

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
THIRTY-FIRST LEGISLATURE
SECOND SPECIAL SESSION

Juneau, Alaska

Monday

July 8, 2019

First Day

Pursuant to the Governor's proclamation, dated June 13 calling the legislature into special session, the House was called to order by Speaker Edgmon at 1:07 p.m.

Roll call showed 23 members present. Representatives Carpenter, Eastman, Jackson, Johnson, LeDoux, Merrick, Neuman, Pruitt, Rasmussen, Revak, Shaw, Sullivan-Leonard, Talerico, Tilton, Vance, and Wilson were absent.

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

Representative Rauscher – from today to 11:00 a.m., August 1

The invocation was offered by the Chaplain, Representative Story. Representative Kopp 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 beliefs of all Alaskans, I offer the following prayer:

Dear Lord,

Thank you for the time we have just spent in our home communities with family, friends, and neighbors. Thank you for this nation and the freedoms that we have just celebrated; like the freedom of religion, speech, press, and equal

justice. Help all of us to use those freedoms for good. Please watch over those protecting our country now, our veterans, and all of their families.

Give comfort to all who grieve the loss of a loved one. We pray for relief from the heat and fires and protection for firefighters and affected citizens in our state and Canada.

We ask for discernment and guidance as we seek to work together for the good of Alaskans and our economy. Help us to act quickly to dispel the worries of Alaskans who are impacted with job and financial uncertainties. Inspire us to be the leaders Alaska needs right now, overlooking disagreements and resentments, to get to solutions. Despite the miles that separate us, we pray for resolution of our current dilemmas, for the benefit of this and future generations.

And always, help us to appreciate the many resources and blessings that Alaskans have. Amen.

The Pledge of Allegiance was led by Representative Wool.

CERTIFICATION OF THE JOURNAL

Representative Thompson moved and asked unanimous consent that the journal for the 29th legislative day of the first special session and House Journal Supplement No. 4 and House and Senate Joint Journal Supplement No. 9 be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

MESSAGES FROM THE GOVERNOR

The following Governor's proclamation dated June 13 was read:

"Under the authority of Article II, Section 9, and Article III, Section 17, Constitution of the State of Alaska and in the public interest, I call the Thirty-First Legislature of the State of Alaska into its second special session in Wasilla, Alaska, at 1:00 p.m., on July 8, 2019, at the recommended venue of Wasilla Middle School, to consider passage of bills on the following subject:

An appropriation bill that transfers the amount authorized under AS 37.13.145(b) from the earning reserve account (AS 37.13.145) to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends and for administrative and associated costs for the fiscal year ending June 30, 2020.

Dated this 13th day of June, 2019.

Time: 11:00 a.m.

/s/

Michael J. Dunleavy
Governor"

HR 6

A message dated June 13 was received stating the Governor read the following resolution and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE RESOLUTION NO. 6

Expressing support and appreciation for the National Native American Veterans Memorial.

House Resolve No. 6

HR 7

A message dated June 13 was received stating the Governor read the following resolution and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE RESOLUTION NO. 7

Urging the governor to continue to fully implement the Alaska Tribal Child Welfare Compact and build ongoing partnerships between the state and tribal governments.

House Resolve No. 7

HR 8

A message dated June 13 was received stating the Governor read the following resolution and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE RESOLUTION NO. 8(RES)

Recognizing 2019 as the International Year of the Salmon and supporting an associated global initiative identifying the importance of wild salmon.

House Resolve No. 8

HR 10

A message dated June 13 was received stating the Governor read the following resolution and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE RESOLUTION NO. 10

Urging the United States Congress to reauthorize the Violence Against Women Act of 1994 without an exemption for tribal governments in the state and to support Savanna's Act and highlight the crisis of missing and murdered Indigenous women.

House Resolve No. 9

HR 11

A message dated June 13 was received stating the Governor read the following resolution and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE RESOLUTION NO. 11

Supporting the renaming of Saginaw Bay as Skanáx Bay.

House Resolve No. 10

HB 39

The following letter dated June 28 was received at 10:56 a.m.:

"Dear Speaker Edgmon:

On this date, I have signed, with line-item vetoes, the following bill passed during the First Special Session of the Thirty-First Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CONFERENCE CS FOR SS FOR HOUSE BILL NO. 39

"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 and reappropriations; and providing for an effective date."

Chapter No.1, FSSLA 2019
[Effective Date: See Chapter]

For the past several years, the State of Alaska has attempted to operate business as usual under a radically changing revenue picture. Based on Alaska's fiscal reality, fundamental changes to our budgetary process have to be implemented in order to align state expenditures and state revenues. That is what this budget does.

With the state of Alaska now pointed in the right direction, this budget moves us halfway toward a balanced budget. With an overall reduction of \$678.8 million this year, next year we can close the state's remaining deficit of \$730 million. This two-year process will put Alaska in a position of balancing the budget without new taxes or a reduction of the traditional Permanent Fund Dividend.

The budget goals and priorities for my administration have been very clear from the beginning: maintain and protect our reserves, expenditures cannot exceed existing revenues, the budget is built on core functions, and no additional taxes on Alaskans. In short, the budget must be sustainable, predictable, and affordable. The operating budget I transmitted on February 13, 2019 for legislative consideration was designed to meet those goals. I appreciate the work and careful deliberation that went into the final passage of HB 39.

The attached reports summarize the line-item vetoes. In total, 182 items have been vetoed from the operating and mental health budgets totaling \$361.1 million in unrestricted general funds (UGF), \$17.7 million in designated general funds (DGF), \$12.4 million in other funds, and \$22.5 million in Federal funds. With these vetoes, the FY2020 operating budget, including mental health appropriations made in HB 40, is \$4,045.2 UGF, \$855.2 DGF, \$700.4 other funds, and \$2,698.2 Federal funds. Included in the items vetoed in this bill

are the appropriations for FY2021 K-12 Foundation and Pupil Transportation funding. Per guidance from the Attorney General appropriations of future general fund revenues are not valid. These items have been vetoed to prevent an unconstitutional dedication of funds.

Based on the five principles outlined at the time of my initial budget proposal, and a sincere effort to end the cycle of unsustainable deficit spending, my administration worked to make a number of difficult, but necessary decisions, including a veto of the unconstitutional dedication of funds for FY2021 education spending. This budget was thoroughly evaluated, and my policies were applied consistently across the board. No one region, community, or legislative district was singled out or held to any other threshold. It is critical that we get our fiscal house in order and provide a secure and stable future for Alaskans.

This budget focuses on the state's basic responsibilities while understanding our fiscal constraints. This is one step in the right direction – setting Alaska on the path to fiscal certainty while acknowledging additional actions, over multiple years, are needed. With this act, we have eliminated nearly 50 percent of the state's deficit; more work will be needed in the months ahead and during the next legislative session.

I am committed to working with the legislature to address our state's spending, to eliminate our deficit over time, and to move Alaska forward.

Sincerely,

/s/

Michael J. Dunleavy
Governor"

HB 40

The following letter dated June 28 was received at 10:56 a.m.:

"Dear Speaker Edgmon:

On this date, I have signed, with line-item vetoes, the following bill passed during the First Special Session of the Thirty-First Alaska State

Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CONFERENCE CS FOR SS FOR HOUSE BILL NO. 40

"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."

Chapter No. 2, FSSLA 2019

[Effective Date: July 1, 2019]

My administration worked to identify what items were a priority based on the principles I have established during my time in office. This budget was thoroughly evaluated, and my policies were applied consistently across the board. We must evaluate all programs based on how effective they are in achieving the desired outcome. Going forward, it will be necessary for the Mental Health Trust to assess program needs and utilize the Trust's earnings to fund any increases in financial support.

With this in mind, reductions were made to the Mental Health Capital and Operating budget. These vetoes are in line with the guiding principles I outlined on day one of my administration. Reports are attached detailing vetoes to the mental health operating budget, in addition \$11.7 million in unrestricted general funds (UGF) were vetoed from the mental health capital budget for projects that are not core functions of the state. We must work together to prioritize State funded programs, and programs funded at the local level.

Sincerely,

/s/

Michael J. Dunleavy
Governor"

HB 104

A message dated June 28 was received stating the Governor signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 104(L&C) am S

"An Act relating to exemptions from mortgage lender, mortgage broker, and mortgage loan originator licensing requirements; and providing for an effective date."

Chapter No. 9, SLA 2019

Effective Date: See Chapter

SB 10

A message dated June 26 was received stating the Governor signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE BILL NO. 10

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

Chapter No. 8, SLA 2019

Effective Date: June 27, 2019

MESSAGES FROM THE SENATE

SB 19

A message dated June 13 was received stating the Senate concurred in the House amendment to CSSSSB 19(FIN), thus adopting:

HOUSE CS FOR CS FOR SS FOR SENATE BILL NO. 19(FIN)
am H(brf sup maj fld H)

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

COMMUNICATIONS

The following were received:

Dept. of Health & Social Services
Alaska Vaccine Assessment Program
Annual Report 2018-2019
www.akvaccine.org
(as required by AS 18.09.210)

A memo dated June 24 from President Giessel and Speaker Edgmon:

"Pursuant to Article XV, Section 20, of the Constitution of the State of Alaska and in the public interest, the Thirty-First Legislature of the State of Alaska will convene the 2nd special session in Juneau, Alaska, at 1:00 p.m., July 8, 2019, in the Alaska Capitol Building, to consider the item under the call issued by Governor Michael J. Dunleavy:

An appropriation bill that transfers the amount authorized under AS 37.13.145(b) from the earning reserve account (AS 37.13.145) to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends and for administrative and associated costs for the fiscal year ending June 30, 2020."

A memo dated July 8 from Speaker Edgmon to President Giessel:

The Senate is invited to meet with the House for the purpose of a joint session on Wednesday, July 10, 2019, at 11:30 a.m. for the purpose of voting to override the Governor's vetoes to HB 39 (Approp: Operating Budget/Loans/Funds) and HB 40 (Approp: Mental Health Budget).

INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE RESOLUTIONS

HCR 201

HOUSE CONCURRENT RESOLUTION NO. 201 by the House Rules Committee:

Authorizing the House of Representatives and the Senate to recess for a period of more than three days.

was read the first time and taken up later under Unfinished Business.

INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE BILLS

HB 2001

HOUSE BILL NO. 2001 by the House Rules Committee, entitled:

"An Act making a special appropriation from the earnings reserve account for the payment of permanent fund dividends; and providing for an effective date."

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

UNFINISHED BUSINESS

HCR 201

Representative Thompson moved and asked unanimous consent that the following be taken up:

HOUSE CONCURRENT RESOLUTION NO. 201

Authorizing the House of Representatives and the Senate to recess for a period of more than three days.

There being no objection, it was so ordered.

The question being: "Shall HCR 201 pass the House?" The roll was taken with the following result:

HCR 201

YEAS: 23 NAYS: 0 EXCUSED: 1 ABSENT: 16

Yeas: Claman, Drummond, Edgmon, Fields, Foster, Hannan, Hopkins, Johnston, Josephson, Knopp, Kopp, Kreiss-Tomkins, LeBon, Lincoln, Ortiz, Spohnholz, Story, Stutes, Tarr, Thompson, Tuck, Wool, Zulkosky

Excused: Rauscher

Absent: Carpenter, Eastman, Jackson, Johnson, LeDoux, Merrick, Neuman, Pruitt, Rasmussen, Revak, Shaw, Sullivan-Leonard, Talerico, Tilton, Vance, Wilson

And so, HCR 201 passed the House and was referred to the Chief Clerk for engrossment.

HJR 15

Representative Claman added as a cosponsor to:

HOUSE JOINT RESOLUTION NO. 15

Proposing an amendment to the Constitution of the State of Alaska relating to actions upon veto.

HB 82

Representative Hannan added as a cosponsor to:

HOUSE BILL NO. 82

"An Act adding to the powers and duties of the State Commission for Human Rights; and relating to and prohibiting discrimination based on sexual orientation or gender identity or expression."

ENGROSSMENT

HCR 201

HCR 201 was engrossed, signed by the Speaker and Chief Clerk, and transmitted to the Senate for consideration.

SB 19

The following, which engrossment was waived (page 1187), was engrossed and sent to the Senate June 14:

HOUSE CS FOR CS FOR SS FOR SENATE BILL NO. 19(FIN)
am H(brf sup maj fld H)

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

ENGROSSMENT AND ENROLLMENT

HB 39

The following was engrossed and 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 4:50 p.m., June 13:

CONFERENCE CS FOR SS FOR HOUSE BILL NO. 39

"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 and reappropriations; and providing for an effective date."

The following memorandum dated June 13 was received from Lora Brown, Enrolling Secretary, Division of Legal and Research Services:

"In accordance with Rule 43, Uniform Rules of the Alaska State Legislature, I am reporting the following manifest errors in CCS SSHB 39, which have been corrected in enrolling:

Page 21, line 7:

Delete the second occurrence of "the"

Page 61, line 22:

Delete "officers"

Insert "officers"

Page 67, line 10:

Delete "(42.45.070(a))"

Insert "(AS 42.45.070(a))"

Page 77, line 14:

Delete "AS 37.05.146(c)(21)"

Insert "AS 37.05.146(c)(20)"

Page 83, line 26:

Delete "officer's"

Insert "officers"

Page 84, line 23:

Delete "Academic"

Insert "Academics"

HB 40

The following was engrossed and 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 4:50 p.m., June 13 with a manifest error memorandum (page 1200):

CONFERENCE CS FOR SS FOR HOUSE BILL NO. 40

"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."

Also transmitted was a copy of the following letter dated June 8 to Ms. Mary Jane Michael, Chair, Alaska Mental Health Trust Authority:

"Dear Ms. Michael:

Pursuant to the requirements of AS 37.14.005(c), this letter and the enclosed reports describe how the funding contained in HB 40 (the FY20 Mental Health budget) and SB 19 (the Capital Bill) differ from the FY20 Mental Health Trust Authority's (Authority) funding recommendations for the State's integrated comprehensive mental health program. While the statute requires reporting only on general fund expenditures, information regarding expenditures of Authority receipts is also included in the attached reports.

Operating Appropriations (report #1)

For mental health operating program funding, the *Agency Summary* report compares the FY20 Mental Health Trust Authority operating budget recommendations to the Governor's request and to the appropriations passed by the legislature. Note that, for comparison purposes, Authority recommendations include FY20 salary adjustments and base transactions requested by the Governor. This brings the FY20 total Authority recommendations to \$235.7 million. The Governor requested \$211.2 million, and the Conference Committee's budget totaled \$219.6 million. The Conference Committee budget is \$8.4 million above the Governor's request, an increase of 4 %.

Governor's Request (report #2)

An enclosed *Transaction Compare* report shows differences between Authority recommendations and the Governor's request. The differences between the two (excluding executive branch travel reductions) are as follows:

- **Department of Administration**

Legal and Advocacy Services/ Public Defender Agency - the Trust recommended \$372.7 more of GF/MH than the Governor's request;

- **Department of Health and Social Services**

- **Alaska Pioneer Homes/Pioneer Homes** - the Governor removed all GF/MH (\$16.4 million) from the Pioneer Homes allocation and transferred the remaining UGF (non-MH) to the new Payment Assistance allocation, resulting in ~\$20 million UGF to support residents in need of financial assistance. This net reduction of \$12.3 million UGF from FY19 to the program assumes increased revenue (GF/PR and I/A) associated with substantial rate increases planned for FY20
- **Alaska Psychiatric Institute (API)/API** -the Governor requested an amendment including \$4.7 million GF/MH for ongoing API operations in FY20
- **Behavioral Health/Behavioral Health Treatment and Recovery Grants** - the Governor requested a reduction of \$12 million GF/MH in anticipation of more behavioral health services transitioning to Medicaid under the 1115 waiver
- **Senior and Disabilities Services/Senior and Disabilities Services Administration** - the Trust recommended \$63.0 more of GF/MH funding than the Governor requested;

- **Department of Labor and Workforce Development**

Employment and Training Services/Workforce Services - the Trust recommended \$128.8 more of MHTAAR funding than the Governor requested; and

- **Department of Natural Resources**

Administration & Support Services/ Mental Health Trust Lands Administration - the Trust recommended \$29.2 more of MHTAAR funding than the Governor requested.

Conference Committee Budget (report #3)

The legislature treated the Governor's request as a starting point for budget deliberations. Other than the differences listed below, the legislature approved the FY20 Mental Health Budget as submitted by the Governor.

- **Various Agencies** – the legislature denied the following travel reductions proposed by the Governor:
 - Department of Administration/**Office of Public Advocacy** - \$3.2 GF/MH

- Department of Health and Social Services/**Governor's Council on Disabilities and Special Education** - \$5.9 MHTAAR
- Department of Revenue/**Long Term Care Ombudsman Office** - \$4.2 GF/MH
- **Department of Health and Social Services**
 - Behavioral Health Treatment and Recovery Grants - fund change to replace \$1.5 million of unsustainable Alcohol and Other Drug Treatment and Prevention Funds (code 1180) with Recidivism Reduction Funds (RRF) (DGF, code 1246)
 - Behavioral Health Treatment and Recovery Grants - fund change to replace \$4 million of UGF (GF/MH) with Marijuana Education and Treatment Fund (MET) (DGF, code 1254)
 - Behavioral Health Treatment and Recovery Grants - the legislature accepted approximately half of the Governor's proposed \$12 million GF/MH decrement as follows:
 - approved \$8.24 million of the \$12 million reduction which corresponds to the reduction in grant solicitations currently being reviewed by DHSS for FY20; and
 - restored \$2.1 million of said decrement with DGF/MET funding, resulting in a NET reduction of \$6.14 million GF for this item.
 - Pioneer Homes – in addition to restoring \$5 million UGF (non-MH) from the Governor's proposed cuts to the Pioneer Homes program, the legislature also added \$2.4 million in Recidivism Reduction Funding (DGF) to the Pioneer Homes allocation to support operations.

Supplemental Appropriations (report #4)

The legislature approved the Governor's supplemental capital request of \$3.685 million for the Department of Corrections. \$2.54 million GF/MH and \$1.15 million MHTAAR will be used to accommodate the Women's Mental Health Unit at the Hiland Mountain Correctional Center.

Capital Appropriations (report #5)

The Authority recommended a \$15.3 million capital budget. The Governor's request totaled \$2.1 million (a reduction of \$13.2 million). The legislature approved the Authority's recommended budget as reflected in the enclosed FY2020 Capital Project Detail by Agency.

New Legislation (report #6)

The legislature reduced the Suicide Prevention Council's budget (Health and Social Services) by \$61.7 GF/MH in FY20 along with intent that the Council work with the Department of Education and Early Development to develop a long-term sustainability plan for suicide prevention training.

If you have questions regarding the enclosed reports, please contact Kelly Cunningham of the Legislative Finance Division at 465-3821.

Sincerely,

/s/

Representative Neal Foster
Conference Committee Chair

Senator Bert Stedman
Conference Committee Vice-Chair

Enclosures

1. MH Agency Summary (Operating Budget)
2. Transaction Compare between 20MH TrustOp & 20 GovAmdTOT
3. Transaction Compare between GovAmdTOT and CC6
4. MH Supplemental Project Detail by Agency
5. MH Capital Project Detail by Agency
6. MH New Legislation Transaction Detail"

HB 49

The following was engrossed and 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 9:10 a.m., June 20 with a manifest error memorandum (page 1145):

CONFERENCE CS FOR HOUSE BILL NO. 49

"An Act relating to criminal law and procedure; relating to marriage as a defense to certain crimes of sexual assault; establishing the crime of possession of motor vehicle theft tools; relating to controlled substances; relating to electronic monitoring; relating to probation and parole; relating to sentencing; amending the definitions of 'most serious felony,' 'sex offense,' and 'sex offender'; relating to registration of sex offenders; relating to the automated victim notification system; relating to reporting child abuse or neglect; relating to Alaska Native organizations; relating to the village public safety officer program; relating to cancellation of a driver's license; relating to driving while license canceled; relating to operating under the influence; relating to restoration of a driver's license; relating to refusal to submit to a chemical test; relating to the use of headlights; relating to the powers and duties of the commissioner of corrections; relating to pretrial services; relating to the duties of a prosecuting attorney; relating to testing of sexual assault examination kits; relating to reports of involuntary commitment; amending Rules 6(r)(6) and 38.2, Alaska Rules of Criminal Procedure; and providing for an effective date."

ENROLLMENT**HB 104**

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 9:10 a.m., June 20:

CS FOR HOUSE BILL NO. 104(L&C) am S

"An Act relating to exemptions from mortgage lender, mortgage broker, and mortgage loan originator licensing requirements; and providing for an effective date."

ANNOUNCEMENTS

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

House committee schedules are published under separate cover.

ADJOURNMENT

Representative Thompson moved and asked unanimous consent that the House adjourn until 10:30 a.m., July 9. There being no objection, the House adjourned at 1:26 p.m.

Crystalline Jones
Chief Clerk