

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
TWENTY-NINTH LEGISLATURE
FOURTH SPECIAL SESSION

Juneau, Alaska

Friday

May 27, 2016

Fifth Day

Pursuant to adjournment the House was called to order by Speaker Chenault at 1:06 p.m. in the Terry Miller Legislative Office Building gymnasium.

Roll call showed 36 members present.

Representative Millett moved and asked unanimous consent that Representatives Hawker, Hughes, Olson, and Wool be excused from a call of the House. There being no objection, it was so ordered.

The invocation was offered by the Chaplain, Representative Wilson. Representative Gattis moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

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

As I stumble through this life, help me to create more laughter than tears, dispense more happiness than gloom, spread more cheer than despair. Never let me become so indifferent that I will fail to see the wonder in the eyes of a child or the twinkle in the eyes of those around me. Never let me forget that my total effort is to cheer people, make them happy and forget - at least momentarily - all the unpleasantness in their lives. And, in my final moment, may I hear You whisper: 'When you made My people smile, you made Me smile'. Amen.

The Pledge of Allegiance was led by Representative Colver.

CERTIFICATION OF THE JOURNAL

Representative Millett moved and asked unanimous consent that the journal for the fourth legislative day of the fourth special session be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

INTRODUCTION OF CITATIONS

The following citation was introduced and referred to the Rules Committee for placement on the calendar:

Honoring - Ms. Shaun Kraska, 2016 Alaska Secondary Principal of the Year

By Representatives Kawasaki, Wool

INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE BILLS

HB 4003

HOUSE BILL NO. 4003 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the motor fuel tax; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated May 26, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the motor fuel tax.

The bill would increase the currently outdated tax rates on motor fuels with increases on motor fuel, aviation gasoline, motor fuel used in and on watercraft, and aviation fuel other than gasoline. The tax on a gallon of motor fuel used or transferred within the state would be raised from eight cents a gallon to 16 cents a gallon. Likewise, the tax on aviation gasoline would be raised to seven cents a gallon (the current rate is four and seven-tenths), the tax on marine fuel would be raised to 10 cents a gallon (the current rate is five cents), and the tax on aviation fuel other than gasoline would be six and one-half cents a gallon (the current rate is three and two-tenths). The bill would also double the credit for highway fuel used to operate an internal combustion engine off-road, from six cents a gallon to 12 cents a gallon.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker
Governor"

HB 4004

HOUSE BILL NO. 4004 by the House Rules Committee by request of the Governor, entitled:

"An Act establishing an individual income tax; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated May 26, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill to establish and individual income tax.

This is a necessary measure to address our fiscal situation. The bill would establish a personal income tax of six percent of total federal tax liability. I have chosen a structure similar to our State's prior income tax, which was repealed in 1980. The bill would tax income earned by residents and nonresident individuals with income from a source in this state. Because the tax that would be established by the bill is calculated based on federal tax liability and not on income, the bill effectively incorporates federal brackets and exemptions and so permits this bill, and the Alaska personal income tax system it would create, to be as simple and transparent as possible and minimizes administrative burdens both for the State and for taxpayers. The bill would apply to income earned on or after January 1, 2018. In addition, the bill would repeal a set of orphaned individual tax credits from the former income tax.

The citizens of our state are ready to pitch in to solve our fiscal crisis. My measure is part of that solution. Together we can continue to assure Alaska's strong and stable financial future.

I appreciate your consideration of this issue, and urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker

Governor"

HB 4005

HOUSE BILL NO. 4005 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the mining license tax; relating to the exploration incentive credit; relating to mining license application, renewal, and fees; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated May 26, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to exemptions from the mining license tax; the mining license tax rate; and mining license application, renewal, and fees and removing the application of the exploration incentive credit to mining production royalty payments.

The bill would amend the exemption from paying the mining license tax that currently applies to operations for three and one-half years after production begins. The exemption would remain, but for two years.

The bill also would increase the mining license tax rate from seven percent to nine percent for a portion of net income in excess of \$100,000. The new tax rate would apply to the first taxable year (which may be a fiscal year or a calendar year) beginning after the effective date of the bill.

Last the bill would remove the application of the exploration incentive credit to mining production royalty payable under AS 38.05.135 - 38.05.160 and AS 38.05.212 for production from a mining operation.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker
Governor"

HB 4006

HOUSE BILL NO. 4006 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the fisheries business tax and fishery resource landing tax; removing the minimum and maximum restrictions on the annual base fee for the reissuance or renewal of an entry permit or an interim-use permit; relating to refunds of the fisheries

business tax and the fishery resource landing tax to local governments; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated May 26, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to a tax on fisheries business and fishery resource landing and the annual fee for the issuance and renewal of entry permits or interim-use permits.

First, the bill would amend AS 16.43.160 related to fees for commercial fishing entry permits or interim-use permits. The Alaska Commercial Fisheries Entry Commission (Commission) sets the annual fee for permits. Current law limits the annual base fee to not less than \$30 or not more than \$3,000; the bill would remove the minimum and maximum limits. This part of the bill would take effect January 1, 2017, to conform to the Commission's regulatory schedule and to better meet the needs of the commercial fishing community.

The bill would increase the tax rates of the fisheries business tax (AS 43.75.015) and the fishery resource landing tax (AS 43.77.010). Some developing fisheries are exempted from the increase. The tax rates covered by these statutes vary from three percent to five percent, depending on the type of fishery. The bill would increase those tax rates by one percentage point. As to specific fisheries, the fisheries business tax on shore based canned salmon would be five percent (the current rate is four percent), the other fisheries resources would be four percent (up from three percent) while the tax levied on a person who processes a fishery resource would pay a tax of four percent (the current rate is three percent) of the value of a commercial fish species.

In addition, the bill would change the revenue sharing tax refund to local governments. Currently, the revenue generated by these taxes is

split evenly between the State and the municipalities where the fisheries are located. The bill would exempt one percent of the tax revenue collected from the revenue sharing arrangement, but the remaining percentage of the tax revenue would still be paid to the local governments where the fisheries resource is landed.

Thank you for your consideration of this measure.

Sincerely,

/s/

Bill Walker
Governor"

CONSIDERATION OF THE DAILY CALENDAR

LEGISLATIVE CITATIONS

Representative Millett moved and asked unanimous consent that the House approve the citation on the calendar. There being no objection, the following citation was approved and sent to enrolling:

Honoring - Fairbanks Ice Dogs, USA Hockey Junior A Tier II Champions and 2016 Robertson Cup Champions

By Representatives Thompson, Kawasaki, Chenault, Claman, Colver, Drummond, Edgmon, Foster, Gara, Gattis, Guttenberg, Hawker, Herron, Hughes, Johnson, Josephson, Keller, Kito, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Ortiz, Pruitt, Reinbold, Saddler, Seaton, Spohnholz, Stutes, Talerico, Tarr, Tilton, Tuck, Vazquez, Wilson, Wool

UNFINISHED BUSINESS

Representative Millett 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 Ortiz – from 12:30 p.m., May 28 to 9:15 p.m., May 30

Representative Olson – from 9:00 a.m., May 28 to 10:00 a.m., May 31

Representative Wool – from 12:00 a.m., May 28 to 1:00 p.m., May 29

Representative Claman – from 10:00 a.m., May 28 to 10:00 a.m., May 31

ENGROSSMENT AND ENROLLMENT

HB 137

The following was enrolled, signed by the Speaker and Chief Clerk, President and Secretary of the Senate, and the engrossed and enrolled copies were transmitted to the Office of the Governor at 4:36 p.m., May 26, 2016:

CONFERENCE CS FOR HOUSE BILL NO. 137

"An Act relating to the duties of the commissioner of fish and game; establishing an intensive management surcharge; providing for the repeal of the intensive management surcharge; establishing certain special hunting and fishing licenses and permits for residents with developmental disabilities; establishing a separate sustainable wildlife account in the fish and game fund; raising certain fees related to sport fishing, hunting, and trapping; relating to the fish and game fund; providing for the repeal of the sport fishing surcharge and sport fishing facility revenue bonds; relating to hunting and fishing by proxy; relating to fish and game conservation decals; raising the age at which a state resident is required to obtain a license for sport fishing, hunting, or trapping; relating to the Chitina dip net fishery; and providing for an effective date."

ENROLLMENT

HB 234

The following was enrolled, signed by the Speaker and Chief Clerk, President and Secretary of the Senate, and the engrossed and enrolled copies were transmitted to the Office of the Governor at 4:36 p.m., May 26, 2016:

SENATE CS FOR CS FOR HOUSE BILL NO. 234(L&C)

"An Act relating to insurance coverage for mental health benefits provided through telehealth."

ANNOUNCEMENTS

Rule 23(d) of the Uniform Rules is in effect.

House committee schedules are published under separate cover.

ADJOURNMENT

Representative Millett moved and asked unanimous consent that the House adjourn until 1:00 p.m., May 28, 2016. There being no objection, the House adjourned at 1:26 p.m.

Crystaline Jones
Chief Clerk