

SENATE JOURNAL
ALASKA STATE LEGISLATURE
TWENTY-FOURTH LEGISLATURE
FOURTH SPECIAL SESSION

Juneau, Alaska

Sunday

November 19, 2006

Sixth Day

Pursuant to adjournment the Senate was called to order by President pro tempore Gary Stevens at 4:28 p.m.

The roll showed thirteen members present. Senators Davis, Guess, Olson, Therriault, Wagoner, Wilken, Ben Stevens were absent.

The prayer was offered by the Chaplain, Phaedra McKinnon. Senator Hoffman moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

Dear Heavenly Father,

Thank You for allowing us all to be here. Please renew our spirits today and let us be optimistic and hopeful. Allow healing and tranquility to seep into us and clear our minds and hearts of bitterness. Today is a new day, let us rejoice in it.

I say these things in the name of Jesus Christ. Amen.

Senator Elton led the Senate in the Pledge of Allegiance.

Senator Green, Acting Majority Leader, moved and asked unanimous consent that Senators Davis, Guess, Olson, Therriault, Wagoner, Wilken, Ben Stevens be excused from a call of the Senate today. Without objection, Senators Davis, Guess, Olson, Therriault, Wagoner, Wilken, Ben Stevens were excused.

Certification

Senator Green, Acting Majority Leader, moved and asked unanimous consent that the journals for the second through fifth legislative days be approved as certified by the Secretary. Without objection, it was so ordered.

Messages from the Governor

Executive Proclamation
by
Frank H. Murkowski, Governor

Under the authority of art. II, sec. 9, and art. III, sec. 17, of the Alaska Constitution, and in the public interest, I am supplementing my proclamation of October 27, 2006, calling the Twenty-Fourth Legislature of the State of Alaska into its fourth special session at Juneau, Alaska on November 13, 2006, with the addition of the following subject:

Relating to employment-related benefits for same-sex domestic partners of public employees and of members of the state's retirement systems, and to an advisory vote relating to those benefits for same-sex domestic partners.

This proclamation supplements my proclamation of October 27, 2006.

Dated at Juneau, Alaska this 16th day of November, 2006.

/s/

Frank H. Murkowski, Governor

Message dated November 16 was received, stating:

Dear President Stevens:

It is with pleasure and a deep sense of satisfaction that pursuant to article III, section 18, of the Alaska Constitution, the authority of the Stranded Gas Development Act, that I transmit to you under my

signature and place in your control and responsibility the vehicle containing the economic and other analysis and documents necessary to finalize the Alaska gas pipeline contract. This package will empower the Legislature and the new administration to finalize the gas pipeline contract in the near term to secure Alaska's future.

We commit our support to work with the new governor and her staff to finalize this contract. What we are proposing today will prove to be the only expeditious and economically viable project to market Alaska gas resources. I stand ready to assist the new governor and the 25th Legislature to bring it to a successful conclusion in the interest of all Alaskans.

Under article III, section 18, of the Alaska Constitution I hereby find that it is necessary to the future welfare of the State of Alaska that a gas pipeline contract be completed immediately to start the process of transforming Alaska's revenue stream from one based primarily on oil to one based primarily on gas (which will also extend and expand our ability to monetize our oil resources). I urge the Legislature to work with the administration to negotiate the changes necessary to respond to legislative and public comments on the May 24, 2006, contract and ratify the amended contract without delay. Delay subjects Alaska to the greatest future risk to its economy - no gas pipeline.

I am transmitting to you today all of the tools necessary to complete the contract and start the gas pipeline project through the Interim Fiscal Interest Findings (IFIF). The IFIF contains all of the information and analysis about the project that we have developed over the past two years. It explains why it is in the best interest of the state to complete an updated, modified version of the May 24, 2006, contract, which my administration negotiated with the Producers, who indicated their acceptance.

The proposed changes to the May 24, 2006, contract are displayed and analyzed in the IFIF. The proposed changes were developed in response to the public comments from more than 2,100 persons. But for the lack of time and will to conduct another special session these proposed changes could have been successfully negotiated. With the election behind us, efforts must be made to immediately negotiate the proposed changes into the contract. Again, delay is Alaska's greatest enemy to getting a gas pipeline.

Finally, included in the IFIF is the administration's version of the pipeline governance document, the Limited Liability Corporation contract. The state and the Producers were willing to reach an agreement and finalize the LLC contract. Again, without the time or will to conduct another special session, our negotiators were not able to finalize the LLC contract. The LLC contract transmitted today must be negotiated and finalized.

It will take up to ten years from when an agreement is reached on a gas pipeline contract until a gas pipeline is producing revenue to replace revenue lost by declining oil production. Delaying the transition from an oil-based economy to a gas-based economy will create a significant revenue gap starting a very few years from now. Too long of a delay could jeopardize the gas pipeline all together and the potential for extending the life of the TransAlaska Pipeline would likely be lost with it.

In the short four years of my administration we have seen costs of a gas pipeline go up and the price of gas decline. The MacKenzie Delta project in Canada has been delayed for these among other reasons. According to 'Information Insights' analysis, for each year of delay in getting a gas pipeline contract, the estimated net present value of revenue loss to the state and local governments would be approximately \$900 million per year.

Furthermore, Alaska's gas can expect a dramatic increase in competition from other energy sources: coal, imported liquefied natural gas, and nuclear power.

Much concern has been expended on what the Producers might get with a gas pipeline agreement, when the real emphasis should be on what Alaska will receive from a gas pipeline. Time is running out. Gambling our gas pipeline and our state's future economy in search of an imaginary perfect deal risks our children's and grandchildren's future for pennies on the dollar.

In May I delivered to you the May 24, 2006, contract that the Producers and I would sign and that would build an Alaska Gas Pipeline. The Legislature and public have asked for changes. I am transmitting to you all of the information necessary to make the changes for which the Legislature and public asked to complete the

contract. I pass this IFIF to you in contract form and request that you accept responsibility that goes with elective office, and complete the process to incorporate the proposed changes into the contract and ratify the May 24, 2006, contract as amended.

A vast majority of Alaskans share my belief that time is running against us and we delay completing a contract at our peril. I trust you will be sensitive to the need for action now.

Sincerely yours,

/s/

Frank H. Murkowski
Governor

The following was attached and had been distributed to all members:

Interim Findings and Determination Related to the Stranded Gas Development Act for a Contract between the State of Alaska and BP Alaska (Exploration), Inc., ConocoPhillips Alaska, Inc., and ExxonMobil Alaska Production, Inc.; Contract Version dated May 24, 2006 with Proposed Amendments

Messages from the House

SCR 401

Message dated November 16 was read, stating the House passed and returned:

SENATE CONCURRENT RESOLUTION NO. 401
Relating to legislative powers over same-sex partner employment benefits and urging the courts to delay action until the legislature has sufficient time to act in the next regular session of the legislature.

The resolution was referred to the Secretary for enrollment.

Message dated November 17 was read, stating the House passed and transmitted for consideration:

First Reading and Reference of House Bills**HB 4001**

CS FOR HOUSE BILL NO. 4001(FIN) am(efd fld) BY THE HOUSE FINANCE COMMITTEE, entitled:

"An Act prohibiting the commissioner of administration from adopting, allowing to become law, or implementing regulations that grant or extend employment-related benefits to same-sex partners of state employees and members of the state retirement systems unless expressly authorized by statute."

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

HB 4002

CS FOR HOUSE BILL NO. 4002(FIN)(efd fld) BY THE HOUSE FINANCE COMMITTEE, entitled:

"An Act authorizing an advisory vote on employment benefits for same-sex partners of public employees and same-sex partners of public employee retirees."

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

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, 2005

Residency Requirements of State Benefit Programs, Various Departments, February 28, 2006

Department of Transportation and Public Facilities, Benchmarking, July 28, 2006

Department of Commerce, Community and Economic Development,
Board of Certified Direct-Entry Midwives, September 11, 2006

Sunset Review Follow Up of the Board of Governors of the Alaska
Bar Association, November 28, 2005 (Audit Control No. 41-20050-
06), September 15, 2006

Unfinished Business

Senator Dyson moved and asked unanimous consent to be excused from a call of the Senate from evening plane time, November 22 to morning plane time, November 27. Without objection, Senator Dyson was excused.

Announcements

Announcements are at the end of the journal.

Adjournment

President pro tempore Gary Stevens stated the Senate would stand in adjournment until 11:00 a.m., November 20, 2006. There being no objection, the Senate adjourned at 4:37 p.m.

Kirsten Waid
Secretary of the Senate

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

FINANCE

Nov 19 Sunday Senate Finance 532 5:00 PM
= SB4001 STATE EMPLOYEE SAME-SEX PARTNER BENEFITS
HB4001 PROHIBIT SAME-SEX EMPLOYMENT BENEFIT REG
HB4002 ADV. VOTE: SAME-SEX PARTNER EMP. BENEFITS
-- Testimony <Invitation Only> --

Nov 20 Monday Senate Finance 532 9:00 AM
-- Continued from 11/19 if necessary --
= HB4001 PROHIBIT SAME-SEX EMPLOYMENT BENEFIT REG
= HB4002 ADV. VOTE: SAME-SEX PARTNER EMP. BENEFITS