

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

Juneau, Alaska

Wednesday

February 10, 2010

Twenty-third Day

Pursuant to adjournment the House was called to order by Speaker Chenault at 10:31 a.m.

Roll call showed 38 members present. Representative Joule had been excused from a call of the House today.

Representative Johansen moved and asked unanimous consent that Representative N. Foster be excused from a call of the House today. There being no objection, it was so ordered.

The invocation was offered by the Chaplain, Pastor Tari Stage-Harvey of Shepherd of the Valley Lutheran Church. Representative P. Wilson moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

With the deepest respect for the religious beliefs of all Alaskans, I offer the following prayer.

O Great Spirit of Life, give us grace to set a good example to all among whom we live. Guide us to be just and true in all our dealings, to be strict and conscientious in every duty; to be gracious and generous and courteous toward all. Open our ears to the wisdom of the elders and our hearts to the dreams of the youth. Make this space sacred today so all may treat each other with dignity and respect as we seek to serve your vision of justice and peace. In you we pray. Amen.

The Pledge of Allegiance was led by Representative Gardner.

CERTIFICATION OF THE JOURNAL

Representative Johansen moved and asked unanimous consent that the journal for the 21st and 22nd legislative days be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

REPORTS OF STANDING COMMITTEES**HJR 8**

The Judiciary Committee considered:

HOUSE JOINT RESOLUTION NO. 8

Proposing amendments to the Constitution of the State of Alaska limiting appropriations from certain mineral revenue, relating to the balanced budget account, and relating to an appropriation limit.

The report was signed by Representative Ramras, Chair, with the following individual recommendations:

Do pass (2): Lynn, Ramras

No recommendation (3): Gruenberg, Dahlstrom, Holmes

The following fiscal note(s) apply:

2. Fiscal, Office of the Governor

HJR 8 was referred to the Finance Committee.

HJR 42

The Transportation Committee considered:

HOUSE JOINT RESOLUTION NO. 42

Proposing amendments to the Constitution of the State of Alaska creating a transportation infrastructure fund.

The report was signed by Representative P. Wilson, Chair, with the following individual recommendations:

Do pass (6): Johansen, Munoz, Johnson, T. Wilson, Petersen, P. Wilson

No recommendation (1): Gruenberg

The following fiscal note(s) apply:

1. Fiscal, Office of the Governor

HJR 42 was referred to the Judiciary Committee.

REPORTS OF SPECIAL COMMITTEES

SJR 22

The House Special Committee on Fisheries considered:

CS FOR SENATE JOINT RESOLUTION NO. 22(RES)
Opposing litigation that seeks to eliminate the Kenai, Kasilof, and
Chitina sockeye salmon personal use dip net fisheries.

and recommends it be replaced with:

HOUSE CS FOR CS FOR SENATE JOINT RESOLUTION NO.
22(FSH)
(same title)

The report was signed by Representative Edgmon, Chair, with the following individual recommendations:

Do pass (4): Johnson, Millett, Keller, Munoz

No recommendation (2): Buch, Edgmon

Amend (1): Kawasaki

The following fiscal note(s) apply to HCS CSSJR 22(FSH):

2. Zero, House Special Committee on Fisheries

CSSJR 22(RES) was referred to the Resources Committee.

INTRODUCTION OF CITATIONS

The following citations were introduced and referred to the Rules Committee for placement on the calendar:

Commemorating - Law Enforcement Memorial Day, May 7, 2010

By Representative Chenault

Honoring - Martha Penrose, 80th Birthday

By Representatives Munoz, Kerttula; Senator Egan

Honoring - Alaska Tanker Company

By Representative Harris; Senator Coghill

Honoring - U.S. Marshal Rob Heun

By Senator Huggins; Representative Stoltze

In Memoriam - Robert Walker Stratton, Jr.

By Representative Harris; Senator Coghill

In Memoriam - Dee Hubbard

By Senators Ellis, Davis

The following citations were introduced and taken up later as a Special Order of Business:

Honoring - Callan Chythlook-Sifsof

By Representatives Edgmon, Herron; Senator Hoffman

In Memoriam - John Joseph 'JC' Conley, Jr.

By Representative Johansen; Senator Stedman

**INTRODUCTION, FIRST READING, AND REFERENCE
OF HOUSE RESOLUTIONS****HJR 43**

HOUSE JOINT RESOLUTION NO. 43 by Representatives Edgmon, Austerman, Johansen, Harris, Seaton, Munoz, P. Wilson, Thomas, Kerttula, and Herron:

Urging the federal government to provide funding for domestic seafood marketing and promotional activities.

was read the first time and referred to the House Special Committee on Fisheries and the Resources Committee.

**INTRODUCTION, FIRST READING, AND REFERENCE
OF HOUSE BILLS**

HB 332

HOUSE BILL NO. 332 by Representatives Hawker and Lynn, entitled:

"An Act providing income tax credits for geothermal resource exploration and development."

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

HB 333

HOUSE BILL NO. 333 by Representative Joule, entitled:

"An Act directing the Department of Transportation and Public Facilities to develop and implement standards and operating procedures allowing for the use in the construction and maintenance of transportation projects and public facilities and in the construction of projects by public and private entities of gravel or aggregate materials that contain naturally occurring asbestos, and authorizing use on an interim basis of those materials for certain transportation projects and public facilities; and relating to certain claims arising out of or in connection with the use of gravel or aggregate materials."

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

HB 334

HOUSE BILL NO. 334 by Representatives Thomas and Dahlstrom, entitled:

"An Act establishing child custody, modification, and visitation standards for a military parent who is deployed; and amending Rule 99, Alaska Rules of Civil Procedure."

was read the first time and referred to the House Special Committee on Military & Veterans' Affairs and the Judiciary Committee.

HB 335

HOUSE BILL NO. 335 by Representatives Gara, Holmes, Cissna, Petersen, Gardner, Buch, Kawasaki, Tuck, Salmon, Kerttula, and Gruenberg, entitled:

"An Act establishing a program and account for grants to support access to Medicare and primary health care services in shortage areas."

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

HB 336

HOUSE BILL NO. 336 by the House State Affairs Committee, entitled:

"An Act relating to electronic voting procedures for electric and telephone cooperatives; and providing for an effective date."

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

HB 337

HOUSE BILL NO. 337 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to interest on certain underpayments or overpayments for the oil and gas production tax, to certificates for certain oil and gas production tax credits for qualified capital expenditures, and to alternative tax credits for expenditures for certain oil and gas development and exploration activities for the oil and gas production tax; relating to the use of the oil and gas tax

credit fund to purchase certain tax credit certificates; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Administration
2. Zero, Dept. of Natural Resources
3. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated February 9, 2010, follows:

"Dear Speaker Chenault:

Under the authority of Art. III, Sec. 18 of the Alaska Constitution, I am transmitting a bill that proposes four discrete changes to Alaska's oil and gas production tax. The bill will provide incentives for explorers and producers to continue to invest in Alaska. The proposed changes will encourage investment and employment within the state, and ultimately, increase production of the state's oil and gas resources.

I remain committed to considering all proposals and ideas that will result in increased exploration and drilling that produce more oil and jobs for Alaskans.

First, the bill will encourage investment by creating a new 30 percent alternative tax credit for qualified costs closely related to well drilling and work over operations designed to enhance current well operations. The taxpayer will have to claim the 30 percent credit within six months of completing the qualifying activity, and will have to submit enough information for the Department of Revenue to determine that the expenditures qualify for the credit.

Second, the bill will allow qualified applicants, regardless of their future spending levels, to receive cash refunds for tax credits that the applicants received for qualified capital expenditures. Under current law, an applicant cannot qualify for a cash refund unless, within 24 months of receiving the tax credit certificate, the applicant incurred a

qualified capital expenditure or successfully bid on a lease on State land. If the applicant is unable to meet either requirement, the applicant cannot receive payment for the qualified capital expenditures the applicant invested in the state. To solve this problem, the bill will eliminate the requirement that the applicant make additional capital expenditures or be the successful bidder for a lease on State land.

Third, the bill will allow producers and explorers who qualify for the 20 percent tax credit under AS 43.55.023 for capital expenditures to use the credit in the year that the credit is earned. Currently, producers and explorers are required to spread the benefit over two years. Allowing producers and explorers the full value of their credits in one year would increase the amount available for further exploration activities and for work on currently producing wells.

Finally, the bill will allow the Department of Revenue to waive interest for certain underpayments of taxes due before the effective date of certain regulations implementing the production tax. This provision will apply only if regulations to implement the production tax are not yet in effect at the time the annual tax payments are due, and only if the underpayment results from the producer's good faith estimation of the tax due. Should it be determined that the taxpayer overpaid the amount of tax due under the regulations in effect at the time of payment and that a refund is due, no interest will be due on a refund made within the time period specified in the bill.

With these changes, we will continue to responsibly maximize and invest in Alaska's oil and gas resources. I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Sean Parnell
Governor"

HB 338

HOUSE BILL NO. 338 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the waiver of volume cap of recovery zone economic development bonds authorized by 26 U.S.C. 1400U-2 and reallocation by the Alaska Municipal Bond Bank Authority of the waived volume cap; relating to the waiver of volume cap of recovery zone facility bonds authorized by 26 U.S.C. 1400U-3 and reallocation by the Alaska Industrial Development and Export Authority of the waived volume cap; increasing the total amount of bonds and notes that the Alaska Municipal Bond Bank Authority may have outstanding; relating to revenue bonds issued by the Alaska Municipal Bond Bank Authority; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Commerce, Community, & Economic Development
2. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated February 9, 2010, follows:

"Dear Speaker Chenault:

Under the authority of Art. III, Sec. 18 of the Alaska Constitution, I am transmitting a bill relating to the waiver of volume cap of recovery zone economic development bonds authorized by 26 U.S.C. 1400U-2 and reallocation by the Alaska Municipal Bond Bank Authority of the waived volume cap; and relating to the waiver of volume cap of recovery zone facility bonds authorized by 26 U.S.C. 1400U-3 and reallocation by the Alaska Industrial Development and Export Authority of the waived volume cap.

The bill will benefit Alaskans by authorizing the Alaska Industrial Development and Export Authority to administer the American Recovery and Reinvestment Act (ARRA) program. The result subsidizes interest rates on bonds for government infrastructure and private economic development, removes limitation on the Municipal

Bond Bank to allow for energy-related projects in addition to diesel projects, and increases the bond limit to \$1 billion.

The bill sets out legislative findings and intent for Secs. 4 and 5 of the bill related to the federal authorization of recovery zone economic development bonds and recovery zone facility bonds and the allocation of the volume cap of the bonds. The bill provides that it is the Legislature's intent to define when volume cap is waived, and to authorize the Alaska Municipal Bond Bank Authority to reallocate waived recovery zone economic development bond volume cap, and to authorize the Alaska Industrial Development and Export Authority to reallocate waived recovery zone facility bond volume cap.

The bill will provide that unused recovery zone economic development bond volume cap is waived on June 30, 2010. The bill will authorize the Alaska Municipal Bond Bank Authority to reallocate waived recovery zone economic development bond volume cap.

The bill will provide that unused recovery zone facility bond volume cap will be waived on June 30, 2010. The bill will authorize the Alaska Industrial Development and Export Authority to reallocate waived recovery zone facility bond volume cap.

The bill will increase the total amount of bonds and notes that the Alaska Municipal Bond Bank Authority may have outstanding from \$750,000,000 to \$1,000,000,000. The bill will allow the Alaska Municipal Bond Bank Authority to expand its authorization to issue bonds for energy projects and to amend the definition of "municipal bond."

The Alaska Municipal Bond Bank Authority's bonding authorization has been increased several times in the last 30 years. In 2003, the limit increased from \$300,000,000 to \$500,000,000, and in 2006, the limit increased from \$500,000,000 to \$750,000,000. As of December 2009, the Alaska Municipal Bond Bank Authority had \$623,090,878 in outstanding bonds. This leaves \$126,909,122 available for additional loans to communities. Applications to the Alaska Municipal Bond Bank Authority over the next six months are expected to total approximately \$150,000,000. This increase is a natural progression for

the program, and fits with the historically conservative increases in the borrowing cap. The underlying loan portfolio of the Alaska Municipal Bond Bank Authority is strong and has fully supported all loans for 35 years. Without passage of this bill, it is likely that municipalities will not be able to take advantage of the program.

The bill will repeal an existing limitation on the Alaska Municipal Bond Bank Authority's authorization that limits municipal revenue bonds issued by the bank to only diesel energy projects. With this change, the banks will have the ability to provide financing for a wide variety of energy projects. This change is consistent with the purpose of the Alaska Municipal Bond Bank Authority – to assist municipalities in financing capital improvements and to allow municipalities to create and improve energy facilities across the state. Further, the bill would eliminate the restriction in the definition of "municipal bond" in AS 44.85.410(4)(E)(iii), which currently does not authorize a lease for equipment or building improvement if the State is the lessee. This change will allow small municipalities the ability to finance community buildings if they plan to partner with the State to achieve project efficiency.

The bill provides for an immediate effective date.

I urge your prompt and favorable action on this bill.

Sincerely,

/s/

Sean Parnell
Governor"

HB 339

HOUSE BILL NO. 339 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the dividend paid to the state by the Alaska Housing Finance Corporation; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Revenue

The Governor's transmittal letter dated February 9, 2010, follows:

"Dear Speaker Chenault:

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Housing Finance Corporation.

The bill would permit the Alaska Housing Finance Corporation to modify the transfer plan to accommodate changes in the generally accepted accounting principles.

The primary objective of this change would be to accommodate changes in the generally accepted accounting principles and to enable the transfer plan to continue as intended by the original legislation.

I urge your prompt and favorable action on this bill.

Sincerely,

/s/

Sean Parnell

Governor"

HB 340

HOUSE BILL NO. 340 by Representatives Olson and Chenault, entitled:

"An Act relating to municipal sales or use taxes on motor fuels; and providing for an effective date."

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

HB 341

HOUSE BILL NO. 341 by Representative Johansen, entitled:

"An Act relating to aquatic farming and to payment made to the Department of Fish and Game for the removal of wild stock of a shellfish species that exceeds an insignificant amount; and providing for an effective date."

was read the first time and referred to the House Special Committee on Fisheries and the Resources Committee.

CONSIDERATION OF THE DAILY CALENDAR

SECOND READING OF HOUSE BILLS

HB 276

The following was read the second time:

HOUSE BILL NO. 276

"An Act amending the description of parcels within the Fort Rousseau Causeway State Historical Park; and providing for an effective date."

| with the: | Journal Page |
|-------------------------|--------------|
| CRA RPT CS(CRA) 2DP 2NR | 1397 |
| FN1: ZERO(DOT) | 1398 |

Representative Johansen moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

CS FOR HOUSE BILL NO. 276(CRA)
(same title)

There being no objection, it was so ordered.

Representative Johansen moved and asked unanimous consent that CSHB 276(CRA) be considered engrossed, advanced to third reading, and placed on final passage. There being no objection, it was so ordered.

CSHB 276(CRA) was read the third time.

The question being: "Shall CSHB 276(CRA) pass the House?" The roll was taken with the following result:

CSHB 276(CRA)

Third Reading

Final Passage

YEAS: 38 NAYS: 0 EXCUSED: 2 ABSENT: 0

Yeas: Austerman, Buch, Chenault, Cissna, Crawford, Dahlstrom, Doogan, Edgmon, Fairclough, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Herron, Holmes, Johansen, Johnson, Kawasaki, Keller, Kelly, Kerttula, Lynn, Millett, Munoz, Neuman, Olson, Petersen, Ramras, Salmon, Seaton, Stoltze, Thomas, Tuck, P.Wilson, T.Wilson

Excused: N.Foster, Joule

And so, CSHB 276(CRA) passed the House.

Representative Johansen moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

CSHB 276(CRA) was referred to the Chief Clerk for engrossment.

The Speaker stated that the House would stand at ease to allow members of the Senate to enter the Chamber; and so, the House stood at ease at 11:02 a.m.

AFTER AT EASE

The Speaker called the House back to order at 11:09 a.m.

JOINT SESSION IN THE HOUSE

In accordance with Uniform Rule 51, Speaker Chenault turned the gavel over to President Stevens who called the joint session to order at 11:10 a.m.

The purpose of the joint session was to hear the State of the Judiciary Address by the Honorable Walter Carpeneti, Chief Justice of the Alaska Supreme Court.

Senator Ellis moved and asked unanimous consent that the roll call of the Senate be waived and all members be shown as present. There being no objection, it was so ordered.

Representative Johansen moved and asked unanimous consent that the roll call of the House be waived and all members be shown as present. There being no objection, it was so ordered.

President Stevens appointed Representative Dahlstrom and Senator French to escort the Honorable Walter Carpeneti to the joint session.

The Senate Sergeant-at-Arms announced the Chief Justice's entrance into the House Chamber.

Chief Justice Carpeneti was escorted to the rostrum and welcomed by President Stevens.

The Chief Justice delivered his address, and it is published in Senate and House Joint Journal Supplement No. 12.

Chief Justice Carpeneti received a standing ovation and was escorted from the Chamber by Representative Dahlstrom and Senator French.

Senator Ellis moved and asked unanimous consent that the joint session adjourn. There being no objection, President Stevens adjourned the joint session at 11:52 a.m.

The Speaker ordered the House at ease to allow members of the Senate to leave the Chamber.

IN THE HOUSE

The Speaker called the House back to order at 11:56 a.m.

UNFINISHED BUSINESS

Representative Johansen moved and asked unanimous consent that the following members be excused from a call of the House. There being no objection, the members were excused as noted:

Representative Fairclough – from 11:00 a.m., February 11 to morning plane time, February 15

Representative Ramras – from morning plane time, February 12 to morning plane time, February 15

Representative Cissna – from morning plane time, February 12 to morning plane time, February 14

Representative Keller – from noon, February 12 to evening plane time, February 14

Representative Johnson – from morning plane time, February 12 to evening plane time, February 14

Representative Dahlstrom – from noon, February 12 to evening plane time, February 14

Representative Olson – from morning plane time, February 12 to evening plane time, February 14

Representative Herron – from evening plane time, February 10 to afternoon plane time, February 14

SPECIAL ORDER OF BUSINESS

Representative Johansen moved and asked unanimous consent that the notice and publication requirements be waived and the citations, In Memoriam - John Joseph 'JC' Conley, Jr. and Honoring - Callan Chythlook-Sifsof, be taken up as a Special Order of Business. There being no objection, it was so ordered.

Representative Johansen moved and asked unanimous consent that the House approve the citations. There being no objection, the following citations were approved and sent to enrolling:

In Memoriam - John Joseph 'JC' Conley, Jr.

By Representatives Johansen, Chenault, Buch, Cissna, Crawford, Dahlstrom, Doogan, Edgmon, Fairclough, N. Foster, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Herron, Holmes,

Johnson, Joule, Kawasaki, Keller, Kelly, Kerttula, Lynn, Millett, Munoz, Neuman, Olson, Petersen, Ramras, Salmon, Seaton, Stoltze, Thomas, Tuck, P. Wilson, T. Wilson; Senator Stedman

Honoring - Callan Chythlook-Sifsof

By Representatives Edgmon, Herron, Chenault, Buch, Cissna, Crawford, Dahlstrom, Doogan, Fairclough, N. Foster, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Holmes, Johansen, Johnson, Joule, Kawasaki, Keller, Kelly, Kerttula, Lynn, Millett, Munoz, Neuman, Olson, Petersen, Ramras, Salmon, Seaton, Stoltze, Thomas, Tuck, P. Wilson, T. Wilson; Senator Hoffman

UNFINISHED BUSINESS

HJR 8

Representative Ramras added his name as cosponsor to:

HOUSE JOINT RESOLUTION NO. 8

Proposing amendments to the Constitution of the State of Alaska limiting appropriations from certain mineral revenue, relating to the balanced budget account, and relating to an appropriation limit.

HB 50

Representative Gruenberg added his name as cosponsor to:

HOUSE BILL NO. 50

"An Act relating to limitations on mandatory overtime for registered nurses and licensed practical nurses in health care facilities; and providing for an effective date."

HB 241

Representative Lynn added his name as cosponsor to:

HOUSE BILL NO. 241

"An Act relating to certain investments of the Alaska permanent fund, the state's retirement systems, the State of Alaska Supplemental Annuity Plan, and the deferred compensation

program for state employees in companies that do business in Iran, and restricting those investments; and providing for an effective date."

HB 276

Representative Cissna added her name as cosponsor to:

CS FOR HOUSE BILL NO. 276(CRA)

"An Act amending the description of parcels within the Fort Rousseau Causeway State Historical Park; and providing for an effective date."

HB 280

Representative Lynn added his name as cosponsor to:

HOUSE BILL NO. 280

"An Act relating to natural gas; relating to a gas storage facility; relating to the Regulatory Commission of Alaska; relating to the participation by the attorney general in a matter involving the approval of a rate or a gas supply contract; relating to an income tax credit for a gas storage facility; relating to oil and gas production tax credits; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to production tax credits for certain losses and expenditures, including exploration expenditures; relating to the powers and duties of the director of the division of lands and to lease fees for the storage of gas on state land; and providing for an effective date."

HB 318

Representatives T. Wilson, Johnson, and Munoz added their names as cosponsors to:

HOUSE BILL NO. 318

"An Act relating to public use of unregulated water systems."

SJR 22

Representatives Johnson, Millett, and Keller added their names as cross sponsors to:

CS FOR SENATE JOINT RESOLUTION NO. 22(RES)
Opposing litigation that seeks to eliminate the Kenai, Kasilof, and
Chitina sockeye salmon personal use dip net fisheries.

ENGROSSMENT

HB 276

CSHB 276(CRA) was engrossed, signed by the Speaker and Chief
Clerk, and transmitted to the Senate for consideration.

ANNOUNCEMENTS

House committee schedules are published under separate cover.

ADJOURNMENT

Representative Johansen moved and asked unanimous consent that the
House adjourn until 10:30 a.m., February 12, 2010. There being no
objection, the House adjourned at 12:15 p.m.

Suzi Lowell
Chief Clerk