

**HOUSE JOURNAL**  
**ALASKA STATE LEGISLATURE**  
**THIRTIETH LEGISLATURE**  
**SECOND SESSION**

**Juneau, Alaska                      Tuesday                      January 16, 2018**

**First Day**

Pursuant to adjournment the House was called to order by Speaker Edgmon at 1:10 p.m.

Roll call showed 39 members present. There was one vacancy.

The following members of the Girl Scouts of Alaska presented the Colors and led the Pledge of Allegiance:

Isabel Danner, Adelaide Lanz, Cora Lanz, Candace Larson, Addy Mallott, Ainsley Mallott, Devin Moorehead, Annika Pearson, Amara Sanguni, Kate Schwarting, and Ella Schwartz.

The following members of the Alaska Youth Choir and the Juneau-Douglas High School Choir sang "The Alaska Flag Song" under the direction of Richard Moore:

Alaska Youth Choir:  
Mason Harris, Jaylynn Martin, Aubrey McCurley, and Toby Russell.

Juneau-Douglas High School Choir:  
Finn Adam, Clare Boily, and Sierra Lloyd.

The invocation was offered by the Chaplain, the Reverend Wilson Valentine of Holy Trinity Episcopal Church. Representative Ortiz 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.

Eternal God, Fountain of Wisdom,  
It has pleased you to provide abundantly for us, prospering many generations from this great land. It has pleased you so to make us that we are many peoples, but of one blood. You have multiplied your people and given us the strength of many cultures.

Spirit of Justice, Creator Spirit,  
Help this House to nurture the bones and sinews of civility, to make justice, and provide sustenance for our elders and children.

We recall the words of the elders,  
*Remember, Lord, how short life is, how frail you have made all flesh. Who can live and not see death? who can save himself from the power of the grave? Where, Lord, are your loving-kindnesses of old, which you promised King David in your faithfulness? (Psalm 89:47-49)*

God, you know better than we the temptations that will bring us down. Protect us from our greed and our blind zeal, change the hearts of your servants, open our eyes to your mercy, and guide our feet into the way of wisdom and peace.

We give you thanks and praise for this great land; may you be with these women and men the representatives who have been called by the people to protect your holy creation. Bless them so that they may bring blessings upon the future generations of Alaska. Amen.

#### **CERTIFICATION OF THE JOURNAL**

Representative Tuck moved and asked unanimous consent that the journal for the 15th through 30th legislative days of the Fourth Special Session, the Final Supplement of the First Session and First, Second, Third, and Fourth Special Sessions, and House Journal Supplement No. 10 be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

Senators Gardner and Stedman reported that the Senate is organized and ready to do business.

\* \* \* \* \*

The Speaker appointed Representatives Kopp and Spohnholz to advise the Governor that the House is in session and ready to do business.

The Speaker appointed Representatives Kawasaki and Johnson to advise the Senate that the House is in session and ready to do business.

The Speaker stated that, without objection, the House would recess; and so, the House recessed at 1:31 p.m.

#### **AFTER RECESS**

The Speaker called the House back to order at 1:44 p.m.

Representative Spohnholz reported that the Governor was notified that the House is in session and ready to do business.

Representative Johnson reported that the Senate was notified that the House is in session and ready to do business.

#### **MESSAGES FROM THE GOVERNOR**

A letter dated December 12, 2017, was read stating that, in accordance with Article III, Section 13 of the Alaska Constitution, and AS 44.19.040, the Governor submits the following name for legislative confirmation of appointment to the position noted.

The Speaker referred the following to the State Affairs Committee:

#### **Lieutenant Governor Successor**

Valerie Davidson

#### **COMMUNICATIONS**

A letter dated December 15, 2017, from Representative Westlake, District 40, to Speaker Edgmon, was received tendering his resignation from the House effective December 25, 2017.

The following were received:

Alaska Energy Authority  
Susitna-Watana Hydro Project  
2017 Report  
[www.susitna-watanahydro.org](http://www.susitna-watanahydro.org)  
(as required by AS 44.83.085)

Alaska Housing Finance Corporation  
2017 Annual Report  
<http://reporttoalaskans.us/2017/>  
(as required by AS 18.56.200)

Alaska Industrial Development & Export Authority  
Annual Review of Assets  
January 10, 2018  
(as required by AS 44.88.205)

Alaska Industrial Development & Export Authority  
2017 Annual Report  
June 30, 2017  
(as required by AS 44.88.210)

Alaska Industrial Development & Export Authority  
Interior Energy Project  
Quarterly Report to the Alaska State Legislature  
January 5, 2018  
<http://www.interiorenergyproject.com/>  
(as required by Chapter No. 39, SLA 2015)

Alaska State Legislature  
Joint Armed Services Committee  
Activities Report  
January 16, 2018  
(as required by AS 24.20.675)

Alaska State Legislature  
Legislative Affairs Agency  
Division of Legal and Research Services  
Report Listing Alaska Statutes with Delayed Repeals or Delayed  
Amendments and Examining Court Decisions and Opinions of the  
Attorney General Construing Alaska Statutes

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December 2017  
(as required by AS 24.20.065)

Dept. of Corrections  
Dept. of Health & Social Services  
Joint Annual Report on Recidivism Reduction 2017  
January 15, 2018  
(as required by AS 47.38.100)

Dept. of Health & Social Services  
Alaska Medicaid Management Information System  
December 15, 2017  
(as required by AS 47.07.076)

Dept. of Health & Social Services  
Senior and Disabilities Services Staff  
Individuals with Developmental Disabilities  
Registration and Review Report  
Fiscal Year 2017  
(as required by AS 47.80.130)

Dept. of Law  
Activities of the National Conference of Commissioners on Uniform  
State Laws  
Annual Report  
November 29, 2017

Dept. of Transportation & Public Facilities  
Alaska Sustainable Energy Act  
Annual Report  
2017 Progress Report  
January 2018

**HB 57**

Pursuant to:

**HB 57-APPROP: OPERATING BUDGET/LOANS/FUNDS**  
(Chapter 1 SSSLA 17), the following was received:

Regulatory Commission of Alaska  
Alaska's Current and Future Broadband Coverage  
December 1, 2017  
<http://rca.alaska.gov/RCAWeb/ViewFile.aspx?id=5474a6ad-e182-4574-a1f5-d1410e5beac9>

The following audit reports were received from the Division of Legislative Audit, Legislative Budget & Audit Committee, as required by AS 24.20.311:

State of Alaska, Single Audit for the  
Fiscal Year Ended June 30, 2016

2017 Annual Report, Unabridged  
2017 Annual Report, Condensed

Dept. of Commerce, Community, & Economic Development  
Board of Certified Real Estate Appraisers  
Sunset Review  
June 13, 2017

Dept. of Commerce, Community, & Economic Development  
Marijuana Control Board  
Sunset Review  
October 6, 2017

Dept. of Commerce, Community, & Economic Development  
Board of Marital and Family Therapy  
Sunset Review  
May 9, 2017

Dept. of Commerce, Community, & Economic Development  
Board of Massage Therapists  
Sunset Review  
October 11, 2017

Dept. of Commerce, Community, & Economic Development  
Board of Professional Counselors  
Sunset Review  
April 14, 2017

Dept. of Commerce, Community, & Economic Development  
Board of Psychologist and Psychological Associate Examiners  
Sunset Review  
October 5, 2017

Dept. of Commerce, Community, & Economic Development  
Real Estate Commission  
Sunset Review  
June 15, 2017

### **INTRODUCTION OF CITATIONS**

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

Honoring - Big Dipper Ice Arena 50th Anniversary  
By Representatives Kawasaki, Thompson

In Memoriam - Mary Pat Brudie  
By Representatives Claman, Tarr

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

In Memoriam - Ermalee Hickel  
By Representatives Claman, Tuck

### **INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE RESOLUTION**

#### **HJR 26**

(Prefile released January 8)

HOUSE JOINT RESOLUTION NO. 26 by Representatives Gara, Tuck, and Parish:

Proposing amendments to the Constitution of the State of Alaska relating to the membership of the Redistricting Board and relating to district boundaries.

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

#### **HJR 27**

(Prefile released January 12)

HOUSE JOINT RESOLUTION NO. 27 by Representative Kito:

Proposing amendments to the Constitution of the State of Alaska relating to terms of legislators.

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

**HJR 28**

HOUSE JOINT RESOLUTION NO. 28 by Representatives Neuman, Wilson, and Sullivan-Leonard:

Proposing amendments to the Constitution of the State of Alaska relating to the office of attorney general.

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

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

**HB 216**

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 216 by Representatives Kopp, Westlake, Saddler, Grenn, Claman, Kreiss-Tomkins, Millett, Wilson, Johnston, and Thompson, entitled:

"An Act relating to restitution; relating to the office of victims' rights; relating to transfers from the dividend fund; creating the restorative justice account; relating to appropriations from the restorative justice account for services for and payments to crime victims, operating costs of the Violent Crimes Compensation Board, operation of domestic violence and sexual assault programs, mental health services and substance abuse treatment for offenders, and incarceration costs; relating to delinquent minors; and providing for an effective date."

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

**HB 255**

(Profile released January 8)

HOUSE BILL NO. 255 by Representative Tuck, entitled:



"An Act relating to individuals and employees who must have certificates of fitness to perform certain plumbing and electrical work; and relating to civil penalties and violations for not having required certificates of fitness."

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

**HB 256**

(Prefile released January 8)

HOUSE BILL NO. 256 by Representative Eastman, entitled:

"An Act relating to donations to the state; and relating to contributions from permanent fund dividends to municipalities and state and municipal agencies."

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

**HB 257**

(Prefile released January 8)

HOUSE BILL NO. 257 by Representative Wilson, entitled:

"An Act relating to publication of protective orders."

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

**HB 258**

(Prefile released January 8)

HOUSE BILL NO. 258 by Representative Tuck, entitled:

"An Act establishing the Commission for the Deaf and Hard of Hearing."

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

**HB 259**

(Prefile released January 8)

HOUSE BILL NO. 259 by Representatives Stutes, Tuck, Kito, and Drummond, entitled:

"An Act relating to containing or confining loads being transported on highways."

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

**HB 260**

(Prefile released January 8)

HOUSE BILL NO. 260 by Representatives Saddler, Kreiss-Tomkins, Tarr, Drummond, and Knopp, entitled:

"An Act relating to electronic possession of certain licenses, tags, and identification cards issued by the Department of Fish and Game; and providing for an effective date."

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

**HB 261**

(Prefile released January 8)

HOUSE BILL NO. 261 by Representatives Thompson and Kawasaki, entitled:

"An Act relating to the financing and issuance of bonds for a liquefied natural gas production system and natural gas distribution system; and providing for an effective date."

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

**HB 262**

(Prefile released January 8)

HOUSE BILL NO. 262 by Representatives Kawasaki, Parish, and Thompson, entitled:

"An Act relating to temporary courtesy licenses for certain nonresident professionals; and relating to the Department of Commerce, Community, and Economic Development."

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

**HB 263**

(Prefile released January 8)

HOUSE BILL NO. 263 by Representatives Knopp and Wilson, entitled:

"An Act exempting certain water taxi operators from regulation as transportation services by the Big Game Commercial Services Board; and providing for an effective date."

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

**HB 264**

(Prefile released January 8)

HOUSE BILL NO. 264 by Representatives Josephson and Drummond, entitled:

"An Act relating to a fee for disposable shopping bags; relating to the sale of reusable shopping bags; relating to the recycling of disposable shopping bags; and providing for an effective date."

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

**HB 265**

(Prefile released January 8)

HOUSE BILL NO. 265 by Representative Rauscher, entitled:

"An Act relating to the renewal of a license involving alcoholic beverages; and relating to the transfer or issuance of a beverage dispensary license or a restaurant or eating place license."

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

**HB 266**

(Prefile released January 8)

HOUSE BILL NO. 266 by Representatives Tilton, Kopp, Millett, Sullivan-Leonard, Saddler, and Rauscher, entitled:

"An Act relating to the duties of physicians and health care practitioners when performing or inducing abortions; providing that a child removed from a pregnant woman's womb alive after an abortion may be surrendered and found to be a child in need of aid; and providing for an effective date."

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

**HB 267**

(Prefile released January 12)

HOUSE BILL NO. 267 by Representative Edgmon, entitled:

"An Act requiring the release of certain records relating to big game hunters, guided hunts, and guided sport fishing activities to municipalities for verification of taxes payable; and providing for an effective date."

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

**HB 268**

(Prefile released January 12)

HOUSE BILL NO. 268 by Representatives Gara and Tuck, entitled:

"An Act relating to the prescription of opioids; relating to the Department of Health and Social Services; relating to the practice of dentistry; relating to the practice of medicine; relating to the practice of podiatry; relating to the practice of osteopathy; relating to the practice of nursing; and relating to the practice of optometry."

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

**HB 269**

(Prefile released January 12)

HOUSE BILL NO. 269 by Representatives Tuck, Kawasaki, Parish, Kreiss-Tomkins, Grenn, Drummond, Guttenberg, Millett, Sullivan-Leonard, Tarr, and Knopp, entitled:

"An Act relating to distillery licenses."

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

**HB 270**

(Profile released January 12)

HOUSE BILL NO. 270 by Representatives Saddler, Chenault, Talerico, Thompson, and Knopp, entitled:

"An Act relating to the powers of the Department of Transportation and Public Facilities; and relating to aircraft registration."

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

**HB 271**

(Profile released January 12)

HOUSE BILL NO. 271 by Representatives Claman and Tuck, entitled:

"An Act prohibiting smoking in certain places; relating to education on the smoking prohibition; relating to municipal regulation of smoking in certain places; relating to established villages and local option elections to allow smoking in public places; and providing for an effective date."

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

**HB 272**

(Profile released January 12)

HOUSE BILL NO. 272 by Representative Josephson, entitled:

"An Act establishing the Tangle Lakes State Game Refuge; and providing for an effective date."

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

**HB 273**

(Prefile released January 12)

HOUSE BILL NO. 273 by Representative Kito, entitled:

"An Act extending the termination date of the Marijuana Control Board; and providing for an effective date."

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

**HB 274**

(Prefile released January 12)

HOUSE BILL NO. 274 by Representative Kito, entitled:

"An Act extending the termination date of the Board of Psychologist and Psychological Associate Examiners; and providing for an effective date."

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

**HB 275**

(Prefile released January 12)

HOUSE BILL NO. 275 by Representatives Kito and Chenault, entitled:

"An Act extending the termination date of the Board of Massage Therapists; and providing for an effective date."

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

**HB 276**

(Prefile released January 12)

HOUSE BILL NO. 276 by Representatives LeDoux, Tuck, Spohnholz, and Drummond, entitled:

"An Act relating to investigation of discrimination and harassment in the legislature; requiring the executive director of the Legislative Affairs Agency to establish a personnel office; and relating to the Legislative Ethics Act."

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

**HB 277**

(Profile released January 12)

HOUSE BILL NO. 277 by Representatives Kawasaki, Parish, Tuck, Fansler, Drummond, and Gara, entitled:

"An Act relating to the regulation of broadband Internet; and making certain actions by broadband Internet service providers unlawful acts or practices under the Alaska Unfair Trade Practices and Consumer Protection Act."

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

**HB 278**

HOUSE BILL NO. 278 by Representative Josephson, entitled:

"An Act extending the termination date of the Board of Certified Real Estate Appraisers; and providing for an effective date."

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

**HB 279**

HOUSE BILL NO. 279 by Representative Josephson, entitled:

"An Act extending the termination date of the Real Estate Commission; and providing for an effective date."

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

**HB 280**

HOUSE BILL NO. 280 by Representative Josephson, entitled:

"An Act extending the termination date of the Board of Marital and Family Therapy; and providing for an effective date."

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

**HB 281**

HOUSE BILL NO. 281 by the House Rules Committee by request of the Governor, entitled:

"An Act imposing a tax on net earnings from self-employment and wages; relating to the administration and enforcement of the net earnings from self-employment and wages tax; establishing the Alaska economic recovery tax account; 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 Administration
2. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated January 15 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, Constitution of the State of Alaska, I am transmitting a bill relating to taxation of wages and net earnings from self-employment in the state.

This bill would impose a tax on net earnings from self-employment and wages of 1.5 percent for a taxable year. The tax would be capped in a taxable year at the greater of \$2,200 as adjusted for inflation, or two times the amount of the permanent fund dividend distributed to eligible recipients in the previous calendar year.

This bill provides direction on the type of earnings that qualify as net earnings from a source in the state. Further, wages from a source in the state would include wages that are earned while an individual is physically present in the state.

Employers would be required to make and pay to the Department of Revenue withholdings in a manner to approximate the amount of the tax. Through regulation, the Department of Revenue would be authorized to allow withholding to stop when the statutory cap is



reached. This protects persons working at multiple jobs, as well as high wage earners.

This bill also provides provisions for payment of taxes, determination of a taxable year, refund of overpayments, reporting of payments to self-employed individuals, and other provisions for efficient administration of the tax.

The bill would establish an Alaska economic recovery tax account in the general fund so that tax revenues received can be accounted for in the tax receipts account; this is in addition to amounts the Legislature may wish to appropriate to the account. The bill provides that the Legislature may appropriate to capital projects from the economic recovery tax account; the tax account is not a dedicated fund, but a way to better track tax receipts and spending on capital projects.

The tax would be in effect from January 1, 2019, to July 1, 2021. This short period would allow time for the State to receive revenues sufficient to meet critical State needs and avoid falling further into debt and facility disrepair. I will continue to work with you to develop a stable fiscal plan to carry us into the future.

This tax is a simple and efficient measure to address our state's budget shortfall. I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker

Governor"

**HB 282**

HOUSE BILL NO. 282 by the House Rules Committee by request of the Governor, entitled:

"An Act making appropriations, including capital appropriations, and other appropriations; and providing for an effective date."

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

The Governor's transmittal letter dated January 15 follows:

"Dear Speaker Edgmon:

I am transmitting a bill entitled the Alaska Economic Recovery Act.

The Act includes \$386 million in fiscal year (FY) 2019 capital appropriations, of which \$98 million will be supported by federal funds, and \$280 million with unrestricted general funds. The Act will put Alaskans to work, address the State's and communities' growing deferred maintenance liability, and provide confidence to Alaska businesses and investors.

The Act focuses on the maintenance needs of schools, the university, and State facilities. It also provides for critical infrastructure upgrades and community and housing support. These much-needed investments in Alaska's economy will be supported through a limited payroll tax proposed in a separate bill.

The Walker Administration looks forward to working with the Legislature to pass this bill and put Alaskans to work.

Thank you for your consideration of this bill.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 283**

HOUSE BILL NO. 283 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to a biennial budget; relating to the salary and per diem of members of the legislature and the governor; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, Office of the Governor/Various Depts.

The Governor's transmittal letter dated January 15 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to a biennial budget, and to the salary and per diem of members of the Legislature and the governor.

First, this legislation would require the Legislature pass a budget by the deadline set by the Alaska public in 2006 – the 90<sup>th</sup> day of a session. The consequence for not doing so: beginning on day 91 of the legislative session, legislators would forfeit per diem, and their salaries would be withheld until a budget is passed. Second, the Governor's salary would be withheld for as long as he or she is late in submitting the budget bill to the Legislature and the public after the December 15 statutory deadline.

Finishing budget work on time is critical. Delays in passage of the Alaska budget have significant public consequences. For example, issuance of motor vehicle licenses and public assistance payments may be delayed. School districts are faced with funding uncertainty and are forced to send pink slips to teachers and staff. State agencies are required under the provisions of collective bargaining agreements to submit layoff notices to each public employee in anticipation of a government shutdown. The Alaska Marine Highway System cannot publish the ferry schedules in a timely fashion. Economic consequences include uncertainty over time-sensitive fisheries openings, potential delays in issuance of resource development permits, and the list goes on and on.

This legislation would incentivize the Alaska Legislature and Governor to finish their budget work on time, yielding significant benefits including ensuring the uninterrupted delivery of service to the Alaska public, more certainty for school districts, and improved State and local employee morale.

This legislation also proposes converting Alaska's budget process from annual to biennial. The Governor would be required to introduce an operating, capital, and mental health budget in the first session of each two-year Legislature that provides funding for the coming two fiscal years. The Legislature would pass a two-year budget by day 90 of the first session. During its second session, the Legislature would be able to focus on policy bills with far less time devoted to supplemental spending and budget amendments.

The benefits of a responsible biennial budget would be significant, including more efficient use of the Legislature's time by avoiding long, drawn-out budget battles every session, avoiding the temptation to use the budget as a bargaining chip, providing fiscal stability by reducing uncertainty about longer term funding levels, improving employee morale by avoiding pink slips, allowing longer-range fiscal planning for State and local government, and shifting agency and legislative staff time from budget preparation to financial management, program results, and policy development and implementation.

While Alaska will face challenges without a sound and comprehensive fiscal plan, biennial budgeting would lay the groundwork for a longer-term view on spending and help us focus on a fiscal plan that provides stable, predictable revenues.

At the federal level, congressional leaders, including Speaker of the House Paul Ryan (R-WI), have proposed moving the federal budget from annual to biennial; they assert that this would lead to more reasoned deliberation and would allow for increased congressional oversight.

In summary, the combined changes proposed in this legislation would have significant public benefits and would allow the Governor and the Legislature to complete their work on time and effectively in the interest of all Alaskans. I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 284**

HOUSE BILL NO. 284 by the House Rules Committee by request of the Governor, entitled:

"An Act making appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

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

The Governor's transmittal letter dated January 15 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the State's capital budget for Fiscal Year 2019 (FY 2019).

The proposed capital bill totals \$1.3 billion, of which \$1.0 billion will be supported by federal funds and \$150.1 million with unrestricted general funds, with the remaining amount from designated general funds and other funds. The budget prioritizes annual federal match programs, housing, energy, maintenance, and information technology investment.

This minimal capital budget will be the norm until a comprehensive fiscal plan is adopted. The largest component of the capital budget is the State's transportation program, totaling \$909.7 million, which is largely federally funded. Earnings on the Power Cost Equalization Fund provide resources for renewable energy projects. Key information technology upgrades include retirement and benefits, and the State's primary enterprise information system. Health and social services eligibility systems are included, supported primarily by federal and other funding sources.

The Walker Administration looks forward to working with the Legislature to finalize a FY 2019 capital budget.

Thank you for your consideration of this bill.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 285**

HOUSE BILL NO. 285 by the House 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.

A letter dated January 16 with an accompanying spreadsheet, to the Alaska Mental Health Trust Authority from Pat Pitney, Director, Office of Management and Budget, was attached (as required by AS 37.14.003) and is on file in the Chief Clerk's office.

The Governor's transmittal letter dated January 15 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the State's comprehensive mental health program for Fiscal Year 2019 (FY 2019). As required by statute, it includes both operating and capital appropriations. Also as required, the enclosed report outlines the differences between the recommendations of the Alaska Mental Health Trust Authority and my proposed budget.

The total FY 2019 mental health budget of \$231.9 million represents a \$13.8 million increase from FY 2018. The FY 2019 budget includes \$16.9 million of the Trust's \$17.5 million operating budget recommendations and \$12.4 million of the Trust's \$14.8 million capital budget recommendations. These amounts are in addition to \$201.8 million of annual base funding. The mental health operating

budget reflects changes to the Medicaid program, and salary and health benefit adjustments. Reports comparing Trust recommendations to those included in the FY2019 Governor's operating and capital mental health budgets are available at: [https://www.omb.alaska.gov/ombfiles/19\\_budget/PDFs/FY2019\\_MH\\_Reports.pdf](https://www.omb.alaska.gov/ombfiles/19_budget/PDFs/FY2019_MH_Reports.pdf)

The State's fiscal situation requires all areas of government to maximize efficiencies. The Trust's encouragement and support of Medicaid and criminal justice reform have had a positive impact on the state. Moving forward, a comprehensive fiscal plan that addresses State revenue will help ensure the sustainability of programs that support Alaska's mental health beneficiaries. We look forward to working with the Legislature to finalize the FY 2019 budget bills and address revenue solutions.

Thank you for your consideration of this bill.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 286**

HOUSE BILL NO. 286 by the House Rules Committee by request of the Governor, entitled:

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; 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.

The Governor's transmittal letter dated January 15 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the State's operating budget for Fiscal Year (FY) 2019.

The Walker Administration's FY 2019 operating budget, capital budget, and related legislation are designed to fix broken processes, invest in our future, and put Alaska on a path to stability and prosperity.

Our proposed operating budget is up less than one percent compared to FY 2018. It does not include cost-of-living wage increases, and continues to reduce the government workforce. The budget includes \$50 million in specific cost saving and efficiency measures which offset some inflation growth and reduces the real size of government.

This year's transparent agency operating budget is \$4.0 billion. This represents an increase of \$22.5 million from FY 2018 and a decrease of \$475.4 million from FY 2015. The budget maintains key services such as public safety, education, and support to local communities. It maximizes federal funding opportunities to support Alaskans and the Alaska economy.

The budget includes revenue language consistent with the legislation passed in both chambers to provide funding from the earnings reserve to the general fund. It also provides for a Permanent Fund Dividend estimated to be \$1,216 per person. While we stand ready to assist the Legislature in adopting a broad-based tax to completely close the fiscal gap, this budget requires continued withdrawals from reserves and aggressive containment of upward cost pressures.

My administration looks forward to working with the Legislature on the FY 2019 budget and related revenue measures to provide a long term balanced budget.

Sincerely,

/s/

Bill Walker  
Governor"



**HB 287**

HOUSE BILL NO. 287 by Representatives Seaton, Parish, Grenn, Drummond, Ortiz, Tuck, Kreiss-Tomkins, Edgmon, Kawasaki, Josephson, Spohnholz, Gara, Foster, Guttenberg, Stutes, LeDoux, Claman, Kito, Wool, Tarr, and Fansler, entitled:

"An Act making appropriations for public education and transportation of students; 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.

**HB 288**

HOUSE BILL NO. 288 by Representatives Tarr, Josephson, and Seaton, entitled:

"An Act relating to the minimum tax imposed on oil and gas produced from leases or properties that include land north of 68 degrees North latitude; and providing for an effective date."

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

**CONSIDERATION OF THE DAILY CALENDAR****THIRD READING OF HOUSE RESOLUTIONS****HJR 9**

The following, which was advanced to third reading from the May 17 calendar (page 1483), was read the third time:

CS FOR HOUSE JOINT RESOLUTION 9(FSH) am

Urging the United States government to continue to work with the government of Canada to investigate the long-term, region-wide downstream effects of proposed and existing industrial development and to develop measures to ensure that state resources are not harmed by upstream development in British Columbia; and urging the United States government to continue to work with the government of Canada to support the

complementary efforts of the state and British Columbia to collaborate on proposed and existing industrial upstream development in British Columbia.

The Rules Committee submitted the following updated fiscal note:

2. Zero, Legislative Agency

Representative Ortiz moved and asked unanimous consent to withdraw CSHJR 9(FSH) am. There being no objection, CSHJR 9(FSH) am was withdrawn.

### **UNFINISHED BUSINESS**

#### **HB 156**

The Speaker added a Finance Committee referral for the following:

#### HOUSE BILL NO. 156

"An Act relating to a municipal tax exemption or deferral for economic development property."

HB 156 was removed from the Rules Committee and referred to the Finance Committee.

### **SPECIAL ORDER OF BUSINESS**

Representative Tuck moved and asked unanimous consent that the notice and publication requirements be waived and the citations, Honoring - Big Dipper Ice Arena 50th Anniversary and In Memoriam - Mary Pat Brudie, be taken up as a Special Order of Business. There being no objection, it was so ordered.

Representative Tuck moved and asked unanimous consent that the House approve the citations.

Representative Claman objected and withdrew the objection. There being no further objection, the following citations were approved and sent to enrolling:

**Honoring - Big Dipper Ice Arena 50th Anniversary**

By Representatives Kawasaki, Thompson, Edgmon, Birch, Chenault, Claman, Drummond, Eastman, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kito, Kopp, Kreiss-Tomkins, LeDoux, Millett, Neuman, Ortiz, Parish, Pruitt, Rauscher, Reinbold, Saddler, Seaton, Spohnholz, Stutes, Sullivan-Leonard, Talerico, Tarr, Tilton, Tuck, Wilson, Wool

**In Memoriam - Mary Pat Brudie**

By Representatives Claman, Tarr, Edgmon, Birch, Chenault, Drummond, Eastman, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kawasaki, Kito, Kopp, Kreiss-Tomkins, LeDoux, Millett, Neuman, Ortiz, Parish, Pruitt, Rauscher, Reinbold, Saddler, Seaton, Spohnholz, Stutes, Sullivan-Leonard, Talerico, Thompson, Tilton, Tuck, Wilson, Wool

**UNFINISHED BUSINESS****HJR 21**

Representative Kawasaki added as a cosponsor to:

**HOUSE JOINT RESOLUTION NO. 21**

Urging the federal government to respect previous federal guidance on marijuana policy; and urging the federal government not to interfere in state marijuana policy.

**HB 63**

Representative Parish added as a cosponsor to:

**HOUSE BILL NO. 63**

"An Act transferring duties among departments in the executive branch of state government; relating to the duties of departments and commissioners in the executive branch; relating to the duties of the Office of the Governor; relating to state boards and commissions; and providing for an effective date."

**HB 236**

Representative Sullivan-Leonard added as a cosponsor to:

HOUSE BILL NO. 236

"An Act extending the Alaska senior benefits payment program."

**ANNOUNCEMENTS**

House committee schedules are published under separate cover.

**ADJOURNMENT**

Representative Tuck moved and asked unanimous consent that the House adjourn until 6:50 p.m., January 18 for a joint session. There being no objection, the House adjourned at 2:57 p.m.

Crystalline Jones  
Chief Clerk