony Knowles
Governor"

HB 307

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 307

"An Act delaying to June 30, 2007, the last date by which hydrocarbon exploration geophysical work must be performed or drilling of a stratigraphic test well or exploratory well must be completed in order for a person to qualify for an exploration incentive credit."

Chapter No. 139, SLA 2002
Effective Date: October 3, 2002

HB 390

A message dated July 5, 2002, was received stating the Governor has 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. 390(RLS)

"An Act delaying the repeal of the salmon marketing tax; expanding the allowable use of that tax for the salmon marketing programs of the Alaska Seafood Marketing Institute; relating to the Alaska Seafood Marketing Institute's salmon marketing committee; and providing for an effective date."

Chapter No. 136, SLA 2002
Effective Date: July 6, 2002

HB 393

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 393(L&C)

"An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; amending Rules 4 and 73, Alaska Rules of Civil Procedure; and providing for an effective date."

Chapter No. 128, SLA 2002

Effective Date: July 6, 2002

HB 397

The following letter, dated July 5,2002, appears below:

"Dear Speaker Porter:

Under the authority of art. II, sec. 17, of the Alaska Constitution, I am allowing the following bill passed by the second session of the Twenty-second Alaska State Legislature to become law without my signature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 397(TRA)

"An Act exempting a person driving certain motor vehicles, aircraft, or watercraft from driver licensing requirements; and providing for an effective date."

Chapter No. 140, SLA 2002

[Effective Date: July 11, 2002]

I am letting this bill become law without signature because it will have no real effect on current behavior and practice regarding operation of off-highway vehicles. The public was largely unaware of the current law requiring driver's licenses for these vehicles and it rarely, if ever, was enforced. This change will basically match law to practice.

In taking this action, however, I hope future legislatures will evaluate whether a policy is needed for operation of off-highway motor vehicles by younger Alaskans in the interest of public health and safety.

Sincerely,
/s/
Tony Knowles
Governor"

HB 455

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 455(CRA)

"An Act relating to the assessment of certain agricultural land for purposes of municipal taxation; and providing for an effective date."

Chapter No. 117, SLA 2002

Effective Date: January 1, 2003

HB 458

A message dated July 5, 2002, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 458

"An Act relating to periods of probation for state employees; and providing for an effective date."

Chapter No. 118, SLA 2002

Effective Date: July 6, 2002

HB 462

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 462(RES)

"An Act relating to the release of certain confidential records and reports concerning fishing, fish buying, or fish processing; and providing for an effective date."

Chapter No. 119, SLA 2002
Effective Date: July 6, 2002

HB 470

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 470(RLS)
"An Act relating to public offering statements required under the Uniform Common Interest Ownership Act; and providing for an effective date."

Chapter No. 120, SLA 2002
Effective Date: July 6, 2002

HB 471

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 471(CRA)
"An Act increasing the maximum amount of loans from the bulk fuel revolving loan fund operated by the Alaska Energy Authority; relating to the definitions of 'net income' and 'unrestricted net income' for purposes of determining the amount of the Alaska Industrial Development and Export Authority's dividend to the state; relating to communities within which rural development loans may be made by the Alaska Industrial Development and Export Authority; and providing for an effective date."

Chapter No. 121, SLA 2002
Effective Date: July 6, 2002

HB 474

The following letter, dated July 5, 2002, was received:

"Dear Speaker Porter:

Under the authority vested in me by art. II, sec. 15, of the Alaska Constitution, I have vetoed the following bill:

CS FOR HOUSE BILL NO. 474(CRA) am

"An Act relating to public rights-of-way and easements for surface transportation affecting the Anchorage Coastal Wildlife Refuge."

Alaska's unmatched beauty is a chief reason why Alaska's visitor industry attracts nearly a million travelers to our state each year and a primary reason why Alaskans love this spectacular land we call home. In Anchorage, much of this magnificent scenery and the wildlife which reside in it can be viewed up close and personal along the Coastal Trail, which currently runs from downtown Anchorage to Kincaid Park. Thanks to additional trail investments in recent years, Alaskans and travelers hiking, biking and skiing can also enjoy scenic vistas on trails for most of the distance between Potter Marsh and Girdwood. A broad majority of Anchorage residents want the Coastal Trail extended between Kincaid and Potter Marsh, so they may enjoy an uninterrupted trail system between downtown Anchorage and Girdwood. Much of this trail already is part of the national trail system and would be a major attraction for Alaska's visitor industry.

For years, the State of Alaska has been working successfully with the Municipality of Anchorage to advance this trail extension between Kincaid and Potter. With this bill, the Legislature – voting largely along party lines - is attempting to insert itself in a process where it doesn't belong and which could jeopardize the timely completion of the Coastal Trail.

This bill would adversely affect the state's ability to manage the Anchorage Coastal Wildlife Refuge and could delay on-going public planning and decision-making processes by imposing strict legislative notice requirements, compliance with which would be required before any right-of-way could be created in the refuge. In addition, the legislation has the potential to impair the creation of rights-of-way for utility uses within the refuge, as well as easements for surface transportation.

By statute, the Department of Fish and Game and the Department of Natural Resources are charged as the stewards of this unique and

important public resource. Our land managers should be guided by both sound science and public input in weighing the public need to access the refuge against the habitat needs of the many species of wildlife inhabiting the refuge. The state and the Municipality of Anchorage are currently evaluating the transportation and recreational needs of the community and are considering a variety of alternatives to meet those important needs. It is inappropriate for the Legislature to insert itself into this on-going public process.

For these reasons, I have vetoed this bill.

Sincerely,
/s/
Tony Knowles
Governor"

HB 501

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 501

"An Act relating to the use of unclaimed property to pay court-ordered restitution; and providing for an effective date."

Chapter No. 122, SLA 2002
Effective Date: July 6, 2002

HB 508

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 508(RLS)

"An Act relating to results of testing for paralytic shellfish poisoning and to participation of the Department of Environmental Conservation in the development of operating plans of qualified regional dive fishery development associations."

Chapter No. 123, SLA 2002
Effective Date: October 3, 2002

HB 515

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 515(FIN)

"An Act relating to missions and measures to be applied to certain expenditures by the executive branch of state government and the University of Alaska and by the judicial branch of state government from the state operating budget for the fiscal year ending June 30, 2003; and providing for an effective date."

Chapter No. 124, SLA 2002
Effective Date: July 6, 2002

HB 517

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 517(STA)

"An Act relating to the disposition of obsolete or surplus state property."

Chapter No. 125, SLA 2002
Effective Date: October 3, 2002

HB 521

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 521(FIN)

"An Act relating to municipal improvement areas."

Chapter No. 126, SLA 2002
Effective Date: October 3, 2002

HB 526

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 526

"An Act relating to the deadline for filing financial disclosure statements for public members and public member nominees of the Select Committee on Legislative Ethics."

Chapter No. 127, SLA 2002

Effective Date: October 3, 2002

SB 100

The following letter, dated July 5, 2002, was received:

"Dear Speaker Porter:

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

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO.
100(RLS)(title am)

"An Act relating to regulation and operation of personal motor vehicles."

Chapter No. 142, SLA 2002

[Effective Date: October 3, 2002]

I am signing this bill with the understanding that the restrictions it places on the Department of Public Safety's authority to regulate these motorized vehicles are limited strictly to that department. These restrictions do not apply, in any way, to any other agency with jurisdiction over vehicular ways and areas, including the Department of Natural Resources and Department of Transportation and Public Facilities.

Municipalities should also be aware of their clear authority to prohibit

the use of these electric vehicles based on local needs.

I note the Federal Highway Administration, which prohibits motorized vehicles on federally funded trails and sidewalks, has yet to rule as to the classification of these vehicles. That decision could further inhibit the use of these vehicles on federally funded venues.

Sincerely,
/s/
Tony Knowles
Governor"

SB 180

The following letter, dated July 5, 2002, was received:

"Dear Speaker Porter:

Under the authority vested in me by art. II, sec. 15, of the Alaska Constitution, I have vetoed the following bill:

CS FOR SENATE BILL NO. 180(FIN)(efd fld)

"An Act implementing pay differentials based on geographic areas for certain state employees and for members of the Alaska State Defense Force; relating to cost-of-living differentials for state aid to municipalities."

My Administration and previous Administrations have long advocated for an adjustment to the salary differentials for non-covered employees that parallels the differentials that apply to employees covered by collective bargaining. However, this flawed legislation may violate equal protection provisions of the state and federal constitutions and begs litigation against the state for that reason.

This bill would adopt a two-tiered geographic pay system for employees not covered by a collective bargaining agreement, treating current and former employees differently than new employees hired after July 1, 2002.

Current and former employees first hired before July 1, 2002, would remain at the current geographical salary differential permanently

when accepting appointment to a non-covered position. That means even though this legislation establishes a new salary geographic differential that's higher in several areas, such as Kodiak, Bethel and Barrow, a former employee who returns to state service in those areas would be paid under the old formula—and less than a new employee who is hired at the same time, in the same office, under the new formula.

Likewise, in those areas where the existing salary differentials are higher than the proposed differentials in this bill, such as Fairbanks, Kenai, Nome and Dillingham, new employees would receive a lower salary differential than employees who were first hired before July 1, 2002. Even employees who had never worked in an area to which a geographic differential applied would receive the benefit of the old salary differential if their initial hire date with the state was before July 1, 2002.

Further, because of the legislation's failed special effective date, those new employees hired between July 1, 2002 and the effective date of this legislation would be paid the higher salary differential until the legislation's constitutional 90-day effective date, at which time their salaries would be reduced—thus driving home rather forcefully the effect of two-tiered salary schedules.

Earlier versions of the legislation simply froze the salaries of those whose current salaries are above the new differential until such time as the employee's salary, through cost-of-living adjustments and merit increases, with application of the new differential equaled or exceeded the amount being paid to the employee. This approach would have accomplished the bill's equitable objectives without creating two on-going salary systems. This would have mirrored the approach taken with employees under collective bargaining when their geographic pay differentials were adjusted in 1985.

The intent of restructuring our geographic pay differentials is, and should be, to create a balanced, fair system for our employees that can withstand any court challenges. Our 1985 changes to the differential for collective bargaining units succeeded in this effort. It would be prudent and rational to take the same approach for our non-covered employees rather than this approach which guarantees inequities.

For these reasons, I have vetoed the bill.

Sincerely,
/s/
Tony Knowles
Governor"

SB 181

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL NO. 181(FIN)

"An Act relating to and increasing the interest rate on that portion of a loan for a single family house or owner-occupied duplex in a small community that exceeds \$250,000; relating to the Alaska Housing Finance Corporation's rural assistance loan program and to loans for teacher housing in small communities."

Chapter No. 129, SLA 2002
Effective Date: October 3, 2002

SB 220

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR SENATE BILL NO. 220(L&C)

"An Act relating to the scope of practice authorized under a license to practice hairdressing."

Chapter No. 133, SLA 2002
Effective Date: October 3,2002

SB 279

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR SENATE BILL NO. 279(FIN)

"An Act authorizing the commissioner of fish and game to issue complimentary sport fishing licenses and tags to September 11 emergency responders and their spouses; and providing for an effective date."

Chapter No. 132, SLA 2002
Effective Date: July 6, 2002

SB 339

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE BILL NO. 339

"An Act increasing fines for certain criminal offenses."

Chapter No. 131, SLA 2002
Effective Date: October 3, 2002

SB 345

A message dated July 5, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CONFERENCE CS FOR SENATE BILL NO. 345

"An Act relating to correspondence study programs; relating to funding the Alaska Challenge Youth Academy program; relating to medical assistance for rehabilitative services for certain children with disabilities; relating to agreements to pay medical assistance for covered services paid for or furnished to eligible children with disabilities by a school district; and providing for an effective date."

Chapter No. 130, SLA 2002
Effective Date: See Chapter

SB 370

The following letter, dated July 5, 2002, was received:

"Dear Speaker Porter:

Under the authority of art.II, sec.15, of the Alaska Constitution, I have vetoed the following bill:

CS FOR SENATE BILL NO. 370(STA) am H

"An Act establishing procedures relating to constitutional conventions."

This bill would revise the election code to specify the timing of the Lieutenant Governor's call for a constitutional convention, how delegates are elected, and the place of the convention. The bill delays the call for the convention until after October 1 of the year following the year in which the question of holding a convention is placed on the ballot. The bill provides that election of delegates to the convention shall be nonpartisan, and that one delegate shall be elected from each house district and one from each senate district. The bill also provides that the convention will be held at the University of Alaska, Fairbanks campus.

I have considered comments from many Alaskans, including persons who were delegates to the original constitutional convention. I have carefully considered this bill, and believe it contains certain provisions that are positive, such as providing for nonpartisan election of delegates to the convention, including delegate candidates under coverage of the Alaska Public Offices Commission, and holding the convention in Fairbanks. Other provisions of the bill, however, are a disservice to Alaskans by failing to provide adequate standards for the call of a constitutional convention.

This legislation was introduced near the end of the session and rushed through with minimal public notice and opportunity to comment. Most Alaskans, including long-time Alaskans who had personal involvement in the original convention, were not even aware the issue was being considered. Legislation on this important issue should be subject to more careful consideration and should be closer in spirit to the original call for the constitutional convention of 1955.

Therefore, I have decided to veto this bill.

Sincerely,
/s/
Tony Knowles
Governor"

SB 2009

A message dated July 12, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE CS FOR SENATE BILL NO. 2009(FIN) am H
"An Act establishing the Alaska Veterans Advisory Council; and providing for an effective date."

Chapter No. 5, SSSLA 2002
Effective Date: January 1, 2003

SCR 38

A message dated July 17, 2002, was received stating the Governor is transmitting the engrossed and enrolled copies of the following resolution to the Lieutenant Governor's office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 38
Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 389, relating to a provision authorizing an exemption from and deferral of municipal property taxes on certain types of deteriorated property.

Legislative Resolve No. 73

SCR 39

A message dated July 17, 2002, was received stating the Governor is transmitting the engrossed and enrolled copies of the following resolution to the Lieutenant Governor's office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 39

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 507, a bill relating to the naming of certain state facilities.

Legislative Resolve No. 74

SCR 40

A message dated July 17, 2002, was received stating the Governor is transmitting the engrossed and enrolled copies of the following resolution to the Lieutenant Governor's office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 40

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 254, relating to the teachers', judicial, and public employees' retirement systems; and providing for an effective date.

Legislative Resolve No.75

SCR 42

A message dated July 17, 2002, was received stating the Governor is transmitting the engrossed and enrolled copies of the following resolution to the Lieutenant Governor's office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 42

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 246, relating to insurance.

Legislative Resolve No. 76

SCR 43

A message dated July 17, 2002, was received stating the Governor is transmitting the engrossed and enrolled copies of the following resolution to the Lieutenant Governor's office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 43

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 525,

relating to the issuance of general obligation bonds for deferred maintenance.

Legislative Resolve No. 77

SCR 301

A message dated July 17, 2002, was received stating the Governor is transmitting the engrossed and enrolled copies of the following resolution to the Lieutenant Governor's office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 301
Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 3001, relating to the Regulatory Commission of Alaska.

Legislative Resolve No. 82

ENROLLMENT**HB 3001**

The following was 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 8:36 a.m., August 1, 2002:

SENATE CS FOR CS FOR HOUSE BILL NO. 3001(JUD) am S
"An Act relating to the powers and duties of the Regulatory Commission of Alaska, establishing a task force to inquire into the operation of the commission, and extending the termination date of the commission to June 30, 2003; and providing for an effective date."

The following memorandum, dated June 28, 2002, was received from Patty Rose, Enrolling Secretary, Division of Legal and Research Services:

"In accordance with Rule 43, Uniform Rules of the Alaska State Legislature, I am reporting the following manifest errors in SCS CSHB 3001(JUD) am S, which have been corrected in enrolling:

Page 4, line 4:

Delete "the"

Page 4, following line 31:

Insert a new bill section to read:

"* **Sec. 6.** AS 42.04.090, added by sec. 2 of this Act, is repealed on June 30, 2004."

Renumber the following bill sections accordingly.

Page 6, following line 12:

Insert a new bill section to read:

"* **Sec. 10.** Section 1 of this Act takes effect January 15, 2003."

Renumber the following bill sections accordingly.

Page 6, line 13:

Delete "11"

Insert "10 of this Act"

Page 6, lines 15 - 16:

Delete all material."

MESSAGES FROM THE GOVERNOR

HB 3001

A message dated August 9, 2002, was received stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 3001(JUD) am S
"An Act relating to the powers and duties of the Regulatory Commission of Alaska, establishing a task force to inquire into the operation of the commission, and extending the termination date of the commission to June 30, 2003; and providing for an effective date."

Chapter No. 2, TSSLA 2002
Effective Date: See Chapter

UNFINISHED BUSINESS

HB 375

A sectional analysis for the following was published in House Journal Supplement No. 10:

SENATE CS FOR HOUSE BILL NO. 375(JUD)
"An Act making corrective amendments to the Alaska Statutes as recommended by the revisor of statutes; and providing for an effective date."

SCS HB 375(JUD) was signed into law on May 17, 2002, (page 3864).

SJR 44

Pursuant to:

HOUSE CS FOR CS FOR SENATE JOINT RESOLUTION NO. 44(L&C)
Relating to preparation of a joint state-federal research and development plan.

Legislative Resolve No. 65

The Speaker appointed Representatives Murkowski and McGuire to the Joint State-Federal Research and Development Planning Group.

**INDEX OF BILLS WITH SPECIAL ACTION
BY THE GOVERNOR**

HB 296

SENATE CS FOR CS FOR HOUSE BILL NO. 296(JUD)
"An Act relating to mergers and consolidations of municipalities."

Veto.....4081

HB 397

SENATE CS FOR CS FOR HOUSE BILL NO. 397(TRA)

"An Act exempting a person driving certain motor vehicles, aircraft, or watercraft from driver licensing requirements; and providing for an effective date."

Law without signature 4084

HB 403

CONFERENCE CS FOR HOUSE BILL NO. 403

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

Line item vetoes 4063

HB 474

CS FOR HOUSE BILL NO. 474(CRA) am

"An Act relating to public rights-of-way and easements for surface transportation affecting the Anchorage Coastal Wildlife Refuge."

Veto 4086

HB 499

CS FOR HOUSE BILL NO. 499(JUD)

"An Act declaring legislative intent to reject the continuity of enterprise exception to the doctrine of successor liability adopted in *Savage Arms, Inc. v. Western Auto Supply*, 18 P.3d 49 (Alaska 2001) as it relates to products liability; providing that a successor corporation or other business entity that acquires assets of a predecessor corporation or other business entity is subject to liability for harm to persons or property caused by a defective product sold or otherwise distributed commercially by the predecessor only if the acquisition is accompanied by an agreement for the successor to assume the liability, results from a fraudulent conveyance to escape liability for the debts or liabilities of the predecessor, constitutes a consolidation or merger with the predecessor, or results in the successor's becoming a continuation of the predecessor; defining 'business entity' that acquires assets to include a sole proprietorship; and applying this Act to the

sale, lease, exchange, or other disposition of assets by a corporation, a limited liability company, a partnership, a limited liability partnership, a limited partnership, a sole proprietorship, or other business entity that occurs before, on, or after the effective date of this Act."

Veto.....4059

HB 504

CS FOR HOUSE BILL NO. 504(FIN) am

"An Act relating to the wages of people working in the fisheries business."

Veto.....4076

SB 161

HOUSE CS FOR CS FOR SENATE BILL NO. 161(JUD)(efd am H)

"An Act relating to the withholding of salary of justices, judges, and magistrates; relating to prompt decisions by justices, judges, and magistrates; relating to judicial retention elections for judicial officers; and providing for an effective date."

Veto.....4009

SB 180

CS FOR SENATE BILL NO. 180(FIN)(efd fld)

"An Act implementing pay differentials based on geographic areas for certain state employees and for members of the Alaska State Defense Force; relating to cost-of-living differentials for state aid to municipalities."

Veto.....4091

SB 242

SENATE BILL NO. 242 am H

"An Act relating to concealed handgun permittees."

Law without signature3377

SB 364

SENATE BILL NO. 364

"An Act relating to medical services under the state Medicaid program."

Veto 3951

SB 370

CS FOR SENATE BILL NO. 370(STA) am H

"An Act establishing procedures relating to constitutional conventions."

Veto 4094

SB 2006

HOUSE CS FOR CS FOR SENATE BILL NO. 2006(FIN) am H

"An Act making and amending 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."

Line item vetoes 4070

This final journal supplement and House Journal Supplement No. 10 completes the record of legislation for the Second Session and the Second and Third Special Sessions of the Twenty-Second Alaska State Legislature.

Suzi Lowell
Chief Clerk