

**SENATE JOURNAL**  
**ALASKA STATE LEGISLATURE**  
**TWENTY-FOURTH LEGISLATURE**

**FIRST SESSION**

**Juneau, Alaska                      Wednesday                      January 12, 2005**

**Third Day**

Pursuant to adjournment the Senate was called to order by President Stevens at 11:10 a.m.

The roll showed seventeen members present. Senators Bunde, Guess, Kookesh were excused from a call of the Senate.

The prayer was offered by the Chaplain, Pastor John Bigelow of the Bethany Baptist Church. Senator Hoffman moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

Father, I thank You for the day You have given to us.  
I thank You for these legislators who are gathered  
here today to do the business of the King. We pray  
for wisdom. We pray for guidance. There are many,  
many issues that face us today in our great state. We  
ask that You would lead us. We realize our frailty,  
the simplicity of our finite minds, and so we ask,  
God, that You would guide us as decisions are made.  
As we face the issues that come upon us in this great  
state, we thank You for the opportunity we have to  
serve You in this capacity. May You be honored.

I'll thank You in Jesus' name.                      Amen.

Senator Wagoner led the Senate in the Pledge of Allegiance.

**Certification**

Senator Gary Stevens moved and asked unanimous consent that the journal for the second legislative day be approved as certified by the Secretary. Without objection, it was so ordered.

**Introduction of Chamber Staff**

Senator French introduced Senate Sergeant at Arms Eric Huckaba of Anchorage.

Senator Seekins introduced Senate Page Heather Strange of Fairbanks.

Senator Stedman introduced Senate Page Kenny Terpsma of Ketchikan.

Senator Elton introduced Senate Pages Sandrenia Katasse, Erik Olmsted and Janell Mason of Juneau, and Senate Assistant Sergeant at Arms Will Ryan of Juneau.

Senator Green introduced Senate Page Katie Weimer of Palmer.

**Communications**

The following Budget and Audit Reports were received from Pat Davidson, Legislative Auditor, in accordance with AS 24.20.311 and are on file in the Office of the Secretary of the Senate:

State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2003, dated September 28, 2004

Unabridged 2004 Annual Report from the Legislative Budget and Audit Committee, dated January 10, 2005

Condensed 2004 Annual Report from the Legislative Budget and Audit Committee, dated January 10, 2005

## Department of Commerce, Community and Economic Development:

Board of Dental Examiners, Sunset Review, August 5, 2004

Board of Pharmacy, Sunset Review, September 3, 2004

Alaska's Sunset Process and Selected Investigative Issues,  
September 28, 2004

Board of Public Accountancy, Sunset Review, October 25, 2004

Board of Registration for Architects, Engineers, and Land  
Surveyors, Sunset Review, October 6, 2004Board of Barbers and Hairdressers, Sunset Review,  
October 14, 2004Board of Social Work Examiners, Sunset Review,  
October 27, 2004Board of Professional Counselors, Sunset Review,  
November 2, 2004Board of Marital and Family Therapy, Sunset Review,  
November 1, 2004Board of Psychologists and Psychological Associate Examiners,  
Sunset Review, October 27, 2004

Board of Veterinary Examiners, Sunset Review, October 29, 2004

Department of Health and Social Services; Statewide Suicide  
Prevention Council, Sunset Review, November 15, 2004Department of Natural Resources; Alaska Seismic Hazards Safety  
Commission, Sunset Review, October 22, 2004Department of Transportation and Public Facilities; Employment  
Opportunities for Women Engineers, November 8, 2004**Introduction and Reference of  
Senate Resolutions****SR 1**

SENATE RESOLUTION NO. 1 BY THE RULES COMMITTEE,

Establishing a Senate Special Committee on World  
Trade and State/Federal Relations.

was read the first time.

The following fiscal information was published today:  
Fiscal Note No. 1, zero, Senate Rules Committee

The resolution is on today's calendar.

**Introduction and Reference of Senate Bills**

**SB 47**

SENATE BILL NO. 47 BY SENATOR DYSON, entitled:

"An Act increasing the penalty for failure to report  
child abuse or neglect."

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

**SB 48**

SENATE BILL NO. 48 BY SENATOR DAVIS, entitled:

"An Act relating to recommending or refusing  
psychotropic drugs or certain types of evaluations or  
treatments for children."

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

**SB 49**

SENATE BILL NO. 49 BY SENATOR FRENCH, entitled:

"An Act relating to listing certain anabolic steroids as  
controlled substances."

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

**SB 50**

SENATE BILL NO. 50 BY SENATOR FRENCH, entitled:

"An Act relating to the oil and gas properties production (severance) tax as it applies to oil; establishing a minimum rate of tax for certain fields of five percent; providing for an adjustment to increase the tax collected when oil prices exceed \$20 per barrel and to reduce the tax collected when oil prices fall below \$16 per barrel; and providing for relief from the tax when the price per barrel is low or when the taxpayer demonstrates that a reduction in the tax is necessary to establish or reestablish production from an oil field or pool that would not otherwise be economically feasible."

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

**SB 51**

SENATE BILL NO. 51 BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to contracts for the provision of state public assistance to certain recipients in the state; providing for regional public assistance plans and programs in the state; relating to grants for Alaska Native family assistance programs; relating to assignment of child support by Alaska Native family assistance recipients; relating to paternity determinations and genetic testing involving recipients of assistance under Alaska Native family assistance programs; and providing for an effective date."

was read the first time and referred to the Community and Regional Affairs, 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 January 11, 2005:

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Native family assistance grant program. This bill would reauthorize the Alaska Native family assistance grant program, which was enacted in ch. 96, SLA 2000 as a temporary pilot program.

The federal Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (P.L.104-193) (PRWORA) gave Alaska Native and American Indian tribes the authority to assume responsibility for providing public assistance and self-sufficiency services by administering the Temporary Assistance for Needy Families program (TANF) independent of state welfare agencies. The law also set out the methodology for federal financing of tribal TANF programs, but did not address state financing or any state maintenance-of-effort provisions. In response, ch. 96, SLA 2000 was enacted into law, authorizing the Department of Health and Social Services (department) to award and administer federally authorized tribal TANF providers in Alaska with Native Family Assistance Program (NFAP) grants on a pilot program basis. The financing was limited to only four of the 13 Alaska Native nonprofit organizations authorized in PRWORA: Tanana Chiefs Conference, Tlingit-Haida Central Council, Association of Village Council Presidents, and the Metlakatla Indian Community of the Annette Islands Reserve. Each of these organizations, except Metlakatla, is now operating a tribal TANF program and receiving financing from the department in the form of an Alaska Native family assistance grant. This temporary law program will sunset on June 30, 2005.

In addition to reauthorizing the pilot program on a permanent basis in statute, this bill also would include the other nine Alaska native nonprofit organizations authorized in federal law to operate tribal TANF programs: Arctic Slope Native Association, Kawerak, Inc., Maniilaq Association, Cook Inlet Tribal Council, Bristol Bay Native Association, Aleutian and Pribilof Island Association, Chugachmiut, Kodiak Area Native Association, and Copper River Native Association.

From the outset, the State of Alaska has supported the establishment and development of the tribal TANF programs. The NFAP program affirms the state's interest in promoting regional responsibility and local control for public assistance programs in Alaska. Families served by tribal TANF programs have been successful in moving families from welfare to work. The local presence and familiarity with village and community life puts the tribal administrators in the best position to implement the program and to successfully promote self-sufficiency for their clients.

Since enactment of ch. 96, SLA 2000, three Alaska Native groups not currently authorized to receive Alaska Native family assistance grants are either actively planning a tribal TANF program or have expressed interest in beginning the planning process. Cook Inlet Tribal Council plans to begin operating a tribal TANF program in July 2005 and is currently receiving technical support from the department. The Bristol Bay Native Association has submitted a letter of intent to begin operating a tribal TANF program in July 2005, and Chugachmiut has also advised the department of its interest in developing a tribal TANF program.

Funding for tribal TANF program operations comes from the federal TANF block grant and is supplemented by state grant funds that would otherwise be spent to serve the same number of Alaska Native families receiving assistance from the state's temporary assistance program. Enacting this bill will not take away the state oversight of TANF program operations. Tribal providers who receive NFAP grants enter into a contractual agreement with the State of Alaska to provide timely and accurate cash assistance, eligibility services, case management and other welfare-to-work services, supportive services, child care assistance, and administrative support to all eligible families living within their service area. Furthermore, the contract requires tribal providers to report monthly to the Division of Public Assistance (DPA) and allows DPA to monitor and evaluate the tribal program to assure grant money is being used to serve eligible families.

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor

**SB 52**

SENATE BILL NO. 52 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the reorganization of certain functions of the division of banking, securities, and corporations and the division of occupational licensing in the Department of Commerce, Community, and Economic Development; and providing for an effective date."

was read the first time and referred to the Labor and Commerce Committee.

The following fiscal information was published today:

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

Governor's transmittal letter dated January 11, 2005:

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the reorganization of certain business functions in the Department of Commerce, Community, and Economic Development (department).

This bill would make statutory changes needed to fully effectuate my Administrative Order No. 219, issued September 17, 2004. The purpose of that Order, and this bill, is to further a coordinated, "one-stop shopping" environment for establishing corporations, limited liability companies, and other business entities, for registering and reserving business names, and for obtaining business and occupational

licenses. Under the Order, almost all "corporations" functions were moved from the Division of Banking, Securities, and Corporations to the Division of Occupational Licensing in the department. To reflect this reorganization in the statutes, the bill would substitute "department" for references to the two specific divisions. These amendments also will allow the commissioner of the department future latitude in assigning duties and functions within the department, including renaming divisions to more accurately reflect their current objectives.

Under the Order and this bill, duties related to the Alaska BIDCO Act under AS 10.13 and required statements of financial conditions of business entities would not be moved to the division of occupational licensing, although references in AS 10.13 to the Division of Banking, Securities, and Corporations would be changed by the bill to refer to the department rather than the currently named division.

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski

Governor

**SB 53**

SENATE BILL NO. 53 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to a credit for certain exploration expenses against oil and gas properties production taxes on oil and gas produced from a lease or property in the state; relating to the deadline for certain exploration expenditures used as credits against production tax on oil and gas produced from a lease or property in the Alaska Peninsula competitive oil and gas areawide lease sale area after July 1, 2004; 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, zero, Department of Revenue  
Fiscal Note No. 2, indeterminate, Department of Natural  
Resources

Governor's transmittal letter dated January 11, 2005:

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to a credit for certain exploration expenses against oil and gas properties production taxes on oil and gas produced from a lease or property in the state and relating to the deadline for certain exploration expenditures used as credits against production tax on oil and gas produced from a lease or property in the Alaska Peninsula competitive oil and gas areawide lease sale area after July 1, 2004.

The Bristol Bay area is one of the largest onshore tracts in Alaska to potentially open for oil and gas leasing in the last 20 years. The northerly portion of the basin is believed to be gas prone. Extending the timeframe for exploration incentives will benefit the residents of the region with the potential for a natural gas supply that could lower their fishing costs, provide heat for their homes and result in less expensive power.

In the interest of providing tax incentives to encourage exploration in Alaska, new AS 43.55.025, which allows oil producers to credit exploration expenditures against production tax on oil and gas produced after July 1, 2004, was added in the 2003 session (HCS CSSB 185(O&G) am H; ch. 59, SLA 2003 (effective September 9, 2003)).

In order to qualify for the production tax credit under that statute, exploration expenditures must be incurred on or after July 1, 2003, and before July 1, 2007. It has become apparent that the July 1, 2007, deadline will come too soon for oil producers that obtain leases in the proposed Bristol Bay (Alaska Peninsula) Competitive Oil and Gas Areawide Lease Sale Area described in ch. 9, SLA 2004 (which took effect March 18, 2004). In this proposed lease sale area, the

Department of Natural Resources anticipates that leases would not be issued until the spring of 2006. Given this timetable, it is likely that exploration expenditures on these leases would occur after July 1, 2007, in which case they could not be credited against future production taxes.

In order to provide similar tax incentives to the bidders on these proposed oil and gas leases, this bill would extend the deadline for exploration expenditures in the proposed Bristol Bay (Alaska Peninsula) competitive oil and gas areawide lease sale area to July 1, 2010. This bill also would make some minor technical changes to AS 43.55.025 to clarify the intent and harmonize terms used in that recently enacted section.

I urge your support of this important legislation.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor

### **Consideration of the Calendar**

#### **Second Reading of Senate Resolutions**

##### **SR 1**

SENATE RESOLUTION NO. 1 was read the second time and was before the Senate on final passage.

The question being: "Shall SENATE RESOLUTION NO. 1 Establishing a Senate Special Committee on World Trade and State/Federal Relations, pass the Senate?" The roll was taken with the following result:

SR 1

Second Reading - Final Passage

**YEAS: 17 NAYS: 0 EXCUSED: 3 ABSENT: 0**

Yeas: Cowdery, Davis, Dyson, Ellis, Elton, French, Green, Hoffman, Huggins, Olson, Seekins, Stedman, Stevens B, Stevens G, Therriault, Wagoner, Wilken

Excused: Bunde, Guess, Kookesh

and so, SENATE RESOLUTION NO. 1 passed the Senate and was referred to the Secretary for engrossment and enrollment.

### **Citations**

Commemorating – Dr. Martin Luther King, Jr. Day

Senator(s) Davis, Ellis, Elton, Kookesh, French, Ben Stevens, Bunde, Cowdery, Dyson, Guess, Hoffman, Olson, Seekins, Stedman, Gary Stevens, Therriault, Wagoner, Wilken

Senator Gary Stevens moved and asked unanimous consent that the citation be adopted. Without objection, the citation was adopted and referred to the Secretary for transmittal.

### **Unfinished Business**

Senator Seekins moved and asked unanimous consent to be excused from a call of the Senate from afternoon plane time, January 21 through evening plane time, January 23. Without objection, Senator Seekins was excused.

Senator Hoffman moved and asked unanimous consent to be excused from a call of the Senate on January 14. Without objection, Senator Hoffman was excused.

Senator Huggins moved and asked unanimous consent to be excused from a call of the Senate from evening plane time, January 13 through evening plane time, January 14. Without objection, Senator Huggins was excused.

Senator Olson moved and asked unanimous consent to be excused from a call of the Senate from January 14 through morning plane time, January 19. Without objection, Senator Olson was excused.

Senator Davis moved and asked unanimous consent to be excused from a call of the Senate on January 14. Without objection, Senator Davis was excused.

Senator Wagoner moved and asked unanimous consent to be excused from a call of the Senate from plane time, January 14 through plane time, January 18. Without objection, Senator Wagoner was excused.

#### **Announcements**

Announcements are at the end of the journal.

#### **Recess**

Senator Gary Stevens moved and asked unanimous consent that the Senate stand in recess to 6:45 p.m. Without objection, the Senate recessed at 12:00 p.m.

#### **After Recess**

The Senate reconvened at 6:43 p.m.

Senator Gary Stevens moved and asked unanimous consent that the Senate stand in recess to the Joint Session. Without objection, the Senate recessed at 6:43 p.m.

#### **Joint Session in the House**

Speaker Harris called the House to order and in accordance with Uniform Rule 51 turned the gavel over to President Stevens, who called the Joint Session to order at 7:01 p.m.

The purpose of the Joint Session was to hear an address by the Honorable Frank H. Murkowski, Governor.

Senator Gary Stevens moved and asked unanimous consent that the roll call of the Senate be waived and all members be shown as present. Without objection, it was so ordered.

Representative Coghill moved and asked unanimous consent that the roll call of the House be waived and all members be shown as present. Without objection, it was so ordered.

President Stevens appointed Representative Kott and Senator Therriault to escort Governor Frank H. Murkowski to the Joint Session.

The Senate Sergeant at Arms, Eric Huckaba, announced Governor Murkowski's entrance to the House Chamber.

The Honorable Frank H. Murkowski was escorted to the rostrum and welcomed by President Stevens.

Governor Murkowski delivered his address. This address appears in Senate and House Joint Journal Supplement No. 1.

Following his address, Governor Frank Murkowski received a standing ovation and was escorted from the chamber by Senator Therriault and Representative Kott.

Senator Gary Stevens moved and asked unanimous consent that the Joint Session stand in adjournment. Without objection, President Stevens adjourned the Joint Session at 8:02 p.m.

#### **After Recess**

#### **In the Senate**

The Senate reconvened at 8:05 p.m.

**Adjournment**

Senator Gary Stevens moved and asked unanimous consent that the Senate stand in adjournment until 10:00 a.m., January 14, 2005. Without objection, the Senate adjourned at 8:06 p.m.

Kirsten Waid  
Acting Secretary of the Senate

January 2005

**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

**RULES**

<b>Jan 13</b>	<b>Thursday</b>	<b>Location Tba</b>	<b>10:00 AM</b>
	-- Meeting Canceled --		
	JOINT W/(H) RULES		
	Lounge Staff Salaries		

**OTHER MEETINGS****JOINT SESSION**

<b>Jan 12</b>	<b>Wednesday</b>	<b>House Chamber</b>	<b>7:00 PM</b>
	Address by Governor Frank H. Murkowski		
	State of the State and the Budget Message		