

**HOUSE AND SENATE  
JOINT JOURNAL SUPPLEMENT**

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**January 22, 1998**

**Thursday**

**No. 12**

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**ADDRESS**

**BY**

**THE HONORABLE FRANK H. MURKOWSKI**

**UNITED STATES SENATOR**

**BEFORE A JOINT SESSION**

**OF THE**

**SECOND SESSION OF THE**

**TWENTIETH ALASKA STATE LEGISLATURE**

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**January 22, 1998**

**Juneau, Alaska**

STEAMER GUYA BRIDGE  
TWOHOUR GROUP JAPANESE TONNAGE

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The following was submitted for publication:

**Address to the Twentieth Alaska State Legislature  
By Senator Frank H. Murkowski**

### **Introduction**

Mr. President, Madame Speaker.

Good morning, and thank you for inviting me to address you as you convene what I believe will be an historic legislative session.

This is no ordinary legislative session. You have been challenged to bring together the people of our State and to act on divisive issues that will affect all Alaskans for generations to come.

I am confident that you will meet that test.

I want to share with you my optimism about the future as I see it for our citizens and for our country. Never before have we had so many opportunities to shape our own destiny and chart our own course.

As we've witnessed over the past three years as the Congress and the President have battled over balancing the budget and cutting taxes, a resolve that brings about compromise is a necessary element of serving the people we represent.

### **The Economy and the Balanced Budget**

Last year, when I stood here, I made a commitment to the people of Alaska to work as hard as I could to ease the burden of taxation;

Ensure the solvency of Medicare;

Reduce the cost of Education, and most importantly,

Balance the federal budget.

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Today, I am proud to report, I've kept those commitments.

In 1997 we achieved: The first Tax Cut in 16 years including a \$500 per child tax credit for middle income American families;

Estate tax and capital gains relief along with expanded Individual Retirement Accounts;

Tax credits and special deductions for college education expenses, including a provision allowing Alaskans to withdraw funds from the state's pre-paid tuition program tax free.

For young people just out of college, student loan interest will now be deductible;

And because of the deal we struck; the Medicare program will remain solvent for at least another 10 years.

Most importantly, I can stand here today and say something I've never been able to say:

The books of the federal government are going to be in balance this year!! That hasn't happened since 1969!

Deficits are turning into surpluses and our national debt will soon begin to decline!

We all can share in the credit for these achievements. A Republican Congress and a Democratic President worked to bring about a consensus to get our fiscal house in order.

But that's not all that we accomplished....

As every one of you know, as a member of the Senate Finance Committee, I was able to get the first change ever in the federal Medicaid formula freeing up more than \$37 million a year of state money.

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The extra federal money creates a great opportunity for Alaska. Your challenge is to seize this opportunity and wisely use these funds.

Every child should be entitled to proper health care. Years ago, I made certain that all children in Alaska were immunized against Hepatitis B.

Last year, I was able to get Congress to take \$6 million from the tobacco industry and use it to help cover Alaska's 17,000 uninsured children.

### **1998 in Washington**

This year, the Republican Congress will continue to control the agenda in Washington just as we have for the past three years.

And the first thing we are going to do is change the relationship between the IRS and the ordinary taxpayers of America.

What we all learned last Fall at hearings in my Finance Committee is that the IRS is out-of-control and unaccountable to anyone.

That's going to change, I assure you.

We are going to build on the tax cuts we adopted last year by moving toward a tax code that does not penalize working married families.

And we are going to begin the process of re-writing the income tax laws to make them simpler, fairer and understandable to every American citizen.

Much of the focus of this session will be on the education and training of our youth who are the future of our nation. Preparing our children to compete and succeed in an increasingly global and high tech world must be our number one priority.

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This is particularly important to Alaska. The recent D-minus report card given by "Education Week" to Alaska's public school system is a warning signal that we are not doing enough.

More money is not the only answer. What we need is new ideas like charter schools, voucher programs and rewards to teachers for excellence in learning.

In Washington, I'm going to fight to give parents the opportunity to open educational savings accounts to pay the cost of their children's education, not only for college, but in grades K through 12.

And I am committed to block granting more education dollars to states for primary education rather than have the bureaucracy in Washington swallow up billions in administrative overhead that could be spent in classrooms in Alaska.

On a recent visit to Venezuela, I saw what a partnership between government and higher education can achieve when the Venezuelan government turned over two tracts of oil and gas-rich land worth \$1 billion to the University as an educational endowment.

Following that example, we should finally fulfill the original land grant to the University of Alaska. I have introduced legislation to achieve this. Working together, this land grant can become a reality.

### **Highway Bill**

Last year, we could not get agreement on the amount we will spend on reauthorizing the highway bill (ISTEA). With the additional money that is coming into the Treasury, I believe we will be able to up the ante on highway spending to almost \$26 billion a year and I will fight hard to insure that Alaska gets its share.

You can expect a tough floor fight over the spending formula. For every dollar we contribute to the highway trust fund, we receive more than \$5 back from the federal government. You can count on me to keep that ratio intact.

I will also make sure that we can use highway dollars to fund our ferry facilities and make certain that the Shakwak reconstruction is fully funded. In addition, I will press to get more funds to increase road access into our Native villages. If we are going to improve the economies of the villages, it is imperative that we improve the transportation infrastructure of rural Alaska.

### **Subsistence**

Last year, I challenged you to come to a resolution on subsistence before the moratorium on the federal government take over of our fisheries ended.

I indicated that extensions of the moratorium would be extremely difficult -- and that is still very much the case.

My message to you is: Start your work now! This could very well be the last moratorium.

The federal government is already managing game on federal lands and they intend to control our fisheries and more by year-end.

After December 1st, all bets are off!

This Legislature has the opportunity to provide me with recommendations on amendments to ANILCA.

As Chairman of the Energy and Natural Resources Committee, my intention, after you complete your work and make your recommendations, is to conduct hearings and to legislate any additional changes to ANILCA.

However, a full repeal of Title 8 is politically unrealistic because it would face a certain Presidential veto.

You have a decision to make if we are going to avoid the federal takeover of our fish and return management of our game to our state.

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We all have a fundamental responsibility to the people of Alaska. The time to act is now!

Do not, Do not -- by your failure to act -- allow Secretary Bruce Babbitt on December First to take control of our fish and game. We fought hard to become a State. Do not, by your inaction, turn the clock back 40 years to Territorial days.

Now is the time to make the tough decisions and take action that will result in a solution formulated by Alaskans and not allow a federal dictate to a problem that cries out for an Alaskan solution.

### **Indian Country**

Last month, the Supreme Court heard the State's appeal of the Venetie decision. What is at stake is whether tribal governments will replace the authority of the state on over 40 million acres of Native lands.

If the lower court decision is not reversed, what will follow is a resurgence of the authority of the BIA and other federal agencies that will become intimately involved in the lives of Alaskans.

How this is resolved is fundamental to our future!

I attended the Supreme Court session and was impressed by the quality of the arguments presented on both sides. It is clear to me that the State retained the very best counsel for this unique Supreme Court challenge.

It is too bad this same strategy was not followed in the Dinkum Sands case. We lost forever the opportunity for state oil and gas lease sales adjacent to the coast of ANWR.

While we wait for the Court's decision, we need to act on the needs of rural Alaskans.

Clean water, safe sanitation, education and economic opportunities, health care, law enforcement all are in need of vast improvement.

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Residents of Upper and Lower Kalskag are entitled to the same life opportunities as residents of Anchorage or Juneau!

You know that a state is only as strong as the communities it is comprised of and the best way to make Alaska's rural communities stronger is to increase the amount of control local residents have over the decisions that affect their lives....

We need to empower Village Alaska with more self-determination--morally, legally, and economically.

Whether it be greater local powers to handle misdemeanor offenses, setting educational curriculums, control of alcohol, or encouraging job training and economic development...a workable government structure must be set in place in rural Alaska with emphasis on real jobs that use the latest technology for resource development in their areas.

Also, we must hold the Secretary of Interior accountable for his trust responsibility for the welfare of Alaska Natives.

This Secretary has an on-going conflict between his desire to appease environmentalists and his responsibility to enhance the welfare of Alaska Natives through the development and preservation of their lands.

This has been evident in the Secretary's aggressive attempts to use the Exxon-Valdez fund to acquire Native-owned lands and put them under the control of his Department.

Already, more than \$380 million of the \$900 million has been committed to buy up to 750,000 acres of Alaska land--more land than the entire state of Rhode Island!

Future generations of Alaska Natives have lost their land heritage as a result of these sales with no guarantee that they will benefit from these cash payments in the future. The Secretary can't have it both ways.

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Has he compromised the interests of future generations of Alaska Natives to appease aggressive environmental groups in San Francisco and New York?

**Alaska Resources at a Crossroads**

Today, I see our Alaskan economy in a state of transition...

A transition that blends our gift of abundant natural resources with the skills, discipline, and scientific capabilities of our hard-working people.

Soon we will be dedicating the new international Arctic Research Center at the University of Alaska, a partnership with the Government of Japan, that will study the planet and our global environment as never before.

We're building a spaceport in Kodiak that could become the Cape Canaveral of the North for commercial satellites.

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

These are new and exciting opportunities for our future. But Alaska cannot ignore its traditional base for economic development--energy, mining, timber, fishing and our growing tourism industry.

Our great strength is the development of our abundant natural resources.

And in Alaska we have shown that with the application of science and advanced technology, we can do it right--preserving and protecting our natural bounty for our children and future generations.

**Gasline**

I want to complement the efforts you have made along with the Governor, and hope you will continue to improve the investment climate for the oil and gas industry.

Last July, the Senate Energy and Natural Resources Committee held hearings to examine some of the issues regarding worldwide natural gas use. Four themes rang out loud and clear:

1. Demand for natural gas is exploding worldwide.
2. The number of countries competing to fill that demand is on the rise.
3. Technology is rapidly bringing the cost of large scale LNG projects down.
4. Lack of federal government incentives and partnerships, as provided by other energy-producing countries, has put our gas at a competitive disadvantage.

And although the climate treaty negotiated in Kyoto last month is fatally flawed in its current form, efforts by countries, including the United States, to reduce carbon emissions, will inevitably make natural gas a key energy source well into the next century.

I will do my best to get the federal government to provide a share of incentives to help us market our gas.

And while I've had numerous conversations with the major owners, they've still not come forward with specific federal incentive requests.

First, you have to do your part to make the Alaska gas project competitive. Then we must work together while we have a window of opportunity to secure federal incentives.

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The time to act is now while Republicans control the Congress and the Alaska delegation sits at the peak of Congressional power.

I would note that there has also been much talk about gas-to-liquids technology. Pilot plants are being built. There must be one in Alaska!

I have communicated to Energy Secretary Pena and asked him to support a pilot plant in Alaska. Just as we were able to obtain more than \$100 million for the Healy Clean Coal project, I see no reason why Alaska can't be a proving ground for this new technology.

This will be high on my action agenda.

Alaska's natural gas reserves are so vast there is no need to make a choice between gas-to-liquids and LNG. Both can rely on a stable, ample supply of the resource.

### **NPR-A**

I have no doubt that exploration and development can occur in the National Petroleum Reserve.

Technology has proven that drilling can occur in this area with a few possible exceptions without any significant harm to the environment and wildlife.

As Chairman of the Committee with jurisdiction in this area, I can assure you that I will oppose any new restrictive land classifications in exchange for lease sales! As a partner in the planning process, I hope the State will also stand firm.

### **Arctic Oil Incentives**

This year, I will be introducing royalty relief and development incentives for frontier areas in Alaska. Last Congress, we passed legislation providing royalty relief in the deep water areas off the Gulf of Mexico.

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This has had a tremendous impact resulting in over \$2.3 billion dollars received in bonus bids for four separate leases. The same could prove true if similar incentives are provided in Alaska.

### **ANWR**

For the first time, in 1995, we won approval in Congress for the exploration and development of ANWR. Unfortunately, the President vetoed it.

This year, I intend to introduce legislation requiring the Secretary to make an evaluation of potential oil reserves in ANWR using 3-D seismic technology. This is a consequence of the recent Sourdough discovery on state lands adjacent to ANWR.

The utilization of this new technology should be in partnership with industry, the state, and adjacent villages.

3-D seismic is an unintrusive way to get the best possible look at the resources below the surface.

Just last month, the Fish and Wildlife Service approved 3-D seismic for use in the Kenai National Wildlife Refuge. If it can be used there, why not in ANWR?

### **Timber**

1998 will be a critical year in southeast as the Forest Service addresses the appeals over the Tongass Land Management Plan, organizes itself to implement the plan, and attempts to make good on the commitments in the plan--if they intend to honor these commitments at all.

The 10-year plan TLMP that took \$13 million to complete could become meaningless if the national policy banning road construction in national forests applies in the Tongass. Nearly half of the national impact of this policy could be right here.

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Unlike some who depended upon the Clinton Administration's credibility in making policy on the Tongass, I am not surprised by the arrogance and insensitivity of this roadless initiative. Under the Clinton-Gore administration, we've already lost nearly 2,500 timber-related jobs in Southeast Alaska.

I plan to be very aggressive and persistent in our oversight of the Agency to maintain a viable timber industry in Alaska.

### **Mining**

Unlike our troubled timber industry, we are fortunate today to be experiencing a renaissance in our mining industry even in the face of declining mineral prices.

In 1996 for the first time ever, the Alaska mining industry contributed over \$1 billion to the state's economy.

And I want to reiterate that attempts in Washington, disguised as mining law reform, to drive mining off the public lands, are dead on arrival so long as I am Chairman of the Energy and Natural Resources Committee!

### **Tourism**

As much we depend on responsible resource development, we should not forget that more than 1.2 million people come to visit us and see our spectacular landscape.

I believe we must work together to expand tourism opportunities, look at new markets and attractions, extend seasons, and explore winter-use opportunities.

We need to increase access to Glacier Bay and develop alternative access into Denali toward Kantishna.

I am also going to work with the National Park Service to carefully establish a third leg in the Alaska national park destination triangle

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by developing access and facilities at Wrangell-St. Elias National Park and Preserve.

Nothing is more important than improving the road to McCarthy. This will open opportunities all along the corridor. I ask you to make this a top priority for transportation funding this year.

Federal highway dollars spent on this project now will pay-out huge dividends well into the next century.

I'll be working closely with Senator Stevens and Congressman Young to build an expanded tourism industry for our future.

As a Committee Chairman responsible for the nation's recreation resources, I have undertaken a national initiative to improve recreation opportunities for all Americans.

This initiative has included improving access for fishing and boating on waterways and lakes across the country, and establishing a coast-to-coast American Discovery Trail. It is my hope that a similar discovery trail will traverse British Columbia, the Yukon and on to Alaska.

I am also working to preserve historic lighthouses and funding the state matching grant program of the Land and Water Conservation Fund.

### **Fishing**

This has been a year when we have had to fight for Alaska's fishing resource with our Canadian neighbors to the south and fight with our neighbors in the Far East to bring the value of our fish back home. The fight is not over.

At the same time, our fisherman are facing worldwide over-production and competition which has led to declining market shares and deflated prices.

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The market is changing and our fisherman have to recognize that change is inevitable. Although our wild salmon products are superior in quality, we have to face the reality of farmed fish from around the globe, especially Chile and Scandinavia.

To return the industry to profitability we need to look at every option including expanded marketing of our wild salmon. We should fund more research to develop new products to utilize Alaska fish, and new technology to produce it cheaper.

My efforts last Fall were to allow greater investment of the proceeds from the Exxon Valdez oil spill settlement funds. This was designed to specifically help produce as much as \$30 million in grants to fishing groups and industry.

These grants could spur technological and product innovation in Prince William Sound and create jobs for residents of the area.

I am going to re-fight that battle this year because our fisherman are the ones who need our help.

### **Conclusion**

Let me say in concluding that I have the greatest faith that the people of Alaska can meet any challenge and overcome what others may think are near-impossible obstacles.

I share with you a vision of Alaska where every child can grow and prosper without the fear of abuse, neglect or the scourge of drugs, alcohol and tobacco. Where a mother does not fear for her child's health because she lacks proper sanitation, safe drinking water, or health coverage.

An Alaska where every citizen has the opportunity for a first-class education that enables every Alaskan to get a good job, and build a family. Alaskans must come first and Local Hire is the watchword.

An Alaska where Alaskans make decisions for themselves; not let far-away bureaucrats dictate our lifestyles.

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You know the issues that you must address this year. I know you will put aside your differences and provide the leadership that all Alaskans expect of you.

As I look around me, I am confident that we have the courage and commitment to control our own destiny.

I thank you for this opportunity to speak to you today.