

**SENATE AND HOUSE
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Address by

The Honorable Frank Murkowski

United States Senator

Before a Joint Session

of the

First Session of the

Twenty-Second Alaska State Legislature

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Juneau, Alaska

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Every year about this time - before the fishing gets good - many Alaskans come to Washington to visit their Congressional Delegation and present their "wish lists."

It's been that way for the last 20 years.

But this year, there is a big difference...

Since Alaska joined the union in 1959, there has never been a time when there was a Republican President and a Republican-controlled Congress.

Alaskans who are coming to see me are really excited about America's new leadership, and excited about Alaska's prospects.

And my own excitement and optimism have never been greater.

Perhaps our excitement should be tempered by the knowledge that we hold the Congress by the slimmest of margins and are tied in the Senate...

But after eight years - 2,922 days - of getting up each morning to do battle with Bill Clinton, Al Gore and Bruce Babbitt, I cannot tell you how exhilarating it is to substitute the words...

President George W. Bush, Vice President Dick Cheney, and Secretary of the Interior Gale Norton.

Yes, this is an exciting time.

Here in Alaska, we are blessed with a rare moment in our political history. Our challenge is to seize it and pull together for a better Alaska.

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This past Monday I was honored by hundreds of Alaskans for the 20 years Nancy and I have served in the U.S. Senate. We went on a train ride and enjoyed reminiscing about the past.

As much as I enjoyed the occasion, I must confess that I was focused on the future, not the past.

As I look to the future, it should be our aspiration to secure opportunity and empowerment for every single American.

First, on the national scene, we will return part of the \$5.6 trillion 10-year budget surplus to every hard working American taxpayer.

We have a very simple guideline: If you earn money, you will get tax relief and you can spend it or save it. It's up to you.

And we are going to double the child tax credit to \$1,000, cut the marriage tax penalty, eliminate the death tax, and only tax inherited property when it is sold.

We can do all this, and continue to pay down the debt.

Second, we will protect and preserve Social Security and shore up Medicare and add a new prescription drug benefit.

Third, we will preserve the peace through our strength, defending America against the changing and complex threats which will confront us and our allies in the 21st Century.

Fourth, we will improve our schools so that no child is left behind.

In that effort, we will stand behind five essential principles: local control of education dollars; greater accountability; promoting teacher excellence; greater parental involvement; and providing a safe and drug-free environment for learning.

Finally, we will work to see that Americans enjoy affordable energy and a clean environment. We will pursue a balanced energy policy that preserves the environment while making new sources of domestic energy available. And of course, this is an area where Alaska's importance is self-evident.

Throughout the past eight years, we have defended Alaska's resource economy and our Statehood dreams against those who want Alaska to be a wilderness... a travel destination for the elite... a "lifestyle" state where there is room for the vacation home of a dot-com millionaire... but no room for a working logger, driller, fisherman, or miner.

But now that America is teetering on the brink of an economic recession driven by higher energy prices and short supply, we have an opportunity to get back on the offensive.

After suffering rolling blackouts in California, heating oil spikes in the Northeast, and skyrocketing natural gas prices everywhere else, Americans are starting to get the message that they just might need Alaska's energy resources.

And of course, we now have a new President... A President who has actually worked in Alaska...

A President, Vice President, and Interior Secretary who know something about energy and resource development...

We have a President who is willing to use his "bully pulpit" to speak out on behalf of responsible development of America's valuable natural resources.

In one of his first official acts, President Bush and Vice President Cheney created a new task force to develop the comprehensive energy policy that America has clearly lacked.

This task force will include the Departments of Energy, Interior, Treasury, and the EPA.

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The task force is coordinated in the Office of the Vice President by Andrew Lundquist of Fairbanks and Karen Yetka Knudson of Ketchikan, two of my former staff members.

Of course, an energy policy that encourages domestic production is not enough. The economics also have to be favorable.

And finally, the economics look favorable for a project to move Alaska's natural gas to lower-48 markets.

We have held the first hearings. I have met with the CEOs of the gas owners. I have met with various Canadian interests, and the U.S. regulators.

There are, of course, competing proposals to bring the gas to market. Some in Canada are proposing a route that would bypass Alaska. That's unacceptable!

We should do more than simply build a pipeline to ship Alaska gas Outside. Any project should make new supplies of affordable natural gas available to Alaskans.

We should also consider stripping the gas liquids for petrochemical production or building a gas-to-liquids plant in our state to create jobs.

The gas line is not a "done deal." Some in the environmental community - seemingly oblivious to the clean air benefits of natural gas - are gearing up to oppose the pipeline.

We may also face competition from other new domestic resources to fill lower-48 market demand.

And the price of natural gas must be sufficient to support the amortization of a \$7 to \$9 billion project. That's what the group from Exxon, BP and Phillips are evaluating now, and hopefully we will have some word mid year.

There have been some suggestions that we should ignore Asian interest in Alaska LNG... That would be a mistake. We should keep all our options open.

Of course, another great, long held aspiration of ours is to see the opening of ANWR. I believe it will eventually happen - our national security demands it.

But make no mistake - we are in for a titanic battle over ANWR. The battle will begin this Monday when we introduce our comprehensive energy bill that will include opening ANWR.

The environmental lobby - in their quest for a cause, membership, and dollars - will fight us every inch of the way, ignoring our national security and the economic effects on everyday Americans.

So we must fight back, with added resources for Arctic Power, and every point of leverage we can exploit individually and collectively.

Whatever the outcome of the ANWR debate, one thing is certain: We must keep the Trans-Alaskan Pipeline available to transport Alaska's oil resources long into the future, we should focus now to make sure the right of way is reauthorized well before it expires in 2004.

In most areas of the country, a pipeline right of way reauthorization is a routine matter handled in a local BLM office. But the environmental lobby has made ours a cause. In a hearing last year, I asked a high-ranking Clinton Administration official why we needed a multi-year process, complete with a full EIS and other steps. I asked why TAPS couldn't be treated like every other pipeline.

Her answer: "Because Alaska is different and the issue is controversial."

This is the thinking we contend with at every turn.

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In this rare moment in Alaska's political history ... we have the opportunity to pull together to improve the lives of Alaskans in many important ways --

- It is time to build some of the transportation infrastructure that is so taken for granted nearly everywhere else. With Don Young as Chairman of the Transportation and Infrastructure Committee in the House, we have great expectations.
- It is time to begin to rebuild a sustainable forest products industry in Southeast Alaska that was devastated by eight years of the Clinton Administration.
- It is also time to dislodge the EPA regulators from their Seattle offices and open a new EPA regional office in Alaska just as all of the other federal natural resource agencies have done.
- It is time to reform the Endangered Species Act and move matters like the status of the Stellar Sea Lion population out of the realm of activism and politics, and back into the realm of science.
- It is time to endow the University of Alaska with a fair land grant to ensure a quality university is available to Alaska's youth long into the future.
- It is time to split the 9th Circuit Court to achieve a rational caseload and solid judicial outcomes.
- It is time to boost Veterans', TRICARE and Medicare reimbursement rates so no Alaskan will be denied their choice of doctor.

I just toured some of Alaska's VA and Department of Defense medical facilities, and some Alaska Pioneer Homes, with the Secretary of Veterans' Affairs, Tony Principi.

Tony worked with me in the 1980's, and he is the first member of my staff to serve in the President's Cabinet. We are fortunate to have a VA

Secretary who is familiar with the unique needs of Alaska's Veterans. The new Administration, the senior positions of the Alaska's Congressional Delegation, the jobs that our former staff members are winning in the Administration, will help us to accomplish a great deal for Alaska if we stay focused and stand together.

But I warn you: none of it will be easy.

At every step of the way, the groups that fought us for the last eight years will continue their campaign against Alaska's agenda. They may not be in the White House anymore, but their influence and reach remains very strong.

Nevertheless, in the face of long odds, we can succeed when we work as a team. Our teamwork produced many benefits for Alaska just since I spoke to you last year.

Just mentioning a few of these accomplishments will show that when we are focused on our objectives we can beat the odds, even in a highly political presidential election year.

And I'm not even going to talk about appropriations since we all know what it has meant to our State to have Ted Stevens as Chairman of the Appropriations Committee.

- We won a 5 year \$200 million Medicaid bonus, a new cruise ship dumping law, and a new Arctic Energy Lab at the University of Alaska.
- We created a U.S.-Canadian commission to study the feasibility of a rail link from Alaska to the lower 48 and we established the important precedent of state revenue sharing of OCS money. That could mean tens of millions of dollars for Alaska for decades to come.
- We authorized the Southeast Alaska Intertie in law and after 10 years of trying, we succeeded in exempting small Alaska hydro projects from federal regulation. Now it is up to you legislators to come up with workable state regulations to stimulate small hydro in Alaska.

- We helped compensate the Alaska communities that lost their share of timber receipts as a consequence of the Clinton Administration's assault on logging, by winning a timber county payments bill that helps small communities with their transportation and education needs.
- We advanced the cause of Amchitka workers; Native hire; Native Veterans; we secured land for Elim, a swap for Kake, and a great deal of more - all during a politicized election year when nothing much was supposed to get done.

So despite all the talk of gridlock, narrow party majorities, and the difficulty of rising above partisan rancor, I believe Alaskans should give it our best to accomplish everything we can in Washington during the next two years.

The Delegation does not constitute Alaska's entire team - just one part of it.

We need your help to keep this special time from passing us by.

Let me give you just a few examples.

- The efforts of Jerry Hood and Mano Frey have resulted in national union support for ANWR from the Teamsters, the AFL-CIO, and the Maritime Unions.
- We need more support from Alaska's Native Community to counter the environmental lobby on ANWR.
- I applaud the legislature for providing \$1.5 million to Arctic power to counter the public relations effort that the national environmental groups now have underway.
- In the effort to overturn the illegal and ill-advised "roadless" initiative of the Clinton Administration, the State must vigorously pursue their lawsuit to overturn it.

- The State must also step forward and match the transportation and infrastructure funding we have provided in the past, and expect to provide in the future. In the last Transportation Authorization bill, I included amendments to proceed with a North Denali access study and other initiatives. The State has never provided its match. I am pleased to see that Senator Therriault has introduced S.B. 3, that would provide the \$330,000 matching State funding and I hope you will act on this legislation expeditiously.
- The State must also do its part to promote economic development on its own lands, irrespective of the prevailing federal attitude and political landscape at the federal level.
- The State must redouble its efforts to earn the faith of Alaskans both in the impartiality of its fisheries management system and in the scientific process that should be guiding it. And we should be stimulating new enterprises as well.
- We must meet the challenge of violent crime in our schools, neighborhoods and communities by making the necessary federal and State law enforcement resources available, particularly in the bush, and by strictly enforcing a tough code of conduct for our citizens.
- Our education system - particularly in Rural Alaska - requires some fresh thinking. At the federal level, both the President and I believe that local communities should have far greater flexibility in how they use federal funds.

One of the key elements of the new approach in Washington is that accountability at the local level is determined by student outcomes - not the tonnage of paperwork sent to Washington.

But we are all accountable in the effort to improve educational opportunities in Alaska. We must listen to our young Alaskans about the challenges they face and the dreams they share. That is why I am organizing an Alaska Youth

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Summit next Fall... bringing youth together from around the State to be heard...so that we can listen. I urge you to join me in this effort.

- Finally, we must continue our partnership to educate young Alaskans about the dangers of alcohol, drug and inhalant abuse.

These next two years are critical... we hold key chairmanships... we have a responsive Administration... and you folks in Juneau have our ear (or our throat).

I am excited about the possibilities, and I hope that you are as well.

So forgive me if I don't spend too much time in reflection on my last 20 years. I'm focused on the future... and I like what I see.

Thank you.