

**SENATE AND HOUSE
JOINT JOURNAL SUPPLEMENT**

February 3, 1997

Monday

No. 5

Address

by

The Honorable Frank H. Murkowski

United States Senator

Before a Joint Session

of the

First Session of the

Twentieth Alaska State Legislature

February 3, 1997

Juneau, Alaska

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**Speech of Senator Frank Murkowski
To the Alaska State Legislature
February 3, 1997**

Introduction

Mr. President -- Madame Speaker

This is the 16th time you have extended me an invitation to address you. I'm most appreciative.

A new century, and a new millennium will soon be at hand.

It is a time to take stock of Alaska... and to judge if it is the Alaska we had hoped would greet a new generation and a new century.

It is a time to consider the problems which confront us, and the opportunities which challenge us.

Over that time I have worked, as most of you have, in both the private sector and in public service, to build a State we can be proud to pass along to new generations of Alaskans.

It is a time to reflect on nearly 40 years of Statehood and whether the intent of Congress and the framers of the state Constitution are being fulfilled.

We have accomplished much. But there remains much to do if we are to open a new century with a clean slate... ready to marshal all of our vitality, wisdom and hope to make this Great Land an even greater place to live and raise our families.

Today, I want to review what we've done and give you my view of where we ought to be in the year 2000 and beyond.

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Accomplishments of the 104th Congress

· **Oil Export Ban.** Last year we succeeded in repealing the oil export ban on the strength of the Delegation's new position of leadership and the support of organized labor. As a result, we now enjoy renewed exploration and development and increased revenues to the State. That translates to more jobs, more money to improve education and fight crime and bigger dividends.

· **ANWR.** For the first time in history, we passed legislation to authorize oil exploration in the Arctic coastal plain—only to have it vetoed by the President.

· **APA Sale.** We authorized the sale of the Alaska Power Administration to the state, so that Juneau and Anchorage power users don't have to look to Washington, D.C. for their power needs.

· **Rural Sanitation.** We won \$15 million or more a year for rural water and sewer improvements -- a joint effort we hope to deliver on year after year until children in our rural communities no longer suffer from hepatitis or other diseases.

· **Alaska Native Initiatives.** We passed measures to benefit Alaska Natives, finishing land trades, amending Native Claims Settlement Act and changing the federal funding formula for aid to rural areas -- all aimed at increasing the quality of life and the quality of opportunities in Alaska villages.

And we accomplished dozens of other measures, more for Alaska than any Congress since 1973 when the Trans-Alaska Pipeline System authorization passed -- working with Ted and Don -- it has been a good year for our State.

Opportunities in the 105th Congress

The focus of the new 105th Congress is on improving and enhancing the quality of life for every American family and ensuring the financial security of all retired Americans.

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The twin-pillars of our national retirement policy -- **Social Security and Medicare** -- must and will be preserved. I am committed to guaranteeing the long-term solvency of these trust funds, without smoke or mirrors.

As a member of the Finance Committee, I am committed to easing the economic burdens that taxes have imposed on middle income Americans.

I believe Congress will pass a **\$500 per child tax credit** for every American family, so families can devote more of their earnings to their children rather than to Washington.

We must make it easier to send your children to college by allowing **education investment accounts**, like an IRA.

I will work to ensure that Alaskans who participate in the state's pre-paid tuition program will be able to use the proceeds from the plan without paying any tax.

I also will work to provide tax relief for students struggling to pay off their **student loans**.

Finally, after falling one vote short last year I believe Congress will adopt an amendment to the Constitution that **balances the budget** so that your children and grandchildren are not staggering under the weight of paying interest on a \$10 trillion or \$20 trillion national debt.

Pressing Alaska Issues

I began with the observation that the millennium affords the opportunity to judge if we have shaped the Alaska we envisioned for the 21st Century.

There are two issues where we clearly haven't met the test... the issue of Subsistence and the meaning of "Indian Country" in Alaska.

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Subsistence

One of the key objectives of Statehood was to assert control over our fish and game.

We had suffered decades of resource failure as a territory, and knew we could do better. Yet today we are again under the cloud of regressive federal intervention.

The federal government has already initiated jurisdiction over game management.

And we are just 8 months from the end of a moratorium that keeps the Department of the Interior out of the management of our fisheries. They are today circulating draft regulations to take control of our fisheries.

Well, my vision of Alaska in the 21st Century does not include a return to the failed federal management of Alaska's living resources.

Three separate state Administrations and four different legislatures have failed to resolve the problem.

Yet, most of the recent suggestions coming from Administrations as diverse as Governor Hickel's and Governor Knowles' have concluded that the state must make some changes and the federal government must make some changes.

They have both recognized that we are in this together and must come out of this together.

This has gone on long enough, and I want to do my job to resolve it. But I can't do my job, unless you do yours!

If you and the Governor jointly tell me what changes you want to ANILCA, I'm ready to act.

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A task force composed of legislators and the Administration can surely come up with recommendations on how we can finally resolve this issue.

Last year I suggested a special master be appointed to make those recommendations. But after hearing from Alaskans, I'm convinced we should not risk the appointment of an outsider. We as Alaskans must resolve this issue.

Indian Country

We should not burden the next generation of Alaskans in a new millennium with disputes over the meaning of "Indian Country."

I wholeheartedly join the State Administration and Legislature in the effort to get the U.S. Supreme Court to reverse the Venetie decision.

This decision, if allowed to stand, will create confusion and promote division among Alaska Natives and among all Alaskans well into the next century.

The State's greatest responsibility is to defend its sovereignty, so I hope the state uses all of its resources and best legal counsel to reverse the Ninth Circuit's ruling.

But while I oppose the ruling and believe it must be overturned, I support additional local empowerment for Alaska Natives...

...because my vision of Alaska is to ensure that Native peoples who have lived in this Great Land over much of the last millennium enjoy the opportunity to pursue their brightest dreams and highest aspirations.

We have not been standing idle in this area. I have chaired hearings in Washington, D.C. and in Alaska where the central question was how to empower villages to address their most pressing local issues. The Joint Federal-State Alaska Native Commission, which I authored,

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suggested that Natives gain greater local powers to handle petty offenses, create dispute-resolution bodies, solve alcohol problems and encourage job training and economic development.

So this is the time the Alaska Native Community must give us their views. And we must listen. I hope to meet with Native regional corporation leadership and the AFN board of directors here in Juneau on February 18th.

But make no mistake; if the Venetie decision is not overturned, we will have to pursue a legislative resolve which incorporates the views of all Alaskans and the needs of the villages.

I want to leave no doubt in anyone's minds that ANCSA did not intend to create Indian Country.

[Section 2B specifically says, "The (claims) settlement should be accomplished rapidly... Without establishing any permanent racially defined institutions, rights, privileges, or obligations, without creating a reservation system... And without adding to the categories of property and institutions enjoying special tax privileges."]

I can't support in the broad sense the creation of 226 separate, sovereign tribes in Alaska all with taxing powers, authority over fish and game management, and criminal jurisdiction over Alaska citizens, who are not members of the tribe.

We don't have to accept this to promote local control and self-reliance in village Alaska.

And finally we must provide Alaskan Natives every opportunity to participate fully in our great State, while protecting their rich heritage.

But we need not settle for the conflict and uncertainty created with one legal opinion by three federal judges.

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ANILCA

When we imagined what a new generation of Alaskans would face in the 21st century, we did not expect they would have to re-fight the battles we endured during the Statehood Act, ANCSA, and Alaska Lands Act.

We had hoped the promises made to Alaskans in 1959, 1971 and 1980 would not be subject to reinterpretation or renegotiation...

...but as memories of those promises fade, we must take action to:

...Protect traditional access to lands.

...Gain inholder access across federal lands.

...Protect the use of cabins and camps.

...And protect our rights to hunt and fish.

We must protect the rights of Alaskans as set forth in ANILCA from the erosion of time and forgetful federal bureaucrats.

Work with me to maintain the intent and sanctity of the federal promises to Alaskans. I call on the Governor and Legislature to provide constructive testimony and support the changes that may be necessary.

Alaska Resources for a New Millennium

Our vision of Alaska in the 21st Century has facets the old sourdough could have never imagined.

We plan a commercial **spaceport** on Kodiak.

We are asking the DOE to help us with a pilot program to develop new energy technologies to replace high priced fuel in the villages.

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We are building a new international **Arctic Research Center** at the University of Alaska, in partnership with the Government of Japan, that will study the planet and our global environment as never before.

We are building new **satellite earth stations** in Fairbanks that will gather and process the streams of binary data... that comprise the currency of the information age.

We have built **air cargo transshipment** points in Anchorage and Fairbanks that are the gateways between Europe, the Orient and North America.

Those are new facets of our future. But Alaska cannot forget the facets of a past deeply rooted in resource development.

We are a resource-rich state, and we will use 21st Century technology to responsibly develop those resources.

We will showcase technologies that can extract oil, gas, minerals and timber in new ways that protect and perhaps even enrich the environment.

We must do a better job of telling our story.

Alaskans are the best stewards of our land. Just look at how we have rebuilt our salmon runs, setting record harvests in 12 of the past 14 years. In 1995 we harvested an all-time high of 218 million salmon -- compared to just 25 million at the time of Statehood.

To enter the new century on a solid economic footing we must work towards a number of economic and resource-oriented projects.

Resource development, along with sound science and new technology will provide a solid foundation of accomplishments and a record of environmental sensitivity to pass on to our future generations.

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Gasline

I want to compliment the Governor and Legislature for working to improve the investment climate for the oil and gas industry.

In December, I traveled to Japan, Taiwan and Hong Kong. They are pleased that for the first time, Alaska oil is flowing to their markets... and they are anxious for more.

They are also interested in purchasing our natural gas. In addition to Japan, Taiwan and Korea, I found keen interest in Hong Kong for the purchase of Alaska LNG. And Hong Kong is but the tip of the Chinese iceberg.

In the next century, the growth in energy consumption in China will be phenomenal. Today 1.2 billion Chinese people consume 895 kilowatt hours per person per year. Compare that to America, where the average person consumes 11,850 kw per year.

Yet we will face global competition in meeting the demand for energy in the Pacific Rim. In addition to Marathon's Sakhalin Island project, the Canadians have new plans for a 3.5 million-metric-ton project to export gas from Kitimat, B.C.

In the face of growing demand and growing competition, our challenge is to provide a fiscal environment in Alaska to ensure a successful and timely Alaska gas project. This could include both federal and state incentives.

I will assist the effort to evaluate the specific needs and timing of our Alaska project with hearings on world LNG markets.

NPRA

And we must press ahead with new oil leasing in the National Petroleum Reserve-Alaska.

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On November 27, 1995, I debated Secretary Babbitt on nationwide TV on ANWR. He said to me, and I quote:

“90% of the Alaskan coastline is already open to exploration. You can go a thousand miles west from Prudhoe Bay. I’m ready to offer those leases right now.”

I intend to hold the Secretary to his word.

The Department recently indicated a willingness to address NPR leasing. But there are efforts by some environmentalists to compel the White House to require a *quid pro-quo*—to permit limited leasing in NPR only if new conservation areas are carved out of the area.

Such *quid pro-quo*s, in my view, are totally unacceptable. The proper procedure should be for industry to nominate areas for leasing, and after a thorough, but prompt, environmental review, be permitted to bid on the highest potential areas.

Lest we forget, leasing has been authorized since 1981 in the former PET 4. Exploratory drilling has occurred in NPR since the 1940s. Four lease sales were held (44 leases being issued) between 1983 and 1985.

I will be meeting with Secretary Babbitt later this week to remind him of his statement on being ready to lease the Petroleum Reserve.

ANWR

It is still our goal to open a part of the Arctic coastal plain to environmentally responsible oil exploration and development.

In 1995 we proved that we can win in Congress on ANWR. But to achieve ultimate success, we must broaden our base of support.

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We should continue to fund the efforts of Arctic Power, which has done an excellent job, to conduct a national education campaign on our dangerous dependence on foreign oil and how we can open ANWR safely without harm to wildlife or the environment.

And we must again reach out to our counterparts in other states and seek their support.

In the U.S. Senate, there are 15 new members. I'm looking forward to bringing them to Prudhoe Bay and ANWR so they can see how we can develop our resources in an environmentally responsible manner.

Further, as the North Slope's oil fields expand closer and closer to ANWR and we find new commercial deposits, the public's attention surely will focus on the likely possibility of a major oil reserve in ANWR.

This will make obvious the Secretary of the Interior's obligation to delineate at least partially the extent of ANWR's reserves.

As you all know, the related Dinkum Sands case will finally be argued before the Supreme Court later this month. The state should win the right to develop its oil resources in the lagoons along the ANWR coast.

Railroad Extension

As we open Alaska's frontiers to potential development, we need not be afraid to use some of the tools that worked so well in opening the American frontier to development.

During meetings in London two weeks ago with RTZ, the parent company of Kennecott, there was genuine interest in my idea to extend a railroad to the valuable high-energy (13,500 BTU) low sulfur coal and the mineral deposits of Northwest including the Red Dog mine.

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We have been working with the Federal Railroad Commission, the Alaska Railroad, the Canadian National Railroad and others gathering baseline information on this rail extension. While we have only just begun this effort, it has become increasingly clear that this project offers a wonderful opportunity for year-round employment and many other benefits for the rural residents of Northwest Alaska.

This is a project for all Alaskans, a project to take us into a new century. Just as railroads opened the American west, a railroad may open Alaska's west. I invite you to join with me in writing this exciting new chapter in Alaska's history.

Smelter

My vision of Alaska in the 21st century is one where we act less as a colony supplying raw materials, and more like an entrepreneur adding value to those materials.

As we bring more hard-rock mineral ore to market, we should consider promoting local value-added industry to process that ore. I'm talking about a smelter.

Alaska offers three key features that make a smelter possible... location en route to Pacific Rim markets, abundant power either at Unalaska or in Southeast, and abundant resource supply.

There is no environmental reason, with 21st century technology, why we can't make this dream a reality.

Southeast Alaska and the Tongass

New opportunities rarely come without change. Unfortunately, we have seen some dramatic changes in Southeast... And not for the best.

Next month we will lose the traditional underpinning of the region's forestry industry -- its last pulp mill. Before 1954 Southeast Alaska suffered the boom and bust times.

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The pulp mills arrived to provide stable year-round employment from a value-added industry that utilized the 50 percent of the low-value logs that had no other market but exports.

Fifty years ago, the federal government was instigator and partner in developing a viable and stable timber industry.

But today, rather than promoting our industry, the federal government has pulled the rug out from under it.

Now we have come full circle!

In the 1990s, we lost both pulp mills and the Wrangell and Haines sawmills. The Metlakatla, Ketchikan and Klawock sawmills are hanging on. Recently, we got the discouraging word on the Echo Bay project in Juneau, where after spending 10 years and \$110 million trying to get its permits, Echo Bay announced it was leaving.

This points to a situation in Southeast where the future seems to be directed mostly towards year-round government activity and seasonal tourism.

That's all the more reason for everyone to support the Cour Alaska proposal for the Kensington gold mine near Juneau.

We must consider helping the more distressed parts of Southeast: Ketchikan, Wrangell and Sitka, by means of federal and state employment, such as shifting some administrative activities in Southeast.

I will be pushing to help complete a Southeast power intertie to help spread economic development throughout the region and will be pushing construction of a bridge to link the Ketchikan airport with town.

And as we consider ways to help Southeast, we can't forget steps we must take to help the struggling timber industry and its workers.

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Last October, when the Vice President and President refused to extend the Ketchikan contract, and the closure of the pulp mill was announced, I held up the largest parks bill in 30 years, affecting 42 states.

I finally got a commitment from the President's Chief of Staff for timber to operate the Ketchikan and Metlakatla saw mills for at least 2 years after the pulp mill contract was canceled.

Since then, discussions have proceeded on how that commitment would be met. While I regret the Administration forced closure of the pulp mill, I am pleased to announce today that an agreement has been reached that will provide timber for 3 years to the two sawmills. This is good news for Southeast Alaska.

We need to all work, during this transition, to find ways to keep those mills running permanently and to bring a value-added processing facility for low quality logs to Ketchikan and Wrangell.

This agreement, for 3 years of timber to the two sawmills, gives us a chance to make something happen. We must keep a year-round timber industry part of Southeast Alaska's economy.

But a key issue for the future is how the pending Tongass Land Management Plan revision will govern, not just timber, but the integrated economy of Southeast.

In addition to timber management, and whether solid timber jobs will return to Wrangell, Sitka, and Prince of Wales Island, the new TLMP will regulate transportation corridors, tourism, mining, construction of an intertie, and even influence the future of fisheries. We all have a responsibility to see how it affects the state's development plans for the region.

I intend to hold oversight hearings on the adequacy of TLMP and whether it contains a vision for Southeast Alaska's economic future. I encourage you to engage in the same inquiry.

I intend to review the plan very carefully after its unveiling to see if it reflects our joint vision of what Southeast should become in the 21st Century.

Conclusion

To conclude, I believe that we will see, in Alaska's new millennium, both space ports and railroads.

President Clinton talked about a bridge to the future. But he never told us it would be a toll bridge. And many of us reminded him that you can't build bridges without natural resources, or they will fall down.

Our good fortune is the fact that Alaska is firmly situated between two eras... the industrial age and the information age. We have something to offer both.

Just as we will continue and improve the responsible resource development that has characterized our past, Alaskans will deftly ply the information age with super computers and satellite earth stations.

And I want to add that Alaskans will play an important role in protecting the environment of our planet...

...whether we are studying climate change at the University...

...exporting clean natural gas to the energy-hungry Pacific Rim...

...or exporting Alaska-tested technologies to develop natural resources in an environmentally responsible manner.

As the political leaders of Alaska, we must shoulder the burden of difficult issues such as subsistence and Indian Country, but it is our privilege to share in the opportunity of forging Alaska's future...

...and passing along to a new generation, an Alaska enriched with more hope and opportunity than even the one we enjoyed.

...