

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

**FIRST SESSION**

**Juneau, Alaska**

**Friday**

**January 14, 2005**

**Fifth Day**

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

The roll showed eleven members present. Senators Davis, Guess, Hoffman, Huggins, Kookesh, Olson, Wilken were excused from a call of the Senate. Senators Dyson, Therriault were absent.

Senator Gary Stevens moved and asked unanimous consent that Senator Dyson be excused from a call of the Senate today. Without objection, Senator Dyson was excused. The presence of Senator Dyson was noted later.

The prayer was offered by the Chaplain, Rabbi Anne Brener of the Juneau Jewish Community. Senator Cowdery moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

With deepest respect for the religious beliefs of all Alaskans and for the constitutional imperative of the separation of church and state, we lift our voices and our hearts to the source of wisdom, insight, justice and compassion. We ask that those in whom the citizens of this great state have put their trust be guided by these higher values.

Here, in the magnificent and vast state of Alaska, a place which so reveals the beauty and richness that is creation, may we stand together in awe and in humility, to accept our responsibility as stewards of the mystery that gives life to the world.

*Oseh shalom bimromav,*  
 May the one who makes peace in the high places,  
*hu ya-asseh shalom aleinu,*  
 help us be instruments of Shalom: of peace,  
 wholeness and healing,  
*v'al kol yoshvei teyvel,*  
 to all in need of blessing who dwell on earth.  
 V'imru Amen.

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

### **Certification**

Senator Gary Stevens moved and asked unanimous consent that the journals for the third and fourth legislative days and Senate and House Joint Journal Supplement No. 1 be approved as certified by the Secretary. Without objection, it was so ordered.

### **Introduction of Guests**

Senator Seekins introduced the following members from the Canadian Consulate and the Pacific Northwest Economic Region (PNWER):

Karen Matthias, Consul, Canadian Consulate  
 Lawrie Crawford, Director, Yukon Economic Development, Canada  
 Mel Knight, Member of the Legislative Assembly, Alberta, Canada  
 Matt Morrison, Executive Director, PNWER

### **Communications**

Alaska Labor Relations Agency, 2003 Annual Report  
 dated October 4, 2004  
 from Mark Torgerson, Administrator/Hearing Examiner  
 in accordance with AS 23.05.370(a)(4)

Advisory Opinions 04-01 and 04-02, dated January 10, 2005  
 from H. Conner Thomas, Chair, Select Committee on  
 Legislative Ethics  
 in accordance with AS 24.60.150 and AS 24.60.160

Public Decisions, dated January 1, 2004 – December 31, 2004  
from H. Conner Thomas, Chair, Select Committee on  
Legislative Ethics  
in accordance with AS 24.60.170

The presence of Senator Therriault was noted.

**Introduction and Reference of  
Senate Resolutions**

**SJR 3**

SENATE JOINT RESOLUTION NO. 3 BY SENATOR ELTON,

Relating to the labeling of fish products and  
processed food items containing fish to identify the  
country of origin and to distinguish between wild and  
farmed fish and fish products.

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

**Introduction and Reference of Senate Bills**

**SB 16**

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 16, BY  
SENATOR GARY STEVENS, entitled:

"An Act relating to the powers and duties of the  
Department of Transportation and Public Facilities;  
repealing the requirement for a long-range program  
for highway construction and maintenance; and  
repealing a requirement that public facilities comply  
with energy standards adopted by the Department of  
Transportation and Public Facilities."

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

**SB 43**

SENATE BILL NO. 43 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act making special appropriations for the support of K-12 public education in the state; and providing for an effective date."

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

Governor's transmittal letter dated January 12, 2005:

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making special appropriations for the support of K-12 public education in the state.

I am asking the Legislature to not only make permanent the \$84 million increase to K-12 education approved for fiscal year 2005, but to increase education by another \$127 million over the next two fiscal years. I am asking that the Legislature give the education budget priority by passing appropriations for fiscal years 2006 and 2007 during the first regular session of this Legislature.

I want to avoid the unnecessary cycle of districts sending pink slips to teachers each school year as a means of anticipating possible budget cuts. It is my sincere hope that this early funding package will let schools focus on teaching over the next two fiscal years instead of worrying about how to make ends meet.

This bill would cover fixed retirement costs, higher-than-expected costs of fuel oil, and other inflationary costs as well as providing the money necessary to pay the core costs of classroom education. These appropriations would be conditioned on the enactment of an increase of \$304 in the base student allocation for fiscal year 2006 and another increase of \$310 for fiscal year 2007 and subsequent years. Meeting these costs and enacting the increases to the base student allocation would address the needs of school districts in the state by allowing them to stabilize their administrative planning and concentrate their

efforts and resources on increasing student achievement and efficiently running the state's K-12 educational system.

I urge your favorable consideration of this bill.

Sincerely yours,

/s/

Frank H. Murkowski

Governor

**SB 44**

SENATE BILL NO. 44 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 transmitted.

Governor's transmittal letter dated January 12, 2005:

Dear President Stevens:

I am today transmitting a separate FY 2006 appropriations bill for the state's comprehensive mental health program. As required by statute, it includes both operating and capital appropriations and is accompanied by a report outlining the differences between my budget and the recommendations of the Alaska Mental Health Trust Authority.

The proposed mental health budget represents a cooperative effort between state agencies, the Trustees, and Trust Authority staff. Coupled with the resources that have been appropriated in recent years, these productive working relationships have made a positive

difference for Alaska's mental health beneficiaries. Regrettably, we were unable to augment some of the Trust's requests with state general funds.

I look forward to working with the Legislature this session.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor

**SB 45**

SENATE BILL NO. 45 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 January 12, 2005:

Dear President Stevens:

The operating budget bill delivered today contains my proposal for the 2006 fiscal year.

My budget proposals reflect our obligation to meet a state's traditional responsibilities to its citizens. It reflects our commitment to growing the state's economy through resource development, which provides Alaska families with opportunities for good jobs and careers. Jobs also provide an economic base for our communities so they too can meet their local responsibilities to citizens.

The challenges our administration faced in developing our spending proposals for this session were very different from those of the last

two years. During our first two years, our administration faced up to the fiscal realities and we got control of state spending.

Even though record-breaking oil prices have changed today's budgeting pressures, it is just as important that we be prudent and disciplined in our spending decisions. The potential for a \$1 billion swing in current fiscal year revenues must serve as a reminder of the volatility of the underpinnings of our revenue system and the precariousness of the state's ability to afford consistent delivery of services to Alaskans.

This operating budget, as well as our other proposals, reflects our administration's priorities to: grow Alaska's economy and create jobs for Alaskans by responsibly developing our abundant natural resources, which also requires a quality education that prepares Alaskans to take these jobs; assure that Alaskans are safe in their communities; and assure that Alaska families are healthy with a good quality of life.

The spending proposals, as well as our other actions taken and legislation that will be proposed, will make significant contributions to further advancing our success in meeting these priorities.

While our administration is focused on developing Alaska's economy, we are just as mindful of our responsibilities to protect those Alaskans that are most vulnerable. We are again proposing additional resources and staff to the Office of Children's Services so that we can continue our commitment to protect Alaska's most at-risk children.

We are proposing to increase state financial support for our K-12 educational system. If approved by the Legislature, the per student amount will have increased 29 percent during this administration, which reflects our commitment to ensure that those in school today will be fully prepared to enter tomorrow's job market. We also will propose that we use some of the current year's windfall to help pay for this increase for the next two years.

As we look to the state's fiscal future, we are very mindful of our challenge to ensure that state government and the services it delivers to Alaskans is fiscally sound between now and when the gasline is in

service in 2012. Natural resource development represents this administration's long-term fiscal solution. The fiscal challenge we face between now and then is real, and we cannot procrastinate our way to fiscal security. I urge the Legislature to either pass the fiscal plan I presented last year or come up with one of its own. The time to act is now while we enjoy good economic times.

Our administration's Fiscal Year 2006 operating budget and other proposals will help create the kind of Alaska in which Alaskans can fulfill their tremendous potential and achieve their dreams. By our working together on what I believe to be a shared vision for the future, it will mean every Alaskan can have hope for what the future will bring, instead of simply hoping for a future.

To these ends, I look forward to working with the Legislature.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor

**SB 46**

SENATE BILL NO. 46 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act making capital appropriations and appropriations to capitalize funds; and providing for an effective date."

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

Governor's transmittal letter dated January 12, 2005:

Dear President Stevens:

The capital budget bill delivered today contains my proposal for the 2006 fiscal year.

As you know, a capital budget is how a government meets one of its most basic infrastructure responsibilities to citizens, that of ensuring safe roads, schools, and state facilities.



Overall, the capital budget totals a little over \$1 billion of which \$825 million will be supported by federal funds. Of this, \$518 million in federal transportation funds are proposed for road, highway, ferry, and airport projects throughout Alaska. Another \$134 million of primarily state funds is proposed to tackle the state's backlog of deferred maintenance, which ranges from repairs to Pioneers' Homes and correctional facilities to fixing state roads, airports, and harbors. It also includes \$30 million to fund priority major maintenance in schools around the state.

The capital budget also includes \$145 million in state funds for two major transportation initiatives. The first is \$37 million for transportation projects that will provide access to some of our natural resources so economic development can take place and create good jobs, especially in rural Alaska. Another \$108 million is proposed for projects that will help relieve congestion in Alaska's more populated communities.

In addition to maximizing federal funds, the administration is looking at ways to leverage limited state funds. Using the bond capacity of state corporations is one way to stretch state dollars in the short-term and still enable us to meet the state's responsibilities. At the same time we are able to prudently save the state's reserves while we aggressively work on new revenue from resource development.

The proposal also includes \$340 million of primarily transportation, university, and deferred maintenance projects that will be funded through bonds issued by the Heritage Securitization Corporation, that I will propose to create in separate legislation. Debt will be issued over several years as money is needed to pay for projects. Debt service will be paid from the Heritage Capital Fund, which consists of earnings of the Amerada Hess settlement principal.

The capital budget includes proceeds from the sale of bonds by the Alaska Student Loan Corporation (ASLC). This is the second of a three-year plan by which ASLC is repaying the state for its initial investment of \$300 million in student loan programs. The proposal reflects the corporation's desire to assist the state in bridging its short-term fiscal gap. This proposal will have *no impact on student loan programs*. ASLC plans to repay the state up to \$260 million by the end of FY 2007.

I look forward to working closely with this Legislature to jointly craft a capital budget that provides Alaska residents essential state services and creates good jobs for hard working Alaskans.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor

SENATE BILL NO. 47 through SENATE BILL NO. 53 were introduced on January 12.

**SB 54**

SENATE BILL NO. 54 BY SENATORS DYSON, Guess, entitled:

"An Act relating to notification to victims of sexual assault; relating to protective orders; and relating to arrests for crimes involving sexual assault, violation of protective orders, or violation of conditions of release."

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

**SB 55**

SENATE BILL NO. 55 BY SENATOR WAGONER, entitled:

"An Act instructing the commissioner of natural resources to issue a patent for the remaining interest in certain state land to the owner of the agricultural rights to that land."

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

**SB 56**

SENATE BILL NO. 56 BY SENATORS THERRIAULT, Seekins, entitled:

"An Act relating to criminal law and procedure, criminal sentences, and probation and parole; and providing for an effective date."

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

**SB 57**

SENATE BILL NO. 57 BY SENATOR GUESS, entitled:

"An Act relating to limits in a public school district budget on school and correspondence study program operating expenditures used for administrative expenses; and providing for an effective date."

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

**SB 58**

SENATE BILL NO. 58 BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR, entitled:

"An Act increasing the base student allocation for state financing of public schools; and providing for an effective date."

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

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 January 12, 2005:

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would raise the base student allocation for

students attending public school grade levels kindergarten through 12 (K-12) over the next two years. This bill is an important component of my effort to forward-finance K-12 public education at a level that meets the increased costs our school districts have seen in recent years.

Under the bill, the base student allocation would increase to \$4,880 for fiscal year 2006, and to \$5,190 for fiscal year 2007 and subsequent years. Currently, the base student allocation is set at \$4,576. My proposal will result in a \$62 million increase for school districts in FY 06 and a \$64 million increase in FY 07.

In FY 06, school districts will face an estimated \$39 million increase in Public Employees' Retirement System and Teachers' Retirement System with an additional \$40 million increase in FY 07. Combined with inflation, the escalating price of keeping our promise to retired teachers and school employees has unintentionally placed our public school system in a budget crisis. School districts are forced to eliminate essential programs and staff making it increasingly more difficult to provide the highest quality of education possible for our children. The funding blueprint I am presenting in this bill will cover those burdensome cost increases over the next two years, allowing our school administrators to proactively manage their budgets so teachers can focus on improving student achievement.

I urge your prompt and favorable action on this measure, so very important to the future of Alaska's public schools and our children.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor

**SB 59**

SENATE BILL NO. 59 BY SENATOR DYSON, entitled:

"An Act relating to service as a diplomat in the United States Foreign Service as an allowable absence from the state for purposes of eligibility for permanent fund dividends; and providing for an effective date."

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

**SB 60**

SENATE BILL NO. 60 BY SENATORS BEN STEVENS, Therriault, entitled:

"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

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

**Unfinished Business**

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

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

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

Senator Bunde moved and asked unanimous consent to be excused from a call of the Senate from evening plane time, January 14 through evening plane time, January 23. Without objection, Senator Bunde was excused.

The presence of Senator Dyson was noted.

**Announcements**

Announcements are at the end of the journal.

**Adjournment**

Senator Gary Stevens moved and asked unanimous consent that the Senate stand in adjournment until 11:00 a.m., January 18, 2005. Without objection, the Senate adjourned at 10:29 a.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

**COMMUNITY & REGIONAL AFFAIRS**

<b>Jan 24</b>	<b>Monday</b>	<b>Senate Finance 532</b>	<b>1:30 PM</b>
		JOINT W/(H) COMMUNITY & REGIONAL AFFAIRS	
		Local Boundary Commission Report	
		Overview of Annual Report	
<b>Jan 26</b>	<b>Wednesday</b>	<b>Fahrenkamp 203</b>	<b>1:30 PM</b>
SB 14	MUNICIPAL ELECTIONS		

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**FINANCE**

<b>Jan 17</b>	<b>Monday</b>	<b>Senate Finance 532</b>	<b>9:00 AM</b>
	No Meeting Scheduled		
<b>Jan 18</b>	<b>Tuesday</b>	<b>Senate Finance 532</b>	<b>9:00 AM</b>
	No Meeting Scheduled		
<b>Jan 19</b>	<b>Wednesday</b>	<b>Senate Finance 532</b>	<b>9:00 AM</b>
	No Meeting Scheduled		
<b>Jan 20</b>	<b>Thursday</b>	<b>Senate Finance 532</b>	<b>9:00 AM</b>
	No Meeting Scheduled		
<b>Jan 21</b>	<b>Friday</b>	<b>Senate Finance 532</b>	<b>9:00 AM</b>
	No Meeting Scheduled		

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**HEALTH, EDUCATION & SOCIAL SERVICES**

<b>Jan 17</b>	<b>Monday</b>	<b>Butrovich 205</b>	<b>1:30 PM</b>
	No Meeting Scheduled Martin Luther King, Jr. Day		
<b>Jan 19</b>	<b>Wednesday</b>	<b>Senate Finance 532</b>	<b>1:30 PM</b>
	-- Location Change -- JOINT W/(H) H.E.S.S. Overview Presentation: Governor's Council on Disabilities & Special Education		
+	SB 10	PARENTAL LIABILITY FOR CHILD'S DAMAGE	
+	SB 22	MEDICAID COVERAGE FOR BIRTHING CENTERS	
<b>Jan 21</b>	<b>Friday</b>	<b>Butrovich 205</b>	<b>1:30 PM</b>
	No Meeting Scheduled		

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**JUDICIARY**

<b>Jan 18</b>	<b>Tuesday</b>	<b>Butrovich 205</b>	<b>8:30 AM</b>
+	SB 56	CRIMINAL LAW/PROCEDURE/SENTENCING	
<b>Jan 19</b>	<b>Wednesday</b>	<b>Butrovich 205</b>	<b>8:30 AM</b>
+	SB 19	CIVIL LEGAL SERVICES FUND	
+	Bills Previously Heard/Scheduled		
<b>Jan 20</b>	<b>Thursday</b>	<b>Butrovich 205</b>	<b>8:30 AM</b>
+	Bills Previously Heard/Scheduled		

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**LABOR & COMMERCE**

<b>Jan 18</b>	<b>Tuesday</b>	<b>Beltz 211</b>	<b>1:30 PM</b>
	No Meeting Scheduled		
<b>Jan 20</b>	<b>Thursday</b>	<b>Beltz 211</b>	<b>1:30 PM</b>
	No Meeting Scheduled		

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**RESOURCES**

<b>Jan 17</b>	<b>Monday</b> No Meeting Scheduled	<b>Butrovich 205</b>	<b>3:30 PM</b>
<b>Jan 19</b>	<b>Wednesday</b> -- Time Change -- JOINT W/(H) RESOURCES Overview: + Dept of Fish & Game + Dept of Natural Resources + Natural Gas 101	<b>Butrovich 205</b>	<b>1:00 PM</b>
<b>Jan 21</b>	<b>Friday</b> No Meeting Scheduled	<b>Butrovich 205</b>	<b>3:30 PM</b>

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**STATE AFFAIRS**

<b>Jan 20</b>	<b>Thursday</b> SB 36 ABSENTEE BALLOT APPLICATIONS	<b>Beltz 211</b>	<b>3:30 PM</b>
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**TRANSPORTATION**

<b>Jan 18</b>	<b>Tuesday</b> No Meeting Scheduled	<b>Butrovich 205</b>	<b>1:30 PM</b>
<b>Jan 20</b>	<b>Thursday</b> No Meeting Scheduled	<b>Butrovich 205</b>	<b>1:30 PM</b>