

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
TWENTY-THIRD LEGISLATURE -- SECOND SESSION

Juneau, Alaska

Thursday

March 18, 2004

Sixty-seventh Day

Pursuant to adjournment the House was called to order by Speaker Kott at 10:08 a.m.

Roll call showed 39 members present. Representative Rokeberg was absent and his presence was noted later.

The invocation was offered by the Chaplain, Pastor Tom Matthews of Douglas Island Bible Church. Representative Fate moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

With respect for the various religious differences present here, I would ask you to join me as we open this session in prayer.

Dear Lord:

If we just turn on the news, it's obvious that we are living in a world of turmoil. Wars and rumors of war seem to be the menu of the day. Even as I pray, our soldiers are serving our country while they are in harm's way. I would pray for them and their families at this difficult time. The families of the missionaries who were killed are also hurting, Lord, and I would pray for Your special measure of grace and comfort for them in their loss. Help us to never forget the personal side of these wars and the atrocities that are always a part of that.

I pray also for our President, Lord, as he is in the difficult position of leading our country in the middle of all this. Help him to be honest, fair, and just.

I do pray today for the Governor of this state as well. Help him and his administration to have wisdom and discernment in the many decisions that need to be made. I pray for Your guidance in his life.

Then finally, Lord, I pray for You to help each of these legislators in the House to function well within the scope of their responsibilities today. Help there to be unity in the midst of their diversity. Bless them, Lord, as they fulfill what You have called them to do. In the name of Jesus Christ, Your beloved son, I pray this today. Amen.

The Pledge of Allegiance was led by Representative Joule.

CERTIFICATION OF THE JOURNAL

Representative Coghill moved and asked unanimous consent that the journal for the 65th and 66th legislative days be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

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Representative Holm introduced Sarah Brown, Guest Page, from Fairbanks.

Representative Seaton introduced Dutchess Marolf, Guest Page, from Seward.

MESSAGES FROM THE GOVERNOR

HB 304

A message dated March 15, 2004, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE BILL NO. 304

"An Act naming the Jack Coghill Bridge to the Interior."

Chapter No. 7, SLA 2004

Effective Date: June 13, 2004

MESSAGES FROM THE SENATE**HCR 33**

A message dated March 17, 2004, was read stating the Senate has passed:

HOUSE CONCURRENT RESOLUTION NO. 33

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning Senate Bill No. 63, relating to municipal property taxation in annexed, detached, and newly incorporated areas.

HCR 33 was referred to the Chief Clerk for enrollment.

HB 98

A message dated March 17, 2004, was read stating the Senate has passed:

HOUSE BILL NO. 98

"An Act relating to sport fishing seasons and areas for persons under 16 years of age."

HB 98 was referred to the Chief Clerk for enrollment.

SB 63

A message dated March 17, 2004, was read stating the Senate has concurred in the House amendment to:

CS FOR SENATE BILL NO. 63(STA)

"An Act relating to transition provisions related to municipal mergers, consolidations, dissolutions, reclassifications,

annexations, detachments, and incorporations; and relating to municipal property taxation in annexed, detached, and newly incorporated areas."

thus adopting:

HOUSE CS FOR CS FOR SENATE BILL NO. 63(CRA)
"An Act relating to municipal property taxation in annexed, detached, and newly incorporated areas."

(HCR 33 - title change resolution)

A message dated March 17, 2004, was read stating the Senate has passed the following and they are transmitted for consideration:

**FIRST READING AND REFERENCE
OF SENATE BILLS**

SB 241

CS FOR SENATE BILL NO. 241(FIN) by the Senate Finance Committee, entitled:

"An Act making an appropriation to the Department of Revenue for work related to bringing North Slope natural gas to market; and providing for an effective date."

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

**The presence of Representative Rokeberg was noted.

SB 315

SENATE BILL NO. 315 by Senator Ben Stevens by request of the Joint Legislative Salmon Industry Task Force, entitled:

"An Act relating to the administration of commercial fishing entry permit buy-back programs."

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

COMMUNICATIONS

The following was received:

Alaska Court System
Commission on Judicial Conduct
2003 Annual Report

REPORTS OF STANDING COMMITTEES**HB 175**

The Health, Education & Social Services Committee has considered:

HOUSE BILL NO. 175

"An Act relating to issuance of a limited driver's license; relating to driving while under the influence of an alcoholic beverage, inhalant, or controlled substance and refusal to take a chemical test for consumption of an alcoholic beverage, inhalant, or controlled substance; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 175(HES)
(same title)

The report was signed by Representative Wilson, Chair, with the following individual recommendations:

Do pass (2): Gatto, Wilson

Do not pass (1): Cissna

No recommendation (1): Wolf

The following fiscal note(s) apply to CSHB 175(HES):

1. Zero, Alaska Court System
2. Zero, Dept. of Law
3. Fiscal, Dept. of Administration

HB 175 was referred to the Judiciary Committee.

HB 329

The Labor & Commerce Committee has considered:

HOUSE BILL NO. 329

"An Act relating to retirement incentive programs for the public employees' retirement system, the judicial retirement system, and the teachers' retirement system; relating to separation incentives for certain state employees; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 329(L&C)

"An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

The report was signed by Representative Anderson, Chair, with the following individual recommendations:

Do pass (3): Gatto, Guttenberg, Anderson

No recommendation (2): Rokeberg, Dahlstrom

The following fiscal note(s) apply to CSHB 329(L&C):

1. Zero, Alaska Court System
2. Indeterminate, Office of the Governor/All Depts.
3. Indeterminate, Dept. of Administration/Various Depts.
4. Zero, Dept. of Administration/All Depts.
5. Fiscal, Dept. of Administration

HB 329 was referred to the Finance Committee.

HB 334

The Judiciary Committee has considered:

HOUSE BILL NO. 334

"An Act relating to unlawful exploitation of a minor."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 334(JUD)

"An Act relating to unlawful exploitation of a minor and to distribution of child pornography."

The report was signed by Representative McGuire, Chair, with the following individual recommendations:

Do pass (5): Samuels, Holm, Anderson, Ogg, McGuire

No recommendation (1): Gara

Amend (1): Gruenberg

The following fiscal note(s) apply to CSHB 334(JUD):

1. Zero, Dept. of Administration
2. Zero, Dept. of Corrections
3. Zero, Dept. of Law

HB 334 was referred to the Rules Committee for placement on the calendar.

HB 468

The Judiciary Committee has considered:

HOUSE BILL NO. 468

"An Act relating to the amount of the bond required to stay execution of a judgment in civil litigation involving a signatory, a successor of a signatory, or an affiliate of a signatory to the tobacco product Master Settlement Agreement during an appeal; amending Rules 204 and 205, Alaska Rules of Appellate Procedure; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 468(JUD)
(same title)

The report was signed by Representative McGuire, Chair, with the following individual recommendations:

Do pass (1): Anderson

Do not pass (2): Gara, Samuels

No recommendation (4): Holm, Ogg, Gruenberg, McGuire

The following fiscal note(s) apply to CSHB 468(JUD):

1. Zero, Alaska Court System
2. Zero, Dept. of Law

HB 468 was referred to the Rules Committee for placement on the calendar.

HB 487

The Judiciary Committee has considered:

HOUSE BILL NO. 487

"An Act relating to the detention of delinquent minors in correctional facilities; relating to emergency detention of minors for evaluation for involuntary admission for mental health treatment; relating to detention of intoxicated minors and minors incapacitated by alcohol or drugs; and providing for an effective date."

The report was signed by Representative McGuire, Chair, with the following individual recommendations:

Do pass (5): Samuels, Gara, Anderson, Gruenberg, McGuire

The following fiscal note(s) apply:

1. Zero, Dept. of Health & Social Services
2. Zero, Dept. of Public Safety

HB 487 was referred to the Finance Committee.

HB 489

The Labor & Commerce Committee has considered:

HOUSE BILL NO. 489

"An Act relating to the administration of the Alaska Vocational Technical Center; and providing for an effective date."

The report was signed by Representative Anderson, Chair, with the following individual recommendations:

Do pass (4): Lynn, Gatto, Dahlstrom, Anderson

No recommendation (1): Rokeberg

The following fiscal note(s) apply:

1. Zero, Dept. of Labor & Workforce Development

HB 489 was referred to the Finance Committee.

HB 515

The Labor & Commerce Committee has considered:

HOUSE BILL NO. 515

"An Act relating to the regulation of municipal water and sewer utilities not in competition with other water and sewer utilities."

The report was signed by Representative Anderson, Chair, with the following individual recommendations:

Do pass (2): Lynn, Anderson

No recommendation (4): Crawford, Gatto, Rokeberg, Dahlstrom

The following fiscal note(s) apply:

1. Fiscal, Dept. of Community & Economic Development
2. Fiscal, Dept. of Community & Economic Development

HB 515 was referred to the Rules Committee for placement on the calendar.

HB 522

The Resources Committee has considered:

HOUSE BILL NO. 522

"An Act relating to discharges from small commercial passenger vessels; and providing for an effective date."

The report was signed by Representatives Dahlstrom and Masek, Co-chairs, with the following individual recommendations:

Do pass (6): Lynn, Stepovich, Heinze, Kerttula, Dahlstrom, Masek

No recommendation (2): Gatto, Wolf

The following fiscal note(s) apply:

1. Zero, Dept. of Environmental Conservation

HB 522 was referred to the Rules Committee for placement on the calendar.

SB 295

The Resources Committee has considered:

SENATE BILL NO. 295

"An Act extending the termination date of the Navigable Waters Commission for Alaska; and providing for an effective date."

The report was signed by Representatives Masek and Dahlstrom, Co-chairs, with the following individual recommendations:

Do pass (7): Heinze, Stepovich, Gatto, Lynn, Wolf, Masek, Dahlstrom

No recommendation (1): Kerttula

The following fiscal note(s) apply:

1. Indeterminate, Dept. of Natural Resources

SB 295 was referred to the Finance Committee.

SB 305

The Resources Committee has considered:

SENATE BILL NO. 305

"An Act relating to state ownership of submerged land underlying water that was navigable at the time Alaska achieved statehood."

The report was signed by Representatives Dahlstrom and Masek, Co-chairs, with the following individual recommendations:

Do pass (6): Lynn, Stepovich, Wolf, Heinze, Dahlstrom, Masek

No recommendation (2): Gatto, Kerttula

The following fiscal note(s) apply:

1. Fiscal, Dept. of Natural Resources

SB 305 was referred to the Finance Committee.

REPORTS OF SPECIAL COMMITTEES**HB 236**

The House Special Committee on Ways & Means has considered:

HOUSE BILL NO. 236

"An Act imposing a tax on employment; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 236(W&M)

"An Act imposing a limited tax on wages and on net earnings from self-employment; relating to the administration and enforcement of that tax; and providing for an effective date."

The report was signed by Representative Hawker, Chair, with the following individual recommendations:

Do pass (2): Weyhrauch, Wilson

Do not pass (1): Kohring

No recommendation (5): Samuels, Gruenberg, Rokeberg, Moses, Hawker

Amend (1): Ogg

The following fiscal note(s) apply to CSHB 236(W&M):

1. Indeterminate, Dept. of Labor & Workforce Development
2. Fiscal, Dept. of Revenue

HB 236 was referred to the Finance Committee.

HB 298

The House Special Committee on Ways & Means has considered:

HOUSE BILL NO. 298

"An Act relating to the distribution of appropriations from the Alaska permanent fund under art. IX, sec. 15(b), Constitution of the State of Alaska, and making conforming amendments; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 298(W&M)

"An Act relating to the income of and appropriations from the Alaska permanent fund under art. IX, sec. 15(b), Constitution of the State of Alaska, and making conforming amendments; relating

to the determination of net income of the mental health trust fund; and providing for an effective date."

The report was signed by Representative Hawker, Chair, with the following individual recommendations:

Do pass (5): Weyhrauch, Gruenberg, Wilson, Ogg, Hawker

Do not pass (1): Kohring

No recommendation (1): Rokeberg

The following fiscal note(s) apply to CSHB 298(W&M):

1. Zero, Dept. of Revenue

HB 298 was referred to the Finance Committee.

HB 405

The House Special Committee on Education has considered:

HOUSE BILL NO. 405

"An Act relating to reports on school and school district performance; and relating to accountability of public schools and school districts; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 405(EDU)
(same title)

The report was signed by Representative Gatto, Chair, with the following individual recommendations:

Do pass (5): Seaton, Wilson, Ogg, Gara, Gatto

No recommendation (1): Wolf

The following fiscal note(s) apply to CSHB 405(EDU):

1. Zero, Dept. of Education & Early Development

HB 405 was referred to the Health, Education & Social Services Committee.

HB 425

The House Special Committee on Education has considered:

HOUSE BILL NO. 425

"An Act relating to funding for school districts operating secondary school boarding programs, to funding for school districts from which boarding students come, and to inoperative school districts; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 425(EDU)

"An Act relating to funding for school districts operating secondary school boarding programs and to funding for school districts from which boarding students come; and providing for an effective date."

The report was signed by Representative Gatto, Chair, with the following individual recommendations:

Do pass (1): Gara

No recommendation (2): Ogg, Wolf

Amend (3): Seaton, Wilson, Gatto

The following fiscal note(s) apply to CSHB 425(EDU):

1. Fiscal, Dept. of Education & Early Development

HB 425 was referred to the Health, Education & Social Services Committee.

HB 426

The House Special Committee on Economic Development, International Trade, & Tourism has considered:

HOUSE BILL NO. 426

"An Act relating to the levy and collection of an assessment on certain tourism-related and recreation-related goods and services, to tourism marketing contracts, and to vehicle rental taxes; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 426(EDT)

"An Act relating to the levy and collection of an assessment on certain tourism-related and recreation-related sales, leases, and rentals, to tourism marketing contracts, and to vehicle rental taxes; relating to Alaska marine highway system passenger fares; and providing for an effective date."

The report was signed by Representative Heinze, Chair, with the following individual recommendations:

Do pass (5): Dahlstrom, Kott, Cissna, McGuire, Heinze

No recommendation (1): Crawford

Amend (1): Kohring

The following fiscal note(s) apply to CSHB 426(EDT):

1. Zero, Dept. of Community & Economic Development
2. Zero, Dept. of Community & Economic Development
3. Indeterminate, Dept. of Revenue

HB 426 was referred to the Labor & Commerce Committee.

HB 449

The House Special Committee on Economic Development, International Trade, & Tourism has considered:

HOUSE BILL NO. 449

"An Act relating to the contracting and financing authority of the Alaska Industrial Development and Export Authority; authorizing the authority to issue bonds in a principal amount not to exceed \$76,000,000 to finance the acquisition, design, construction, inventory, and operation of natural gas, propane air, or manufactured gas public utility facilities; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 449(EDT)
(same title)

The report was signed by Representative Heinze, Chair, with the following individual recommendations:

Do pass (5): Kohring, McGuire, Kott, Cissna, Heinze

No recommendation (1): Dahlstrom

The following fiscal note(s) apply to CSHB 449(EDT):

1. Zero, Dept. of Community & Economic Development

HB 449 was referred to the Labor & Commerce Committee.

HB 485

The House Special Committee on Economic Development, International Trade, & Tourism has considered:

HOUSE BILL NO. 485

"An Act relating to the powers of the Alaska Energy Authority to make grants and loans and enter into contracts; relating to the bulk fuel revolving loan fund; relating to the Alaska Energy Authority's liability for the provision of technical assistance to rural utilities; relating to the Alaska Energy Authority's investment of the power development fund; repealing the electrical service extension fund; and providing for an effective date."

The report was signed by Representative Heinze, Chair, with the following individual recommendations:

Do pass (3): Kott, Kohring, Heinze

No recommendation (3): Dahlstrom, Cissna, McGuire

The following fiscal note(s) apply:

1. Zero, Dept. of Community & Economic Development
2. Zero, Dept. of Revenue

HB 485 was referred to the Community & Regional Affairs Committee.

SB 264

The House Special Committee on Oil & Gas has considered:

SENATE BILL NO. 264

"An Act repealing the time limitation on the authority of the Department of Natural Resources to enter into agreements with a person or persons desiring to own an oil or natural gas pipeline proposed to be located on state land for the purposes of providing for payment of the reasonable costs incurred in preparing for activities before receipt of an application under the Alaska Right-of-Way Leasing Act; and providing for an effective date."

The report was signed by Representative Kohring, Chair, with the following individual recommendations:

Do pass (4): Heinze, Kerttula, Rokeberg, Kohring

No recommendation (1): Crawford

The following fiscal note(s) apply:

1. Zero, Dept. of Natural Resources

SB 264 was referred to the Resources Committee.

INTRODUCTION OF CITATIONS

The following citations were introduced and referred to the Rules Committee for placement on the calendar:

Commemorating - Law Enforcement Memorial Day, May 7, 2004
By Representative Kott

Honoring - Prudential Spirit of Community Award, Courtney Davison
By Representative Rokeberg

Honoring - Lathrop High School Academic Decathlon State Champions
By Representative Holm

Honoring - Justin Nusunginya
By Representative Wolf

Honoring - Bryan Nusunginya
By Representative Wolf

Honoring - Dillingham Girls Volleyball Team
By Senator Hoffman

Honoring - Women in History Month
By Senator Davis

Honoring - Walter C. Monegan
By Senator Hoffman

In Memoriam - Robert O. "Bob" Bowen
By Representative Berkowitz

In Memoriam - Gladys Humphries
By Senator Davis

In Memoriam - Omari Russell, Sr.
By Senator Davis

In Memoriam - Charles Stevens
By Senator Davis

In Memoriam - Carl Jerry David
By Senator Hoffman

The following citation was introduced and taken up later as a Special Order of Business:

Honoring - Mitchell "Mitch" B. Seavey
By Representative Seaton; Senator Gary Stevens

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

HJR 44

HOUSE JOINT RESOLUTION NO. 44 by the House Resources Committee by request, entitled:

Relating to research into the decline of the Southwest Alaska population of the Northern Sea Otter in the western Gulf of Alaska.

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

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

HB 537

HOUSE BILL NO. 537 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the levy, collection, and administration of sales and use taxes on tourism services; and providing for an effective date."

was read the first time and referred to the House Special Committee on Ways & Means and the Labor & Commerce and Finance Committees.

The following fiscal note(s) apply:

1. Zero, Dept. of Community & Economic Development
2. Zero, Dept. of Community & Economic Development
3. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated March 16, 2004, follows:

"Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill that would impose a five percent sales and use tax on tourism and other services in our state. This tax would apply to a broad range of activities, such as: taxes on items sold or used on cruise ships, shore side activities, transient accommodations, and guided tours. The tax would raise approximately \$19 million in FY 05 and \$49 million for the state's general fund on an annual basis thereafter.

In many regards, this proposal represents a modest "user-pay" approach. The state would be partially reimbursed for costs of providing a wide variety of services related to the travel industry. The Office of Management and Budget recently completed an informal survey of state agencies to determine the amount of tourism related expenditures in their respective FY 04 budgets. The resulting list of costs potentially attributable to the cruise industry totaled \$116 million, some of which is currently offset by other "user-pay" revenues.

Some local communities have benefited over the years as passengers and crewmembers purchased goods and services in communities and paid local sales, use, and "head" taxes. At the same time local communities were taxing the cruise ship industry, passenger traffic increased dramatically. For example, cruise ship passenger traffic to Ketchikan increased from 321,780 passengers in 1993 to an expected 830,000 passengers in 2004. The increase in passenger traffic occurred despite the effects of the SARS epidemic, global terrorism, and moderate economic growth, a record 9.52 million passengers cruised worldwide in 2003 -- a 10.2 percent increase over 2002. Cruise lines anticipate another record year in 2004, with approximately 10.6 million guests.

Given the growth of the industry and the fact Alaska is such a unique and wonderful destination for cruise ship companies and their passengers, I am convinced Alaska can recover part of its costs through reasonable taxes without appreciably affecting the growth of the Alaska cruise ship industry.

Alaska will always welcome its guests. However, Alaska should join 48 of the other 49 states and such countries as Jamaica and the Bahamas that raise revenue from transient accommodation through some form of tax or fee. This is only fair. Alaska residents have been paying, and will continue to pay, such taxes when travelling or cruising within these states or abroad.

I urge your support for this bill.

Sincerely yours,
/s/
Frank H. Murkowski
Governor"

HB 538

HOUSE BILL NO. 538 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to taxes on cigarettes and tobacco products; relating to tax stamps on cigarettes; relating to forfeiture of cigarettes and of property used in the manufacture, transportation, or sale of unstamped cigarettes; relating to licenses and licensees under the Cigarette Tax Act; and providing for an effective date."

was read the first time and referred to the House Special Committee on Ways & Means and the Labor & Commerce and Finance Committees.

The following fiscal note(s) apply:

1. Fiscal, Dept. of Public Safety
2. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated March 16, 2004, follows:

"Dear Speaker Kott:

Under the authority of article III, section 18 of the Alaska Constitution, I am transmitting a bill that would increase the cigarette excise tax from five cents per cigarette to ten cents per cigarette. The tax on "other tobacco products" such as smokeless tobacco would be increased from 75 percent to 100 percent of the wholesale cost.

This bill provides the multiple benefits of saving Alaskan lives, reducing health related expenditures, and raising state revenue. Increasing the price of tobacco is one of the most effective ways of reducing tobacco use, especially among youths. It is well substantiated that as the price of cigarette increases, rates of smoking decline. As youths are especially sensitive to such price increases, we can expect the proposed \$1.00 per pack cigarette tax increase will add to the 50 percent drop in youths smoking rates we have seen in Alaska since 1995. A further drop in youths smoking rates of just 15 percent from current levels would translate into 1,800 lives saved from premature death due to tobacco addiction among Alaska high school students alive today.

Among current adult smokers, 3,500 will quit smoking because of the tax, and of those, 800 will be saved from a smoking-caused death. Smoking among expectant mothers would also be reduced significantly, resulting in 850 babies being spared from exposure to maternal smoking while in utero during the next five years. The impact of tobacco taxes on health is not unprecedented in Alaska. Within a year of the implementation of the \$1.00 per pack cigarette tax in October 1997, the number of cigarettes consumed in Alaska had dropped by 15 percent, and sales have not rebounded since then.

Alaska Natives should particularly see the benefits from reduced smoking. While smoking rates are declining within the U.S. general population, the rate of smoking is unchanged among Alaska Native adults and, at 44 percent, is almost double that of non-Natives. Currently, 44 percent of Alaska Native high school students smoke, almost four times the rate among non-Native students. One-third of Alaska Native high school boys use smokeless tobacco, as do one-sixth of their female counterparts. Use of smokeless tobacco among Alaska Native girls is nine times higher than the national rate. Lung

cancer, the leading cause of cancer deaths, is increasing at an alarming rate among Alaska Natives of both sexes. Cardiovascular disease, including heart disease and stroke, is also linked with tobacco use, and kills approximately 120 Alaska Natives each year.

In addition to the devastating health impacts, smoking is a fiscal disaster for Alaska. The state receives nearly \$47 million in cigarette and other tobacco product tax revenues, but this amount doesn't even begin to cover the economic and social costs associated with smoking-related illnesses. The Centers for Disease Control and Prevention (CDCP) estimates that in 1998 the cost for direct medical expenses attributed to smoking-related disease and death in Alaska was nearly \$133 million. In addition, CDCP estimates Alaska's total cost of lost productivity due to early tobacco-related deaths in 2001 was \$137 million.

Alaska can expect to see fiscal savings relatively soon following implementation of this proposed tax. Within five years, the health care savings from fewer smoking affected pregnancies and births will amount to \$1.6 million, according to the Campaign for Tobacco-Free Kids. This group estimates that the savings in the state from fewer smoking-related heart attacks and strokes will be \$1.8 million, and the long-term health care savings from adult and youth smoking declines will be \$146.3 million.

While saving in medical and lost-productivity expenditures, the proposed tax would also generate an estimated \$35.5 million in new tax revenues for the state annually. In addition, an estimated \$350,000 in new revenues will be generated for those municipalities in the state that levy a sales tax on the retail price of cigarettes.

With cigarette taxes at \$2.00 a pack, there will be incentive for tax evasion and smuggling. The new tobacco tax stamp, as passed into law last year, will help address this issue by serving to identify illegal cigarettes. To further advance this enforcement effort, my proposed bill allows the Department of Public Safety to seize and dispose of equipment, vehicles, money, and other assets used in cigarette smuggling and tax evasion activities. These types of seizures will make cigarette smuggling and tax evasion less attractive and protect state revenues.

Given the health impact, cost savings, and revenue to be generated from the proposed tobacco tax, I urge your support for this legislation.

Sincerely yours,
/s/
Frank H. Murkowski
Governor"

HB 539

HOUSE BILL NO. 539 by the House Judiciary Committee, entitled:

"An Act exempting a person who allows a student of the University of Alaska to gain practical work experience with the person while participating in a practicum from vicarious liability as an employer, and exempting the student participating in a practicum from the Alaska Wage and Hour Act and workers' compensation coverage."

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

Representative Coghill moved and asked unanimous consent that Representative Weyhrauch be excused from a call of the House from 11:00 a.m. to 12:30 p.m., today. There being no objection, it was so ordered.

CONSIDERATION OF THE DAILY CALENDAR**SECOND READING OF HOUSE BILLS****HB 394**

The following was read the second time:

HOUSE BILL NO. 394
"An Act extending the Alaska Commission on Aging."

with the: Journal Page

STA RPT 6DP 1NR	2642
FN1: (HSS)	2642

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HES RPT CS(HES) NT 4DP	2739
FN1: (HSS)	2740
FIN RPT CS(HES) NT 11DP	2862
FN2: (HSS)	2863

Representative Coghill moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

CS FOR HOUSE BILL NO. 394(HES)

"An Act extending the termination date of the Alaska Commission on Aging and making technical revisions to citations related to the commission."

There being no objection, it was so ordered.

Representative Coghill moved and asked unanimous consent that CSHB 394(HES) be considered engrossed, advanced to third reading, and placed on final passage. There being no objection, it was so ordered.

CSHB 394(HES) was read the third time.

The question being: "Shall CSHB 394(HES) pass the House?" The roll was taken with the following result:

CSHB 394(HES)
Third Reading
Final Passage

YEAS: 40 NAYS: 0 EXCUSED: 0 ABSENT: 0

Yea: Anderson, Berkowitz, Chenault, Cissna, Coghill, Crawford, Croft, Dahlstrom, Fate, Foster, Gara, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Heinze, Holm, Joule, Kapsner, Kerttula, Kohring, Kookesh, Kott, Lynn, Masek, McGuire, Meyer, Morgan, Moses, Ogg, Rokeberg, Samuels, Seaton, Stepovich, Stoltze, Weyhrauch, Williams, Wilson, Wolf

And so, CSHB 394(HES) passed the House and was referred to the Chief Clerk for engrossment.

HB 529

The following was read the second time:

HOUSE BILL NO. 529

"An Act relating to the performance of railroad track construction work for the Department of Transportation and Public Facilities by the Alaska Railroad Corporation."

with the:

Journal Page

L&C RPT 4DP 2NR	2962
FN1: ZERO(H.L&C/CED)	2963
FN2: ZERO(DOT)	2963

Representative Coghill moved and asked unanimous consent that HB 529 be considered engrossed, advanced to third reading, and placed on final passage.

Objection was heard.

HB 529 will advance to third reading on the March 22, 2004, calendar.

SECOND READING OF HOUSE RESOLUTIONS

HJR 35

The following was read the second time:

HOUSE JOINT RESOLUTION NO. 35

Relating to mad cow disease and country-of-origin labeling for meat products.

with the:

Journal Page

L&C RPT CS(L&C) NT 5DP 1NR	2640
FN1: ZERO(H.L&C)	2640
RES RPT CS(L&C) NT 6DP 1NR 2AM	2735
FN1: ZERO(H.L&C)	2736

Representative Coghill moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original resolution:

CS FOR HOUSE JOINT RESOLUTION NO. 35(L&C)
Relating to bovine spongiform encephalopathy, commonly known as mad cow disease, and country-of-origin labeling for meat products.

There being no objection, it was so ordered.

Representative Coghill moved and asked unanimous consent that CSHJR 35(L&C) be considered engrossed, advanced to third reading, and placed on final passage. There being no objection, it was so ordered.

CSHJR 35(L&C) was read the third time.

The question being: "Shall CSHJR 35(L&C) pass the House?" The roll was taken with the following result:

CSHJR 35(L&C)
Third Reading
Final Passage

YEAS: 40 NAYS: 0 EXCUSED: 0 ABSENT: 0

Yea: Anderson, Berkowitz, Chenault, Cissna, Coghill, Crawford, Croft, Dahlstrom, Fate, Foster, Gara, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Heinze, Holm, Joule, Kapsner, Kerttula, Kohring, Kookesh, Kott, Lynn, Masek, McGuire, Meyer, Morgan, Moses, Ogg, Rokeberg, Samuels, Seaton, Stepovich, Stoltze, Weyhrauch, Williams, Wilson, Wolf

And so, CSHJR 35(L&C) passed the House and was referred to the Chief Clerk for engrossment.

LEGISLATIVE CITATIONS

Representative Coghill moved and asked unanimous consent that the House approve the citation on the calendar. There being no objection, the following citation was approved and sent to enrolling:

Honoring – 2003 Kenai Kardinals Varsity Football Team
By Representatives Wolf, Kott, Anderson, Chenault, Cissna, Coghill, Crawford, Croft, Dahlstrom, Gara, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Holm, Joule, Kapsner, Kerttula, Kohring, Lynn, McGuire, Meyer, Ogg, Rokeberg, Samuels, Seaton, Stepovich, Stoltze, Weyhrauch, Williams, Wilson

Representative Weyhrauch, who had been previously excused (page 2998), left the Chamber.

UNFINISHED BUSINESS

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

Representative Masek - from 7:30 p.m., March 18 to 9:30 p.m., plane time, March 21, 2004

Representative Ogg - from 7:00 a.m., March 19 to 10:00 p.m., plane time, March 21, 2004

Representative Williams - from 9:00 a.m., March 19 to 10:00 p.m., plane time, March 21, 2004

Representative Guttenberg - from 10:00 a.m., March 19 to 10:00 p.m., plane time, March 21, 2004

Representative Holm - from 7:30 a.m., March 19 to 10:00 a.m., plane time, March 22, 2004

Representative Heinze - from 7:30 p.m., March 19 to 10:00 a.m., plane time, March 22, 2004

Representative Rokeberg - from 6:00 p.m., March 22 to 10:00 a.m., plane time, March 24, 2004

HB 175

The Speaker added a Finance Committee referral to follow the Judiciary Committee referral for the following:

HOUSE BILL NO. 175

"An Act relating to issuance of a limited driver's license; relating to driving while under the influence of an alcoholic beverage, inhalant, or controlled substance and refusal to take a chemical test for consumption of an alcoholic beverage, inhalant, or controlled substance; and providing for an effective date."

HB 175 is in the Judiciary Committee.

HB 515

The Speaker added a Finance Committee referral for the following:

HOUSE BILL NO. 515

"An Act relating to the regulation of municipal water and sewer utilities not in competition with other water and sewer utilities."

HB 515 was removed from the Rules Committee and referred to the Finance Committee.

SPECIAL ORDER OF BUSINESS

Representative Coghill moved and asked unanimous consent that the notice and publication requirements be waived and the citation, Honoring - Mitchell "Mitch" B. Seavey be taken up as a Special Order of Business at this time. There being no objection, it was so ordered.

Representative Coghill moved and asked unanimous consent that the House approve the citation. There being no objection, the following citation was approved and sent to enrolling:

Honoring - Mitchell "Mitch" B. Seavey
By Representatives Seaton, Kott, Anderson, Berkowitz, Chenault, Cissna, Coghill, Crawford, Croft, Dahlstrom, Fate, Gara, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Heinze, Holm, Joule, Kapsner, Kerttula, Kohring, Kookesh, Lynn, Masek, McGuire, Meyer, Morgan, Ogg, Rokeberg, Samuels, Stepovich, Stoltze, Weyhrauch, Williams, Wilson, Wolf; Senator Gary Stevens

UNFINISHED BUSINESS

HJR 9

Representative Meyer added his name as cosponsor to:

HOUSE JOINT RESOLUTION NO. 9

Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit and a spending limit.

HJR 35

Representatives Berkowitz, Gruenberg, Meyer, Samuels, and Lynn added their names as cosponsors to:

CS FOR HOUSE JOINT RESOLUTION NO. 35(L&C)

Relating to bovine spongiform encephalopathy, commonly known as mad cow disease, and country-of-origin labeling for meat products.

HB 385

Representatives Anderson and Heinze added their names as cosponsors to:

HOUSE BILL NO. 385

"An Act relating to awarding child custody; and providing for an effective date."

HB 394

Representatives Lynn and Dahlstrom added their names as cosponsors to:

CS FOR HOUSE BILL NO. 394(HES)

"An Act extending the termination date of the Alaska Commission on Aging and making technical revisions to citations related to the commission."

ENGROSSMENT**HJR 35**

CSHJR 35(L&C) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

HB 394

CSHB 394(HES) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

ENROLLMENT**HJR 32**

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 2:43 p.m., March 17, 2004:

CS FOR HOUSE JOINT RESOLUTION NO. 32(FSH) am S
Relating to the labeling of fish and fishery food products.

ANNOUNCEMENTS

House committee schedules are published daily under separate cover.

ADJOURNMENT

Representative Coghill moved and asked unanimous consent that the House adjourn until 11:00 a.m., March 22, 2004. There being no objection, the House adjourned at 11:11 a.m.

Suzi Lowell
Chief Clerk