

SENATE JOURNAL

ALASKA STATE LEGISLATURE

TWENTY-THIRD LEGISLATURE -- FIRST SESSION

Juneau, Alaska

Thursday

March 6, 2003

Forty-fifth Day

Pursuant to adjournment the Senate was called to order by President Therriault at 11:23 a.m.

The roll showed sixteen members present. Senator Guess was excused. Senators Cowdery, Hoffman, Ogan were absent.

The prayer was offered by the Chaplain, Reverend C. Ronald Covey of the Douglas Community United Methodist Church. Senator Olson moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

Mr. President, Honorable Senators, members of the staff, distinguished guests and visitors, we hold the many faith traditions of all Alaskans in deepest respect and offer this prayer as but one pathway into the presence of God. May we pray.

Creator God, You have given us the gift of life. You have blessed us with the ability to think, to reason, to learn. And so, God, we live and learn. We learn that sometimes there are no easy choices. Sometimes there are not even any good choices, only the lesser of undesirable ones. Guide our thinking in such moments. Help us as we seek to do the most good and the least damage. Inspire us as we search for creative solutions that retain compassion and fairness for the many different people and groups in our great state. Above all, Creator, grant that we may take our gift of life and live with such integrity that we can do our jobs, cast our votes, and hold high our heads without excuse or embarrassment. Amen.

Senator Ben Stevens led the Senate in the Pledge of Allegiance.

Certification

Senator Ben Stevens moved and asked unanimous consent that the journal for the forty-fourth legislative day and House and Senate Joint Journal Supplement No. 4 be approved as certified by the Secretary. Without objection, it was so ordered.

The presence of Senator Ogan was noted.

Messages from the Governor

Executive Orders

EO 108

EXECUTIVE ORDER NO. 108

Transferring functions from the Department of Administration and the Department of Education and Early Development to the Department of Health and Social Services

was referred to the State Affairs Committee.

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Health and Social Services

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under authority of article III, section 23, of the Alaska Constitution, I am transmitting an Executive Order transferring functions from the Department of Administration and the Department of Education and Early Development to the Department of Health and Social Services. The Executive Order also removes statutory references to the Division of Alcoholism and Drug Abuse in the Department of Health and Social Services as the first step toward creating a new Division of Behavioral Health.

This Executive Order will cause the consolidation of programs for senior Alaskans in the Department of Health and Social Services. The Division of Alaska Longevity Programs (including the Alaska Pioneers Homes and state veterans' homes), the Commission on Aging, and programs administered by the Division of Senior Services will be transferred from the Department of Administration to the Department of Health and Social Services. This will allow seniors to access the full continuum of services they need at one location and provide for more efficient management of home and community-based and institutional care. The result will be improved customer satisfaction and greater ability to manage program costs. The administration of state veterans' home facilities within the Division of Alaska Longevity Programs is included in this transfer.

Similarly, the transfer of childcare licensing and childcare assistance from the Department of Education and Early Development to the Department of Health and Social Services will provide opportunities to improve customer service and efficiency. The Division of Public Assistance will have enhanced capacity to help families to remain in or enter the workforce by providing childcare assistance. Likewise, the Office of Children's Services (formerly the Division of Family and Youth Services) will benefit from additional economies of scale by consolidating child-care licensing with its existing residential and foster care licensing functions.

Finally, upon the effective date of this executive order, the Department of Health and Social Services will begin the process of consolidating the existing functions of the Division of Alcoholism and Drug Abuse with the mental health program currently located in the Division of Mental Health and Developmental Disabilities. The new Division of Behavioral Health will provide an inclusive administrative infrastructure and a seamless continuum of care to support providers of services for individuals experiencing mental illness, chronic alcoholism or co-occurring disorders. Increasing partnerships at the state and local levels between the substance abuse and mental health communities will encourage a "no wrong door" treatment philosophy.

I believe that these steps will improve administrative efficiency, provide for more cost-effective management and result in improved services to all Alaskans.

The effective date of this Order is July 1, 2003.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

EO 109

EXECUTIVE ORDER NO. 109

Transferring the Violent Crimes Compensation Board
from the Department of Public Safety to the
Department of Administration

was referred to the Judiciary Committee.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Public Safety

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting an Executive Order transferring the Violent Crimes Compensation Board from the Department of Public Safety to the Department of Administration.

The Violent Crimes Compensation Board provides compensation to crime victims and their families for expenses that result from certain crimes. The Board appoints hearing officers to take testimony at administrative hearings concerning claims for compensation and makes final decisions on these claims.

The transfer of the board to the Department of Administration will allow for more efficient support, as the Department of Administration has experience providing administrative assistance to other boards in the state.

This Order specifies an effective date of July 1, 2003.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

EO 110
EXECUTIVE ORDER NO. 110

Transferring the Alcoholic Beverage Control Board
and its functions from the Department of Revenue to
the Department of Public Safety

was referred to the Community and Regional Affairs and State Affairs
Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Public Safety

Fiscal Note No. 2, Department of Revenue

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting an Executive Order transferring the Alcoholic Beverage Control Board and its functions from the Department of Revenue to the Department of Public Safety.

The Alcoholic Beverage Control Board is a regulatory, quasi-judicial agency with five members that regulates the manufacture, possession, and sale of alcoholic beverages in the state. As a compliance and enforcement agency, the mission of the ABC Board is more closely aligned with the Department of Public Safety. Moving the ABC Board to Public Safety will result in more efficient support by relocating investigation and licensing staff where trained personnel are available to assist with enforcement work.

The Order specifies an effective date of July 1, 2003.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

EO 111

EXECUTIVE ORDER NO. 111

Transferring from the Regulatory Commission of
Alaska to the Attorney General certain public
advocacy responsibilities and functions

was referred to the Labor and Commerce and Judiciary Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Community and Economic
Development

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting an executive order that would transfer from the Regulatory Commission of Alaska to the attorney general certain public advocacy responsibilities and functions.

This action will result in more efficient administration of this important function. The transfer will assure that the authority of the attorney general to determine and advocate for the nature and scope of the public interest in a particular regulatory matter is properly acknowledged and implemented. In addition to the duties set out in statute at AS 44.23.020, the Attorney General has those powers that existed at common law. The Alaska Supreme Court recently described this authority as follows, "Under common law, the attorney general has the power to bring any action which he thinks necessary to protect

the public interest, a broad grant of authority which includes the power to enforce Alaska's statutes." I also want to avoid possible duplication of effort or the taking of inconsistent positions by separate agencies of state government.

Funding for the public advocacy function performed by the attorney general on matters before the Regulatory Commission of Alaska will be funded by the regulatory cost charge of Regulatory Commission of Alaska through a reimbursable services agreement.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

Messages from the House

Message dated March 5 was read, stating the House passed and transmitted for consideration:

First Reading and Reference of House Bills

HB 46

CS FOR HOUSE BILL NO. 46(STA) BY THE HOUSE STATE AFFAIRS COMMITTEE, entitled:

"An Act relating to printing of ballot titles and propositions on primary election ballots."

was read the first time and referred to the State Affairs and Judiciary Committees.

HB 52

CS FOR HOUSE BILL NO. 52(JUD) BY THE HOUSE JUDICIARY COMMITTEE, entitled:

"An Act relating to the forfeiture of property used to possess or distribute child pornography, to commit indecent viewing or photography, to commit a sex offense, or to solicit the commission of, attempt to commit, or conspire to commit possession or distribution of child pornography, indecent viewing or photography, or a sexual offense."

was read the first time and referred to the State Affairs and Judiciary Committees.

The presence of Senator Cowdery was noted.

Standing Committee Reports

Report dated March 5 was read, stating:

In accordance with AS 24.60.130, the Senate Judiciary Committee reviewed the following and recommended the appointment be forwarded for consideration:

Select Committee on Legislative Ethics

Herman G. Walker, Jr.

Dennis "Skip" Cook

This does not reflect an intent by any of the members to vote for or against the individuals during any further sessions.

Signing the report: Senator Seekins, Chair; Senators Ogan, Ellis, French.

Report dated March 5 was read, stating:

In accordance with AS 39.05.080, the Senate Judiciary Committee reviewed the following with regard to confirmation of the Governor's appointments and recommended the appointment be forwarded to a Joint Session for consideration:

Violent Crimes Compensation Board

Gerad G. Godfrey

This does not reflect an intent by any of the members to vote for or against the individual during any further sessions.

Signing the report: Senator Seekins, Chair; Senators Therriault, Ogan, Ellis, French.

Report dated March 5 was read, stating:

In accordance with AS 39.05.080, the Senate Judiciary Committee reviewed the following with regard to confirmation of the Governor's appointments and recommended the appointment be forwarded to a Joint Session for consideration:

Alaska Judicial Council

Bill Gordon

This does not reflect an intent by any of the members to vote for or against the individual during any further sessions.

Signing the report: Senator Seekins, Chair; Senators Ogan, Ellis, French

SB 74

The Resources Committee considered SENATE BILL NO. 74 "An Act extending the renewal period for oil discharge prevention and contingency plans; and providing for an effective date" and recommended it be replaced with

CS FOR SENATE BILL NO. 74(RES)

Signing do pass: Senator Ogan, Chair; Senators Seekins, Ben Stevens, Wagoner, Dyson. Signing no recommendation: Senators Elton, Lincoln.

The following previously published fiscal information applies:

Fiscal Note No. 1, zero, Department of Environmental Conservation

The bill was referred to the Rules Committee.

SB 79

The Resources Committee considered SENATE BILL NO. 79 "An Act extending the termination date of the Alaska Minerals Commission." Signing do pass: Senator Ogan, Chair; Senators Ben Stevens, Seekins, Wagoner, Dyson, Lincoln, Elton.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Community and Economic Development

The bill was referred to the Finance Committee.

HCR 2

The Community and Regional Affairs Committee considered CS FOR HOUSE CONCURRENT RESOLUTION NO. 2(MLV)am Relating to the extension of the Alaska Railroad to Fort Greely to serve the anti-ballistic missile launch facility and recommended it be replaced with:

SENATE CS FOR CS FOR HOUSE
CONCURRENT RESOLUTION NO. 2(CRA)
Relating to the extension of the Alaska Railroad to
Delta Junction and Fort Greely to support expanding
resource development, agricultural, and military
activities.

Signing do pass: Senator Wagoner, Chair; Senator Gary Stevens.
Signing no recommendation: Senators Lincoln, Elton.

The following previously published fiscal information applies:

Fiscal Note No. 1, zero, Department of Community and Economic Development

The bill was referred to the Transportation Committee.

Introduction and Reference of Senate Bills**SB 35**

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 35 BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR, entitled:

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

was read the first time and referred to the Finance Committee.
Governor's transmittal letter dated March 5:

Dear President Therriault:

The operating budget bill delivered today contains my proposal for the 2004 fiscal year.

This Administration has gone through an extensive process to evaluate state programs in order to prepare the state budget. Given our current financial situation, many programs are eliminated or reduced, while some programs are increased. Several of my budget proposals require legislative change to be implemented. The necessary legislation accompanies the budget submission.

I look forward to working closely with this Legislature to jointly craft a responsive state budget that efficiently provides Alaska residents essential state services at a cost that the state can afford over the long-term.

Sincerely yours,

/s/

Frank H. Murkowski
Governor

SB 36

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 36 BY THE
SENATE RULES COMMITTEE BY REQUEST OF THE
GOVERNOR, entitled:

"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."

was read the first time and referred to the Finance Committee.

In accordance with AS 37.14.003(b), a report of the differences between the Governor's proposed budget and the recommendations of the Alaska Mental Health Trust Authority was submitted with a letter from the Office of Management and Budget.

Governor's transmittal letter dated March 5:

Dear President Therriault:

The comprehensive mental health budget bill delivered today contains my proposal for the 2004 fiscal year.

This Administration has gone through an extensive process to evaluate state programs in order to prepare the state budget. Given our current financial situation, many programs are held at current levels, some are reduced, and a few are eliminated. A copy of the report to the Mental Health Trust Authority is attached.

I look forward to working closely with this Legislature to jointly craft a responsive state budget that efficiently provides Alaska residents essential state services at a cost that the state can afford over the long-term.

Sincerely yours,

/s/

Frank H. Murkowski
Governor

SB 100

SENATE BILL NO. 100 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act making capital appropriations and reappropriations; capitalizing a fund; 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."

was read the first time and referred to the Finance Committee.

Governor's transmittal letter dated March 5:

Dear President Therriault:

The capital budget bill delivered today contains my proposal for the 2004 fiscal year.

Given my desire to put Alaskans to work, the capital budget contains a general fund increase of \$24.6 million, bringing the total general fund amount to \$134.4 million. Federal and other funds are also increased.

I look forward to working closely with this Legislature to jointly craft a responsive state budget that efficiently provides Alaska residents essential state services at a cost that the state can afford over the long-term.

Sincerely yours,

/s/

Frank H. Murkowski
Governor

SB 102

SENATE BILL NO. 102 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act increasing the amount of revenue received
by the state from charitable gaming activities; and
providing for an effective date."

was read the first time and referred to the Labor and Commerce and
Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Revenue

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill designed to increase the amount of state revenue received from charitable gaming fees and taxes.

Large amounts of money are spent on bingo, pull-tabs, and other charitable gaming activities in Alaska. Gross receipts for calendar year 2001 alone exceeded \$351 million. Only \$2.4 million of this amount was paid to the state in taxes and fees. Charities only received \$30.6 million. The rest, over \$318 million went for prizes, rent, operator fees, and other expenses of gaming.

Because of the large sums involved in charitable gaming, state government must devote significant resources to monitoring gaming activity. Despite the state's best efforts, it is not enough. The state continues to find gaming enterprises where so much of the gaming receipts are used up paying rent and other expenses that charities receive less than the minimum amount required by law. This bill would reduce the strain on the state by increasing revenue. Additionally, the bill would assure the public that its money is going toward its intended purpose, through provisions requiring professional gaming operators and vendors to shoulder the burden of the enhanced tax imposed for their activities.

The tax on pull-tab sales has not been raised since 1988. This bill would increase the tax to five percent of the gross receipts of the games. The current rate is only three percent of the ideal net of the games. Ideal net is the amount left over after all prizes are paid, assuming that every pull-tab game is sold. The State of Alaska's current pull-tab tax rate is significantly lower than the rates imposed by many other states. Oklahoma and Massachusetts collect a tax of 10 percent of the gross pull-tab receipts. Michigan collects a tax equal to 40 percent of the net pull-tab profit.

The bill would also discourage the professional gaming operators from passing on the cost of the tax increase to charity by reducing the expense cap on costs they can pass along to the charitable gaming permittees for whom they sell pull-tab games. The bill would place similar restrictions on vendors that sell pull-tabs in their liquor establishments for charitable gaming permittees.

It is estimated that in fiscal year 2004, the bill would raise an additional \$11.5 million in revenue. The bill would raise an additional \$12.5 million in each subsequent fiscal year.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 103

SENATE BILL NO. 103 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act increasing certain motor vehicle registration
fees; and providing for an effective date."

was read the first time and referred to the Transportation and Finance
Committees.

The following fiscal information was published today:
Fiscal Note No. 1, Department of Administration

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am
transmitting a bill that would adjust the fees on motor vehicle
registration which have remained the same since 1986.

The bill will equalize registration fees between pick-up trucks and
passenger vehicles, adjust commercial and private vehicle registration
fees, and update vehicle recording and lien fees. Even with the fee
increase, the State of Alaska's registration fees will be less than the
national average and significantly below an increase based solely upon
inflation.

This fee increase will allow the state to maintain the value of the
revenue derived from the user fees and assist the state in closing the
fiscal gap while maintaining essential services.

I urge your prompt consideration and passage of this important bill.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 104

SENATE BILL NO. 104 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act repealing the charter school grant program;
and providing for an effective date."

was read the first time and referred to the Health, Education and Social
Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Education and Early
Development

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would discontinue the state start-up grants for charter schools. The state grant program, implemented in FY2002, allocates \$500 per ADM for each new charter school. This funding was intended to supplement the federal start up grants for charter schools.

The Alaska Department of Education and Early Development is working closely with U.S. Department of Education to increase the level of start-up grants provided by the federal government therefore eliminating the need for the state supplemental grant program beginning in FY 2005. The state will allocate to a new charter school \$150,000 a year for the first three years and \$45,000 in the forth year for a total of \$495,000 in start up funds over the four year period.

This bill is effective July 1, 2004. The delayed implementation will allow the state to fulfill its commitment of start-up grants to the existing charter schools. Any new charter schools approved to operate in FY 2004 will be eligible for the federal grant funds.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 105

SENATE BILL NO. 105 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in a medical or intermediate care facility; and providing for an effective date."

was read the first time and referred to the Health, Education and Social Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Health and Social Services

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to "freeze" income levels for eligibility for Denali Kid Care and for Medicaid under the special income limit for nursing homes and home and community based waiver services.

Under current law, income standards for these eligibility categories increase every year by the amount of cost-of-living adjustments to the Supplemental Security Income (SSI) program or the federal poverty guidelines. This bill will eliminate these annual cost-of-living

adjustments and put in statute fixed dollar income levels for these programs based on the SSI standard that became effective on January 1, 2003 or the federal poverty guideline for Alaska that became effective on April 1, 2002.

The next cost-of-living adjustment for Denali KidCare is scheduled to become effective on April 1, 2003. Therefore upon the July 1, 2003 effective date of this bill eligibility levels will be rolled-back by the 1.4% cost-of-living allowance implemented on April 1, 2003. For example, income eligibility for a family of three with children on Denali Kid Care will decrease from \$3,179 per month to \$3,130 per month on July 1, 2003.

The number of persons who lose eligibility on July 1, 2003 by virtue of this provision cannot be estimated with precision; but should be very small. For example pregnant women who establish eligibility between April 1, 2003 and June 30, 2003 will remain eligible for nine months notwithstanding the passage of this legislation.

While the cost savings associated with this bill are modest in the short-term; this measure will significantly reduce future year costs. In this time of fiscal austerity, I believe this proposal strikes the appropriate balance between maintaining health care coverage for lower income Alaskans while also addressing our need for fiscal restraint.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 106

SENATE BILL NO. 106 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to a fee on studded tires; and
providing for an effective date."

was read the first time and referred to the Transportation and Finance
Committees.

The following fiscal information was published today:
Fiscal Note No. 1, Department of Revenue

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec 18, of the Alaska Constitution, I am transmitting a bill that would impose a fee on the purchase and use of studded tires in Alaska.

According to a 1996 report by the Alaska Department of Transportation and Public Facilities, the use of studded tires in Alaska causes approximately \$5 million damage to our roads per year. Most of this damage occurs in our high traffic urban centers in the form of rutting. It is a particular problem in our urban centers where rutting is often severe and causes unsafe driving conditions.

The worst of this damage is repaired by the department. Due to limited maintenance funding, much of it is added to the State's deferred maintenance backlog. This bill would impose a fee of \$10 for each studded tire sold, resulting in \$2 million in increased revenues. This proposal represents a modest, user-pays approach to paying for studded tire damage.

New tire technology has been developed in the last ten years to create studless winter tires. These tires use softer rubber compounds and specific tread patterns to improve their performance in snow and ice conditions. This technology has continued to improve and is widely available as an alternative to studded winter tires.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 107

SENATE BILL NO. 107 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the state centralized correspondence study program, to funding for educational programs that occur primarily outside school facilities, and to the duties of school boards of borough and city school districts and regional educational attendance areas; and providing for an effective date."

was read the first time and referred to the Health, Education and Social Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Education and Early Development

Fiscal Note No. 2, Department of Education and Early Development

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill eliminating the Alyeska Central School program (ACS), the state's correspondence program.

Alyeska was once the state's only correspondence program offering education services to students statewide. The school began operations in 1939 offering programs to students living in remote areas with no local schools. However, there are 12 school districts currently offering statewide correspondence services to Alaska's school age residents.

The district-operated statewide correspondence programs offer a variety of education delivery methods. Educational delivery models include US postal, Internet and family developed programs supported by district staff.

Eliminating the ACS program will eliminate the duplicative services currently being provided by school districts enrolling and serving correspondence students statewide. ' The Department of Education and Early Development will help ACS students and families identify the appropriate educational services and assist them in moving to other programs to ensure no child is left behind.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 108

SENATE BILL NO. 108 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to payment rates under the Medicaid program for health facilities and to budgeting, accounting, and reporting requirements for those facilities; abolishing the Medicaid Rate Advisory Commission; and providing for an effective date."

was read the first time and referred to the Health, Education and Social Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Health and Social Services

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to provide greater flexibility to the Department of Health and Social Services to set Medicaid payment rates for Alaska's hospitals, nursing home and other health care facilities.

The proposed bill would eliminate the Medicaid Rate Advisory Commission and place the responsibility for calculating and setting Medicaid payment rates for health care facilities under the general authority of the Department of Health and Social Services.

Historically, the Medicaid facility rate setting process has been extremely cumbersome and costly for both the state and health care facilities. The current rate-setting process is both a barrier to effective cost containment as well as problematic for assuring adequate reimbursement for Alaska's diverse mix of health care facilities.

Passage of this legislation will allow the department to develop in regulation a more flexible, cost-effective rate setting process that will, for the first time, allow the department to explicitly take into account the appropriations made by the legislature for the Medicaid program when setting rates.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 109

SENATE BILL NO. 109 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act repealing the statute that sets priorities for the Department of Health and Social Services to apply to administration of the medical assistance program when there are insufficient funds allocated in the state budget for that program; authorizing the department to make cost containment decisions that may include decisions about eligibility of persons and availability of services under the medical assistance program; and providing for an effective date."

was read the first time and referred to the Health, Education and Social Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Health and Social Services

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to provide greater flexibility to the Department of Health and Social Services to implement cost containment strategies for the Medicaid program.

Under current law, if funds appropriated to the Medicaid program are insufficient for a given fiscal year, the department is directed to eliminate optional Medicaid services based on a priority list that is woefully out-of-date. The existing list is not an effective management tool and if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.

The proposed bill would replace this obsolescent language with authority for the department to undertake cost containment based on three key principles.

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.

The imperative of slowing the growth of state funding for Medicaid while at the same time maintaining health care coverage for needy Alaskans is an issue that can no longer be avoided. Passage of this legislation will give the department additional tools to meet this challenge.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Frank H. Murkowski
Governor

SB 110

SENATE BILL NO. 110 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to admission to and advancement in
public schools of children under school age; and
providing for an effective date."

was read the first time and referred to the Health, Education and Social
Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Education and Early
Development

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am
transmitting a bill which clarifies local school district programs for
under-school-age students.

Pursuant to existing statutes, a district may enroll a four year old child,
referred to as an "under school age student." The intent of this bill is to
prohibit districts from constructing curriculums that offer two years of
kindergarten as a standard program. Early entry of four year olds into
the school system should be a rare event and reserved for the truly
exceptional child.

This bill would remove a school district's ability to offer early entry as
standard practice to access the foundation formula and provide state
funded pre-school programs. Currently, districts can enroll four year
olds and then enroll them again as a kindergarten student in the next
school year. This action effectively provides a child with two years of
kindergarten with very little in the way of extra expense to the district.

The result to the state is an additional year of per pupil funding equating to approximately \$3.9 million.

Enrolling four year olds as the current statute provides should be retained. However, early enrolled children should be expected to advance through to the next grade level or grade level equivalent.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 111

SENATE BILL NO. 111 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the submission of payroll information by contractors and subcontractors performing work on a public construction contract; and providing for an effective date."

was read the first time and referred to the Labor and Commerce and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Labor and Workforce Development

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the submission of certified payroll records by contractors and subcontractors performing work on public construction projects.

Currently, under AS 36.05.040, contractors and subcontractors performing work on public construction contracts are required to file

certified payroll records each Friday with the Department of Labor and Workforce Development. The Department of Labor and Workforce Development recognizes that many contracting agencies require contractors and subcontractors to file payroll records with them as well. This bill would reduce the double filing requirement on contractors and their subcontractors to file certified payroll records.

In lieu of filing certified payroll records with the Department of Labor and Workforce Development, each contractor and subcontractor would be required to file a Notice of Intent to Pay Prevailing Wages with the Department of Labor and Workforce Development along with a \$100 fee. The Notice of Intent to Pay Prevailing Wages would provide identifying information about the project, the name of the contractor or subcontractor, and a statement that the contractor or subcontractor will comply with the Little Davis Bacon Act. Furthermore, when the contractor or subcontractor completes its work on the public construction project, an Affidavit of Wages Paid stating that the contractor or subcontractor has completed work on the project and has complied with the requirements of the Little Davis Bacon Act will be required.

Eliminating this weekly filing requirement with the Department of Labor and Workforce Development and requiring the new fees would be an administrative savings to the department as well as generating an annual revenue of \$1.15 million.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 112

SENATE BILL NO. 112 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act increasing the motor fuel tax and repealing
the special tax rates on blended fuels; and providing
for an effective date."

was read the first time and referred to the Transportation and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Revenue

Fiscal Note No. 2, zero, Department of Environmental Conservation

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under Authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill that would increase the state's highway motor fuel tax rate from 8 cents a gallon to 20 cents a gallon and repeal the special rate for gasohol.

In order for Alaska's economy to grow and diversify, we must expand and improve our transportation infrastructure. To do this, we must adequately fund highway construction and maintenance activities. Currently, Alaska spends nearly \$50 million per year in general funds to match our federal highway capital program and nearly \$60 million dollars per year on maintenance.

At the current eight cents per gallon, Alaska's highway motor fuel tax rate is now the lowest in the nation. Even after the proposed increase, thirty-eight states would have higher rates, and Alaska's fuel tax would be at the 20 cent national average. In fact, had the tax rate been indexed for inflation when it was initiated in 1961, it would be nearly 2½ times the rate proposed in the bill.

Under existing law, revenue from the motor fuel tax used on roads and highways is deposited in a highway fuel tax account in the general fund. This fund is available for maintenance and construction of highway projects and ferries.

This bill also deletes AS 43.40.010(a)(4) and AS 43.40.010(b)(4), which provides a special tax rate for blended fuel. Working with industry and private citizens, Alaska no longer requires the use of oxygenated fuels to meet air quality standards. However, the U.S. Environmental Protection Agency requires that the state be able to

rapidly re-impose a requirement for the use of oxy fuels should air quality deteriorate. This legislation will not impact the state's ability to do so.

This proposal represents a modest, user-pays approach to expanding and improving our state's transportation infrastructure.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 113

SENATE BILL NO. 113 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the frequency of examinations of certain persons licensed to engage in the business of making loans of money, credit, goods, or things in action; repealing the requirement for a state examination and evaluation of the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."

was read the first time and referred to the Labor and Commerce and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Community and Economic Development

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would give the Department more flexibility with regard to the frequency of examinations of financial institutions and the Alaska Commercial Fishing and Agriculture Bank.

Changing the date of frequency of examinations of Small Loan Companies from 12 months to 18 months will bring the schedule for the examinations in line with the rest of the banking code and eliminate the need for additional bank examiners. The bill also eliminates the Division of Banking, Securities, and Corporations' examination of the Commercial Fishing and Agriculture Bank (CFAB). This examination is unnecessary, because CFAB is required by statute to be audited annually by independent auditors and is subject to legislative audit.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 114

SENATE BILL NO. 114 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act increasing the fee for a state business
license; and providing for an effective date."

was read the first time and referred to the Labor and Commerce and
Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Community and Economic
Development

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am
transmitting a bill that would increase the fee for a business license.

The current fee has been in effect since 1949. The current revenues
collected fall far short of the services provided to Alaskan businesses.
The increase in fees is in line with what other states charge.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 115

SENATE BILL NO. 115 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act allowing expenses of the correctional industries program that may be financed from the correctional industries fund to include the salaries and benefits of state employees."

was read the first time and referred to the State Affairs and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Corrections

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec 18, of the Alaska Constitution, I am transmitting a bill that would allow the administrative costs of the Correctional Industries Program to be paid from product revenues instead of the general fund.

Currently, 14 Correctional Industries positions are paid from the general fund. By allowing employee salaries to be paid from the correctional industries fund, we are taking the first step toward making the program self-sufficient. This charge is consistent with my FY04 amended budget. A legislative change is required to allow state employees' salaries to be paid from the Correctional Industries Fund.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Frank H. Murkowski
Governor

SB 116

SENATE BILL NO. 116 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the emission control permit program; relating to fees for that program and to the accounting of receipts deposited in the emission control permit receipts account; and providing for an effective date."

was read the first time and referred to the Resources and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1. Department of Environmental Conservation

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under Authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill related to the state's air quality control program.

The State of Alaska has responsibility for management of air quality and recognizes that air permits are necessary to maintain Alaska's excellent air quality. The bill achieves protection of air quality while reforming the permit review process to make permitting predictable, reliable and rational. Specifically, the bill will:

- Allow DEC's program to reflect national precedents, court decisions, and incorporate best practices from other states into our permits.
- Differentiate major source from minor source permits.
- Regulate minor sources based on standardized permit conditions that incorporate best management practices.

- Exempt sources based on standardized permit conditions that incorporate best management practices.
- Exempt sources from permitting to the extent allowed under federal law.
- Achieve efficiency through adopting federal rules by reference.

In the end, the reform that this bill initiates will result in more efficient review of permits and more "hard-hat time" for field inspectors working to make sure standards are protective and permits are enforced.

I urge your prompt and favorable consideration of this important legislation.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 117

SENATE BILL NO. 117 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act eliminating the longevity bonus program and making related conforming changes; and providing for an effective date."

was read the first time and referred to the State Affairs and Finance Committees.

The following fiscal information was published today:
Fiscal Note No. 1, Department of Administration

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec 18, of the Alaska Constitution, I am transmitting a bill that would eliminate the Alaska Longevity Bonus Program.

In 1972 Alaska initiated a program to reward our long-term residents (seniors) for their contributions and provide them with an incentive to remain in Alaska for their retirement years. It was originally intended to help those Alaskans who had been residents for 25 years and as stated in its original passage, was intended for those seniors who had "molded Alaska as we know it through skillful application of their talents."

Since that time, the Courts ruled that the 25 year residency requirement was unconstitutional. The new program instituted was expanded to all seniors residing in the state for one year. By 1993, the cost to the state was up to \$65 million a year. The legislature, recognizing that the cost would continue to escalate with the rapid growth of Alaska's senior population, implemented a phase out of the program.

The judiciary eliminated the longevity program for Alaska's pioneers. The bill I transmit today ends its successor, eliminating a program that has outlived its original purpose and no longer offers special consideration to those pioneers so deserving of our thanks.

Alaska will continue to provide assistance and "safety net" programs for senior citizens. Some are directed toward all seniors such as an exemption from Hunting and fishing fees, the senior citizen property tax exemption and Pioneers' Homes. Many are targeted at seniors with limited means, including, adult public assistance, Medicaid assistance, personal care attendant services, nursing home services, home and community based waiver services, senior housing assistance, nutrition programs, and senior training and employment programs.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 118

SENATE BILL NO. 118 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the power of boroughs to conduct inspections and enforce standards for food and aquatic farm products; and providing for an effective date."

was read the first time and referred to the Community and Regional Affairs and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Environmental Conservation

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to empower first-class and second-class boroughs to assume responsibility for inspection and enforcement of standards for food and aquatic farm products.

This legislation will ensure that all municipalities of every class have the statutory power to perform the enforcement and inspection functions for food safety. Home rule municipalities already have this power, subject to their charters; first-class and second-class cities likewise have this power. However, first-class and second-class boroughs are the only municipalities that currently lack it. While these boroughs have existing statutory powers to enforce other health and environmental controls, performing inspection functions for food safety would require an area-wide election on a borough by borough basis. This bill ensures that the power is automatically available. The bill does not address the category of third-class boroughs, because AS 29.05.031(b) prohibits the incorporation of any such boroughs.

The Municipality of Anchorage already performs food safety and enforcement functions under a delegation from the Department of Environmental Conservation. The legislature stated in budgetary intent language in 2002 that DEC will receive "no funding for food inspections in FY04." Under this bill, all municipalities can, if they desire, conduct inspections and enforce the Alaska Food Code.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 119

SENATE BILL NO. 119 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act eliminating the Alaska Public Offices Commission; transferring campaign, public official, and lobbying financial disclosure record-keeping duties to the division of elections; relating to reports, summaries, and documents regarding campaign, public official, and lobbying financial disclosure; providing for enforcement by the Department of Law; making conforming statutory amendments; and providing for an effective date."

was read the first time and referred to the State Affairs and Finance Committees.

Fiscal information forthcoming.

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that modifies the duties of the Alaska Public Offices Commission.

The Alaska Public Offices Commission (APOC) and campaign finance laws were generally established to accomplish three major goals: to restrict financial contributions to campaigns, to provide information to the general public as to who is contributing to whom, and to enforce those laws. Under the current campaign finance model, the Alaska Public Offices Commission, has ultimately failed in all

three areas. At the core is the Commission's inability to investigate and rule on complaints in a timely manner. The collapse of enforcement and lengthy delays in decisions, sometimes approaching two election cycles, has undermined the objectives of campaign finance laws. Due to the lack of timely enforcement, the APOC has become a vehicle which focuses nearly all media attention on allegations of misconduct and not on the factual reporting of contributions.

Therefore, with this bill, enforcement of Alaska's campaign finance laws will be elevated to the Department of Law and the Judiciary. This change will allow legitimate complaints to be processed with just resolution coming from the Alaska Court System. Raising the bar to the judiciary should reduce allegations made for political gain and will install confidence in our reporting system.

Furthermore, this bill mandates electronic reporting. For the past decade private sector employers, citizens, and some public agencies have increasingly moved into the technological age. It is now common to use electronic means to pay bills, reserve travel, renew a driver's license or offer up-to-the-minute election results. One of the premier users and innovators of technology is the Division of Elections. With this bill the Division of Elections will now be tasked with collecting the electronic reporting and distributing the information to the public. With this step the public will be able to access election and campaign information from a single source and the state will see a savings through consolidation and technological efficiencies.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 120

SENATE BILL NO. 120 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the state's sovereign immunity for certain actions regarding injury, illness, or death of state-employed seamen and to workers' compensation coverage for those seamen; and providing for an effective date."

was read the first time and referred to the Labor and Commerce and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Administration

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill that would provide a uniform equitable remedy for work injuries of all state employees under a single compensation system.

AMHS crew and a small number of other ship based personnel are the only state employees presently authorized to file a direct civil (negligence) action against their employer for on –the-job injury or illness. Historically, this unique legal privilege was provided to maritime employees as a consideration to compensate for the perils of long ocean voyages away from home as well as to protect them from the risk of abandonment at a foreign port should they become ill or injured mid-voyage.

State maritime employees typically work scheduled voyages of a week or two in duration and are compensated with employer-provided retirement and comprehensive health plan benefits (including occupational disability.)

For over 8 years, during the 1980's, AMHS union labor agreements stipulated and the state paid Alaska Workers' Compensation Act benefits in lieu of traditional Jones Act and other maritime remedies. Many employees preferred the AWCA as a more complete and immediate no-fault payment (non-taxable wage indemnification rather

than a modest daily maintenance stipend) – avoiding controversy, delays, and the extra costs inherent in protracted civil litigation. A single employee's constitutional challenge resulted in the Supreme Court decision (*Brown v. State & Div. Of Marine Highway Systems* (8/30/91) which precludes this practice under current law (unless new legislation is enacted.)

Legal arguments over liability and the subjective nature of non-economic damages provided under maritime law generate greater claims adjudication costs and significantly greater compensation awards to injured employees. The cost to the state for the claims of these employees is nearly 75% higher than the cost related to claims of other state employees covered by workers' compensation. Litigation expenses and defense costs presently incurred defending the Alaska Marine Highway System (AMHS) and other agency maritime employee claims will be significantly reduced by this legislation.

The proposed legislation would limit the remedy for work injuries incurred by the state-employed seaman to those benefits provided all other employees under the Alaska Workers' Compensation Act.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski

Governor

SB 121

SENATE BILL NO. 121 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to community schools; and
providing for an effective date."

was read the first time and referred to the Health, Education and Social Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Education and Early Development

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would repeal AS 14.36.010 through AS 14.36.070, the Community Schools Grant Program.

While the value of providing access to school facilities beyond the school day continues to be important in Alaskan communities, the level of funding for the program does very little on a statewide basis to support the effort.

The community schools statute was adopted in 1975. The purpose and intent section of the law is very clear. The grant program was enacted to provide financial support to encourage and assist local school districts in establishing community school programs. The funds provided assistance to local communities in the initial development, implementation and operations of community school programs.

This program has fulfilled its intended purpose, as all school districts currently offer a community schools program.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 122

SENATE BILL NO. 122 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to an annual wildlife conservation pass and the fee for that pass; relating to nonresident and nonresident alien big game tag fees; and providing for an effective date."

was read the first time and referred to the Resources and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Fish and Game
Fiscal Note No. 2, Department of Fish and Game

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that raises additional revenues for fish and wildlife management programs in Alaska.

Alaska's fish and wildlife is a public resource enjoyed by a variety of users from hunters, trappers and anglers to wildlife viewers, many of whom travel to Alaska to utilize our abundant resources. This legislation ensures that the cost of wildlife management is shared more broadly with those who use and enjoy our wildlife, and that the Alaska Department of Fish and Game has the resources necessary to manage Alaska's fish and wildlife resources.

Under this bill, wildlife viewers using certain commercial services will be required to help support management of Alaska's wildlife by purchasing a \$15 annual "wildlife conservation pass" unless they hold another qualifying license or permit. Funds generated will be deposited into a separate account of the general fund and may be used for wildlife management, research, education, and viewing programs.

Alaska is a world class visitor destination, and viewing wildlife is one of the primary visitor attractions. The abundance of wildlife throughout the state provides tremendous economic development opportunities. These user funds will help support wildlife management programs and in so doing will support Alaska's growing tourism industry. Funds from this bill will be used in part to match new federal dollars Alaska is receiving through the State Wildlife Grants Program.

This bill also raises the big game tag fees for non-resident and non-resident alien hunters to harvest caribou, moose, goats, and sheep.

These increases bring Alaska's fees in line with fees charged in a number of other Western states for these or similar species. In general, hunters visiting our state are more oriented to a recreational experience than Alaska residents and it is important that they support the wildlife management that helps make these resources available.

The fees in this legislation will enhance revenues for a diversity of wildlife management programs. I urge your prompt and favorable action on this legislation.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 123

SENATE BILL NO. 123 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to adoptions that include a subsidy payment by the state; eliminating annual review of the subsidy paid by the state after adoption of a hard-to-place child has occurred; and providing for an effective date."

was read the first time and referred to the Health, Education and Social Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Health and Social Services

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of art. III, sec 18, of the Alaska Constitution, I am transmitting a bill relating to the elimination of annual reviews for adoptive parents or guardians receiving subsidy payments for special needs children.

This bill would repeal AS 25.23.220, which requires the Department of Health and Social Services to conduct an annual evaluation of the need for continued adoption or guardianship subsidy payments and the amount of those payments.

Persons who adopt or become legal guardians for a hard-to-place child may receive a monthly subsidy payment for the care and support of that child. After the court finalizes an adoption or guardianship with subsidy, the family is independent of the Department with the exception of a statutorily required annual evaluation of the subsidy.

Adoptive parents and guardians have the right to request a review of their subsidy payments at any time. The repeal of AS 25.23.220 would not affect this right, but would be a cost saving measure for the Department of Health and Social Services. Eliminating this required annual review will provide an estimated cost savings in the amount of \$185,000 to the budget.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Frank H. Murkowski
Governor

SB 124

SENATE BILL NO. 124 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to grants for alcoholism and drug
abuse programs; and providing for an effective date."

was read the first time and referred to the Health, Education and Social
Services and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Health and Social Services

Fiscal Note No. 2, Department of Health and Social Services

Fiscal Note No. 3, Department of Health and Social Services

Fiscal Note No. 4, Department of Health and Social Services

Governor's transmittal letter dated March 5:

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill that would change the grant in aid ratio required for grantees of alcohol and drug abuse grants from 10 percent to 25 percent.

The Department of Health and Social Services requires a local match for most grants it issues in support of community-based programs. In most instances the local match requirement is twenty-five percent. Grants issued by the department in support of local substance abuse treatment programs are an anomaly in that only a ten percent local match is required. Local match requirements are designed to foster collaboration and support for health and social services at the community level.

My Administration's commitment to substance abuse treatment is reflected in my amended fiscal year 2004 budget which makes significant new investments in treatment programs using some of the proceeds from the recently enacted increase in the alcohol excise tax. Given the widespread recognition throughout Alaska of the need to address the problem of alcohol and substance abuse, I am confident that Alaska's communities too will rise to the challenge of providing a modest increase in local support for substance abuse treatment services.

The Department will retain the ability to waive all or part of the local match if the Department finds that community funding is unavailable and the waiver is in the best interest of the state.

Enactment of this legislation will result in a reduction \$1,611,700 in the state budget. Services at the community level should be unaffected, however, as local communities step forward to increase their local contributions.

I urge your prompt consideration of this legislation.

Sincerely,
/s/
Frank H. Murkowski
Governor

Consideration of the Calendar

Second Reading of Senate Bills

SB 20

SENATE BILL NO. 20 "An Act extending the termination date of the Board of Marine Pilots; and providing for an effective date" was read the second time.

Senator Wilken, Cochair, moved and asked unanimous consent for the adoption of the Finance Committee Substitute offered on page 353. Without objection, CS FOR SENATE BILL NO. 20(FIN) "An Act relating to the Board of Marine Pilots and to marine pilotage; extending the termination date of the Board of Marine Pilots; and providing for an effective date" was adopted.

Senator Ben Stevens moved and asked unanimous consent that the bill be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 20(FIN) was read the third time.

The question being: "Shall CS FOR SENATE BILL NO. 20(FIN) "An Act relating to the Board of Marine Pilots and to marine pilotage; extending the termination date of the Board of Marine Pilots; and providing for an effective date" pass the Senate?" The roll was taken with the following result:

CSSB 20(FIN)
Third Reading - Final Passage
Effective Date

YEAS: 18 NAYS: 0 EXCUSED: 1 ABSENT: 1

Yeas: Bunde, Cowdery, Davis, Dyson, Ellis, Elton, French, Green, Lincoln, Ogan, Olson, Seekins, Stevens B, Stevens G, Taylor, Therriault, Wagoner, Wilken

Excused: Guess

Absent: Hoffman

and so, CS FOR SENATE BILL NO. 20(FIN) passed the Senate.

Senator Ben Stevens moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clause. Without objection, it was so ordered and the bill was referred to the Secretary for engrossment.

Reconsideration of Senate Resolutions

SCR 1

Senator Ellis requested that the reconsideration on CS FOR SENATE CONCURRENT RESOLUTION NO. 1(FIN) be taken up. The resolution was before the Senate on reconsideration.

The question to be reconsidered: "Shall CS FOR SENATE CONCURRENT RESOLUTION NO. 1(FIN) Relating to economic development generated by new road construction and to the design and construction of the Hot Springs Loop Road to connect Chena Hot Springs and Circle Hot Springs, of a highway along the Bradfield/Iskut Rivers transportation corridor, of the Knik Arm Crossing, of a road from Iliamna Bay to Pile Bay, and of other roads and highways, pass the Senate?" The roll was taken with the following result:

CSSCR 1(FIN)

Third Reading - On Reconsideration

YEAS: 16 NAYS: 2 EXCUSED: 1 ABSENT: 1

Yeas: Bunde, Cowdery, Davis, Dyson, Elton, French, Green, Ogan, Olson, Seekins, Stevens B, Stevens G, Taylor, Therriault, Wagoner, Wilken

Nays: Ellis, Lincoln

Excused: Guess

Absent: Hoffman

and so, CS FOR SENATE CONCURRENT RESOLUTION NO. 1(FIN) passed the Senate on reconsideration and was referred to the Secretary for engrossment.

Second Reading of House Bills

HB 74

CS FOR HOUSE BILL NO. 74(FIN)(efd add) "An Act extending the termination date of the Board of Nursing; and providing for an effective date" was read the second time.

Senator Ben Stevens moved and asked unanimous consent that the bill be advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR HOUSE BILL NO. 74 (FIN)(efd add) was read the third time.

The question being: "Shall CS FOR HOUSE BILL NO. 74(FIN)(efd add) "An Act extending the termination date of the Board of Nursing; and providing for an effective date" pass the Senate?" The roll was taken with the following result:

CSHB 74(FIN)(efd add)
Third Reading - Final Passage
Effective Date

YEAS: 18 NAYS: 0 EXCUSED: 1 ABSENT: 1

Yeas: Bunde, Cowdery, Davis, Dyson, Ellis, Elton, French, Green, Lincoln, Ogan, Olson, Seekins, Stevens B, Stevens G, Taylor, Therriault, Wagoner, Wilken

Excused: Guess

Absent: Hoffman

and so, CS FOR HOUSE BILL NO. 74(FIN)(efd add) passed the Senate.

Senator Ben Stevens moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clause. Without objection, it was so ordered and the bill was signed by the President and Secretary and returned to the House.

Citations

Honoring – Bethel Regional High School Warriors Wrestlers
Senator(s) Hoffman, Ellis, Olson, Therriault, Ogan, Bunde, Cowdery, Davis, Dyson, Elton, Green, Guess, Lincoln, Seekins, Ben Stevens, Gary Stevens, Taylor, Wilken

Honoring – University of Alaska Anchorage (UAA) Jazz Week
Senator(s) French, Ellis, Therriault, Ogan, Bunde, Cowdery, Davis, Dyson, Elton, Green, Guess, Hoffman, Lincoln, Seekins, Ben Stevens, Gary Stevens, Taylor, Wilken

Honoring – Uwe L. Gross upon His Retirement as Chief Executive Officer of Koniag, Inc.
Senator(s) Gary Stevens, Therriault, Ogan, Bunde, Cowdery, Davis, Dyson, Elton, Green, Guess, Hoffman, Lincoln, Seekins, Ben Stevens, Taylor, Wilken

Honoring – The Emergency Department Staff, Alaska Regional Hospital

Senator(s) Davis, Ellis, Therriault, Ogan, Bunde, Cowdery, Dyson, Elton, Green, Guess, Hoffman, Lincoln, Olson, Seekins, Ben Stevens, Gary Stevens, Taylor, Wilken

Honoring – Marguerite Mead

Representative(s) Meyer

Senator(s) Cowdery, Therriault, Ogan, Bunde, Davis, Dyson, Elton, Green, Guess, Hoffman, Lincoln, Seekins, Ben Stevens, Gary Stevens, Taylor, Wilken

Honoring – Sitka High School Jazz Band and Jazz Choir

Representative(s) Wilson

Senator(s) Taylor, Therriault, Ogan, Bunde, Cowdery, Davis, Dyson, Elton, Green, Guess, Hoffman, Lincoln, Seekins, Ben Stevens, Gary Stevens, Wilken

In Memoriam – Kenneth John Alcantra

Representative(s) Stoltze

Senator(s) Ellis, Therriault, Ogan, Bunde, Cowdery, Davis, Dyson, Elton, Green, Guess, Hoffman, Lincoln, Seekins, Ben Stevens, Gary Stevens, Taylor, Wilken

Senator Ben Stevens moved and asked unanimous consent that the citations be adopted. Without objection, the citations were adopted and referred to the Secretary for transmittal.

Unfinished Business

Senator Davis moved and asked unanimous consent to be excused from a call of the Senate from March 17 through March 20 and on March 24, through evening plane time. Without objection, Senator Davis was excused.

Senator French moved and asked unanimous consent to be excused from a call of the Senate on March 10. Without objection, Senator French was excused.

Announcements

Announcements are at the end of the journal.

Engrossment**SB 20**

CS FOR SENATE BILL NO. 20(FIN) "An Act relating to the Board of Marine Pilots and to marine pilotage; extending the termination date of the Board of Marine Pilots; and providing for an effective date" was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

SCR 1

CS FOR SENATE CONCURRENT RESOLUTION NO. 1(FIN) Relating to economic development generated by new road construction and to the design and construction of the Hot Springs Loop Road to connect Chena Hot Springs and Circle Hot Springs, of a highway along the Bradfield/Iskut Rivers transportation corridor, of the Knik Arm Crossing, of a road from Iliamna Bay to Pile Bay, and of other roads and highways, was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

Adjournment

Senator Ben Stevens moved and asked unanimous consent that the Senate stand in adjournment until 10:00 a.m., March 7, 2003. Without objection, the Senate adjourned at 12:06 p.m.

Kirsten Waid
Secretary of the Senate

March 2003

Announcements

Americans with Disabilities Act Notice - Persons with disabilities who require special accommodation or alternative communication formats to access committee meetings may contact the appropriate committee office or the Legislative Information Office in their community. Reasonable advance notice is needed to accommodate the request. For further information, call the ADA Coordinator at 465-3854 Voice/465-4980 TDD.

STANDING COMMITTEES

+ indicates teleconference
 = indicates bill previously heard/scheduled

COMMUNITY & REGIONAL AFFAIRS

Mar 07	Friday No Meeting Scheduled	Fahrenkamp 203	1:30 PM
Mar 10	Monday No Meeting Scheduled	Fahrenkamp 203	1:30 PM
Mar 12	Wednesday No Meeting Scheduled	Fahrenkamp 203	1:30 PM
Mar 14	Friday No Meeting Scheduled	Fahrenkamp 203	1:30 PM

FINANCE

Mar 06	Thursday	Senate Finance 532	9:00 AM
= SB 75	SUPPLEMENTAL APPROPRIATIONS: FAST TRACK		
= SB 76	SUPPLEMENTAL APPROPRIATIONS		
SB 25	AHFC LOANS TO EDUCATORS		
SB 43	EXTEND STATE MEDICAL BOARD		
HB 71	EXTEND BOARD OF MIDWIVES		
	Bills Previously Heard/Scheduled		
Mar 07	Friday	Senate Finance 532	9:00 AM
	Bills Previously Heard/Scheduled		

FINANCE (continued)

- Mar 10 Monday Senate Finance 532 9:00 AM**
 No Meeting Scheduled
- Mar 11 Tuesday Senate Finance 532 9:00 AM**
 SB 71 TRANSPORTATION ENHANCEMENT PROJECTS
 = SB 25 AHFC LOANS TO EDUCATORS
 = HB 101 APPROP: GRANT TO ARCTIC POWER FOR ANWR
 HB 100 SUPPLEMENTAL APPROPRIATIONS: FAST TRACK
 <Pending Referral>
 Bills Previously Heard/Scheduled
- Mar 12 Wednesday Senate Finance 532 9:00 AM**
 AK Travel Industry Assoc. Presentation
 = HB 101 APPROP: GRANT TO ARCTIC POWER FOR ANWR
 = HB 100 SUPPLEMENTAL APPROPRIATIONS: FAST TRACK
 <Pending Referral>
 Bills Previously Heard/Scheduled
- Mar 13 Thursday Senate Finance 532 9:00 AM**
 SB 79 EXTEND ALASKA MINERALS COMMISSION
 Bills Previously Heard/Scheduled
- Mar 14 Friday Senate Finance 532 9:00 AM**
 Bills Previously Heard/Scheduled

HEALTH, EDUCATION & SOCIAL SERVICES

- Mar 10 Monday Butrovich 205 1:30 PM**
 + HCR 8 INHALANTS AND POISONS AWARENESS WEEK
 <Pending Referral>
 + SB 124 ALCOHOLISM AND DRUG ABUSE GRANTS
 + SB 123 ELIMINATE REVIEW OF ADOPTION SUBSIDIES
 Bills Previously Heard/Scheduled
 += SB 55 TAMPERING WITH PUBLIC RECORDS
 += SB 8 TAMPERING WITH PUBLIC RECORDS
- Mar 12 Wednesday Butrovich 205 1:30 PM**
 + Overview: Reorganization and Improvements
 Dept of Health and Social Services
 Bills Previously Heard/Scheduled

JUDICIARY

Mar 07 Friday Capitol 120 1:00 PM
No Meeting Scheduled

Mar 10 Monday Beltz 211 1:30 PM
No Meeting Scheduled

Mar 12 Wednesday Beltz 211 1:30 PM
+ Bills Previously Heard/Scheduled
+ SB 45 LB&A CRIMES AND COOPERATION
+ SJR 5 DESTROY BRADY BILL RECORDS
+ SJR 8 DIVISION OF 9TH CIRCUIT CT OF APPEALS
+ HB 12 HARASSMENT BY ELECTRONIC COMMUNICATION

Mar 14 Friday Beltz 211 1:30 PM
No Meeting Scheduled

LABOR & COMMERCE

Mar 06 Thursday Beltz 211 1:30 PM
+= SB 72 EXTEND REGULATORY COMMISSION OF ALASKA

Mar 11 Tuesday Beltz 211 1:30 PM
+ SB 93 ADVERSE POSSESSION
HB 58 REINSTATEMENT OF NATIVE CORPS

Mar 13 Thursday Beltz 211 1:30 PM
+ SB 82 ALCOHOLIC BEVERAGE TAX FOR WINE & OTHERS
+ HB 82 COMMERCIAL ELECTRONIC MAIL
+ SB 102 CHARITABLE GAMING REVENUE
Bills Previously Heard/Scheduled

RESOURCES

Mar 06 Thursday Capitol 121 1:30 PM
-- Rescheduled to 3/11/03 --
-- Time and Location Change --
Subcommittee Meeting
= HB 69 REGULATION OF SHALLOW NATURAL GAS

RESOURCES(continued)

Mar 07 Friday Fahrenkamp 203 9:00 AM
 -- Rescheduled from 3/11/03 --
 -- Time and Location Change --
 Subcommittee Meeting
 = HB 69 REGULATION OF SHALLOW NATURAL GAS

Mar 07 Friday Butrovich 205 3:30 PM
 No Meeting Scheduled

Mar 10 Monday Butrovich 205 3:30 PM
 + EO 107: Transferring Fish Habitat Functions from DFG to DNR
 + EO 106: Transferring AK Coastal Policy Council and Office of Coastal Mgmt to DNR
 + Bills Previously Heard/Scheduled

Mar 11 Tuesday Capitol 121 2:30 PM
 -- Rescheduled to 3/7/03 --
 -- Time and Location Change --
 Subcommittee Meeting
 = HB 69 REGULATION OF SHALLOW NATURAL GAS

Mar 12 Wednesday Butrovich 205 3:30 PM
 + SB 116 EMISSION CONTROL PERMIT PROGRAM
 + SB 44 OIL SPILL RESPONSE COST RECOVERY
 + Bills Previously Heard/Scheduled

Mar 14 Friday Butrovich 205 3:30 PM
 No Meeting Scheduled

STATE AFFAIRS

Mar 06 Thursday Beltz 211 3:30 PM
 <Rescheduled from 2/27/03>
 + Confirmation Hearings:State Commission on Human Rights - Grace Merkes, Lester Lunceford, Robert B. Sawyer, Jr
 AK Public Offices Commission - Larry D. Wood
 + SCR 4 AVALANCHE AWARENESS MONTH
 + SB 77 WILLIAM RANSOM WOOD CENTENNIAL BRIDGE

RESOURCES(continued)

Mar 11 Tuesday Beltz 211 3:30 PM
 + SJR 7 VANCOUVER'S BID FOR 2010 WINTER GAMES
 + SJR 9 SUPPORTING MEMBERS OF MILITARY
 += SB 65 CORRECTIONAL FACILITY EXPANSION
 + SB 99 CORRECTIONAL FACILITIES

Mar 13 Thursday Beltz 211 3:30 PM
 SB 83 SVEN HAAKANSON AIRPORT AT OLD HARBOR
 += SB 65 CORRECTIONAL FACILITY EXPANSION
 += SB 99 CORRECTIONAL FACILITIES

TRANSPORTATION

Mar 06 Thursday Butrovich 205 1:30 PM
 No Meeting Scheduled

Mar 11 Tuesday Terry Miller 104 1:30 PM
 -- Location Change --
 = SB 31 RAILROAD UTILITY CORRIDOR TO & IN CANADA
 <Bill Hearing Postponed to 3/18/03>
 + 1:30 - 2:00: Joint w/(H) Transportation
 Port of Bellingham
 2:00 - 3:00:
 HCR 2 EXTEND ALASKA RAILROAD TO FT. GREELY
 SB 103 MOTOR VEHICLE REGISTRATION FEES
 SB 106 FEE FOR STUDDERED TIRES
 SB 112 INCREASE MOTOR FUEL TAX

Mar 13 Thursday Terry Miller 104 1:15 PM
 -- Time and Location Change --
 + Joint w/(H) Transportation
 Airport Bond Issues

Mar 18 Tuesday Butrovich 205 1:30 PM
 -- Rescheduled from 3/11/03 --
 += SB 31 RAILROAD UTILITY CORRIDOR TO & IN CANADA

Mar 25 Tuesday Butrovich 205 1:30 PM
 += SB 40 CONSTRUCTION OF HIGHWAYS BY DOTPF

JOINT COMMITTEES**ARMED SERVICES COMMITTEE**

Mar 11 **Tuesday** **Senate Finance 532** **1:00 PM**
 Military Legislative Address:
 Lt General Carrol H. "Howie" Chandler,
 USAF Commander, Alaska Command
 Brigadier General Craig Campbell,
 Adjutant General, Alaska National Guard

LEGISLATIVE BUDGET & AUDIT

Mar 27 **Thursday** **House Finance 519** **4:00 PM**
 Audits and Other Committee Business
 Including an Executive Session

OTHER MEETINGS**FISH CAUCUS**

Mar 07 **Friday** **House Finance 519** **11:00 AM**
 -- Time Change --
 Fish Farming in British Columbia
 C.C. "Bud" Graham, Acting Deputy Minister
 for Agriculture, Food and Fisheries,
 Provincial Government of British Columbia

JOINT SESSION

Mar 31 **Monday** **House Chamber** **11:00 AM**
 Address by U.S. Senator Ted Stevens