

**HOUSE JOURNAL**  
**ALASKA STATE LEGISLATURE**  
**TWENTY-THIRD LEGISLATURE**  
**FIRST SPECIAL SESSION**

**Juneau, Alaska**

**Tuesday**

**June 22, 2004**

**First Day**

Pursuant to the Governor's proclamation dated June 4, 2004, the House was called to order by Speaker Kott at 10:29 a.m.

Roll call showed 31 members present. Representatives Croft, Holm, Masek, and Meyer were absent and their presence was noted later. Representatives Fate, Heinze, and Wilson were absent and later excused (page 4444). Representatives Moses and Wolf were absent.

The invocation was offered by the Chaplain, Representative Kapsner. Representative Williams moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

Grant, O God, thy protection;  
And in protection, strength;  
And in strength, understanding;  
And in understanding, knowledge;  
And in knowledge, the knowledge of justice;  
And in the knowledge of justice, the love of it;  
And in the love of it, the love of all things;  
And in the love of all things,  
The love of You, God and all goodness.  
Amen.

The Pledge of Allegiance was led by Representative Kapsner.

**CERTIFICATION OF THE JOURNAL**

Representative Coghill moved and asked unanimous consent that the journal for the 120th and 121st legislative days, House Journal Supplement No. 7, and House and Senate Joint Journal Supplement No. 19 be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

**MESSAGES FROM THE GOVERNOR**

The following Governor's proclamation, dated June 4, 2004, was read:

"Under the authority of art. II, sec. 9, and art. III, sec. 17, of the Alaska Constitution, and in the public interest, I call the Twenty-Third Legislature of the State of Alaska into its first special session at Juneau, Alaska, in the legislative chambers on June 22, 2004, at 10:00 a.m., to consider the following subjects:

1. Relating to and limiting appropriations from the Alaska Permanent Fund based on an averaged percent of the fund's market value;
2. Implementation of (1) of this proclamation, making conforming amendments to the enabling Act of the Alaska Permanent Fund Corporation, and relating to the determination of net income of the Mental Health Trust Fund;
3. An Act authorizing an advisory vote at the 2004 general election regarding sources of money available for appropriation;
4. Relating to a limit on the Legislature's power to enact appropriations authorizing the expenditure of public money;
5. An Act relating to the taxation and regulation of cigarettes and tobacco products;
6. An Act authorizing the issuance of general obligation bonds to finance transportation and public education capital improvement projects; and

7. Authorizing changes to workers' compensation statutes.

Done by,  
/s/  
Frank H. Murkowski  
Governor"

\*\*The presence of Representative Meyer was noted.

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

**HJR 101**

HOUSE JOINT RESOLUTION NO. 101 by the House Rules Committee by request of the Governor:

Proposing amendments to the Constitution of the State of Alaska relating to and limiting appropriations from the Alaska permanent fund based on an averaged percent of the fund market value.

was read the first time.

**HCR 16**

Pursuant to the following:

CS FOR HOUSE CONCURRENT RESOLUTION NO. 16(RLS)  
Proposing amendments to the Uniform Rules of the Alaska State Legislature providing that the 2000 edition of "Mason's Manual of Legislative Procedure" shall implement the rules; relating to meetings of subcommittees and conference committees; and providing for an effective date for the amendments.

Representative Rokeberg advised the members that the 2000 edition of "Mason's Manual of Legislative Procedure" is in effect for the First Special Session.

**ANNOUNCEMENTS**

Majority Caucus              Speaker's Chamber              11:00 a.m., 6/22

The Speaker stated that, without objection, the House would recess to a call of the Chair; and so, the House recessed at 10:36 a.m.

#### **AFTER RECESS**

The Speaker called the House back to order at 12:35 p.m.

\*\*The presence of Representative Masek was noted.

\*\*Representative Coghill moved and asked unanimous consent that Representatives Fate, Heinze, and Wilson be excused from a call of the House today. There being no objection, it was so ordered.

\*\*The presence of Representative Croft was noted.

#### **INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE RESOLUTIONS** (continued)

##### **HJR 101**

HOUSE JOINT RESOLUTION NO. 101 by the House Rules Committee by request of the Governor:

Proposing amendments to the Constitution of the State of Alaska relating to and limiting appropriations from the Alaska permanent fund based on an averaged percent of the fund market value.

was referred to the Judiciary and Finance Committees.

The following fiscal note(s) apply:

1. Zero, Dept. of Revenue
2. Fiscal, Office of the Governor

The Governor's transmittal letter dated June 21, 2004, follows:

"Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a joint resolution proposing amendments to the Alaska Constitution relating to and limiting appropriations from the Alaska Permanent Fund based on an averaged Percent of Market Value (POMV) approach. The question presented to legislators by the joint resolution is whether to allow Alaskans to decide if management of the Alaska Permanent Fund should be modernized to a POMV approach. The POMV approach limits annual spending to five percent of the Alaska Permanent Fund's market value.

If adopted by the voters, the constitutional amendments in this joint resolution would change the way in which amounts available for appropriation from the Alaska Permanent Fund are determined. The joint resolution contains the same provisions as CS House Joint Resolution 26(FIN), which passed the House of Representatives during the second session of this Legislature. Under the provisions of this joint resolution, the Legislature could appropriate an amount that would not exceed five percent of the averaged market values of the Alaska Permanent Fund for the first five of the six fiscal years immediately preceding the fiscal year in which the money is appropriated. The provisions do not allocate the amount available for appropriation for a specific purpose.

I remain convinced that Alaskans expect us to resolve the state's long-term fiscal problem this year. This resolution is an important part of what must be a bi-partisan solution to the state's fiscal gap.

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor"

**HJR 102**

HOUSE JOINT RESOLUTION NO. 102 by the House Rules Committee by request of the Governor:

Proposing amendments to the Constitution of the State of Alaska relating to and limiting appropriations from the Alaska permanent fund based on an averaged percent of the fund market value and relating to permanent fund dividend payments.

was read the first time and referred to the Judiciary and Finance Committees.

The following fiscal note(s) apply:

1. Zero, Dept. of Revenue
2. Fiscal, Office of the Governor

The Governor's transmittal letter dated June 21, 2004, follows:

"Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a resolution proposing amendments to the Alaska Constitution relating to and limiting appropriations from the Alaska Permanent Fund based on an averaged percent of the fund's market value. Passage of this resolution by the Legislature gives Alaskans a voice on the issue of a long-term fiscal plan. Voters would have the ability to approve the resolution and bring certainty to Alaska's fiscal future for themselves and future generations of Alaskans.

The resolution outlines a long-term fiscal plan that 1) changes the structure of the Alaska Permanent Fund to an endowment model; 2) limits the annual payout from the Alaska Permanent Fund to five percent of the fund's value; 3) allocates the annual payout of 50 percent to dividends, 45 percent to public education, including K-12 and the University, and five percent to communities. Individual dividends would be guaranteed to be at least \$1,000 or 50 percent of the annual payout, whichever is higher. I believe that these allocations reflect the priorities of a majority of the public for the use of the Alaska Permanent Fund.

The resolution is based on provisions of CS House Joint Resolution 26(FIN), which passed the House during the second session of this

Legislature. Under the provisions of this resolution, the Alaska Permanent Fund is converted to the Percent of Market Value or "POMV" endowment model. An annual payout of five percent of the value of the fund is set.

POMV is an accepted method for managing funds. Anchorage, Fairbanks, the North Slope Borough, and Sitka residents have voted to use the POMV model for their municipal trust accounts. Private foundations like the Ford Foundation and about 83 percent of colleges use some form of a POMV payout method.

These allocation provisions have a ten-year "sunset" to allow the Legislature and the voters an opportunity to revisit them to ensure that the allocations continue to meet state needs.

I urge your prompt and favorable action on this legislation.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor"

**HJR 103**

HOUSE JOINT RESOLUTION NO. 103 by the House Rules Committee by request of the Governor:

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

was read the first time and referred to the Judiciary and Finance Committees.

The following fiscal note(s) apply:

## 1. Fiscal, Office of the Governor

The Governor's transmittal letter dated June 21, 2004, follows:

"Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a resolution relating to an appropriation or "spending" limit. This resolution gives voters the chance to directly voice their opinion on a spending limit at the ballot box. A spending limit is an integral part of the transition to a long-range fiscal plan for Alaska.

The model for this resolution is the version of Committee Substitute House Joint Resolution 9 (CSHJR 9) as it passed the House in the regular session (CSHJR 9(FIN) am). There are some technical changes, which were recommended by the Department of Law. Specifically, in the list of appropriations excluded from the appropriation limit, references to "state lease debt" have been changed to "capital leases" to more accurately reflect the description of these obligations in governmental accounting. Other technical changes were made to more clearly provide that the "excluded" appropriations are to be excluded from the appropriation limit itself as well as from calculation of the appropriation limit.

The resolution presents the public with the opportunity to approve a spending limit with enough "teeth" in it to be effective. If approved by the Legislature and passed by the voters, it will prevent government spending from growing too large, too fast. Alaskans want spending controlled to produce a leaner, more efficient, effective state government. Passage of the resolution sends the signal the Legislature has heard the message and will allow Alaskans to vote on the issue.

I urge your prompt and favorable action on this resolution.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor"



**INTRODUCTION, FIRST READING, AND REFERENCE  
OF HOUSE BILLS****HB 1001**

HOUSE BILL NO. 1001 by the House Rules Committee by request of the Governor, entitled:

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

was read the first time and referred to 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 June 21, 2004, follows:

"Dear Speaker Kott:

Under the authority of article III, section 18 of the Alaska Constitution, I am transmitting a bill that increases the cigarette excise tax by \$1.00 a pack and makes other changes in our current statutes. The tax on "other tobacco products" such as smokeless tobacco would be increased from 75 percent to 100 percent of the wholesale cost.

Passage of these tax increases is supported by the health benefits alone. Tobacco is the number one preventable cause of death, disability, and chronic illness in Alaska. It is public health enemy number one. I want these tax increases to reduce consumption of tobacco products in Alaska. Such a decrease will benefit adult smokers who decide to quit, teenagers and pre-teens who decide to

quit or not start smoking, and Alaskans that choose not to smoke but suffer the ill effects of second hand smoke.

Current estimates are that passage of the cigarette tax should result in a 15 percent drop in illegal teen smoking. A 15 percent drop in youth smoking rates from current levels translates into 1,800 lives saved from premature death due to tobacco addiction. My hope is that even more Alaska teens decide not to try smoking or break their addiction to cigarettes.

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 prior to delivery during the next five years.

Alaska Natives should particularly benefit 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. 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 order to ensure we achieve these health benefits, I have included language that earmarks part of the tax revenues for the smoking education, tobacco use prevention, and tobacco control program. At the level I have included, Alaska would become one of five states that fund tobacco cessation programs at or above the level recommended by the Centers for Disease Control.

I have also included a significant increase in the tax on smokeless tobacco. Other forms of tobacco such as chew or cigars also present serious risks to the health of users. For example, smokeless tobacco users may be up to twice as likely as non-users to die from heart disease and other cardiovascular conditions due to increased blood pressure.

There is also an important fiscal benefit in this bill. The new revenues generated by the tax increases will help reimburse a portion of the approximately \$270 million in annual costs for direct medical expenses and lost productivity attributed to tobacco use in Alaska. The financial burden all Alaskans are stuck with because some Alaskans smoke should be reduced. This bill targets users and asks them to pay a bit more of the costs they impose on all Alaskans. I believe many Alaskans would argue they should not be stuck with any costs for someone else's voluntary choice to use a dangerous product.

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 1002**

HOUSE BILL NO. 1002 by the House Rules Committee by request of the Governor, entitled:

"An Act providing for a special deposit for workers' compensation insurers; relating to assigned risk pools and workers' compensation insurers; relating to the board of governors of the Alaska Insurance Guaranty Association; stating the intent of the legislature, and setting out limitations, concerning the interpretation, construction, and implementation of workers' compensation laws; relating to restructuring the Alaska workers' compensation system; eliminating the Alaska Workers' Compensation Board; establishing a division of workers' compensation within the Department of Labor and Workforce Development and assigning certain Alaska Workers' Compensation Board functions to the division and the Department of Labor and Workforce Development; establishing a Workers' Compensation Appeals Commission; assigning certain functions of the Alaska Workers' Compensation Board to the Workers' Compensation Appeals Commission and the office of administrative hearings; relating to agreements that discharge workers' compensation liability; providing for administrative law

judges in workers' compensation proceedings; relating to workers' compensation awards; relating to an employer's failure to insure and keep insured or provide security; providing for appeals from compensation orders; relating to workers' compensation proceedings; providing for supreme court jurisdiction of appeals from the Workers' Compensation Appeals Commission; providing for a maximum amount for the cost-of-living adjustment for workers' compensation benefits; providing for administrative penalties for employers uninsured or without adequate security for workers' compensation; relating to fraudulent acts or false or misleading statements in worker's compensation; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Indeterminate, Dept. of Administration
2. Fiscal, Dept. of Administration
3. Fiscal, Alaska Court System
4. Fiscal, Dept. of Labor & Workforce Development

The Governor's transmittal letter dated June 21, 2004, follows:

"Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the workers' compensation system. This bill is based on the many discussions and hearings conducted during the Second Session of the Twenty-Third Alaska State Legislature on Senate Bill 311. The bill preserves lay participation in the workers' compensation system, while increasing consistency in decision making and strengthening enforcement. It seeks to improve the market for existing workers' compensation insurers and attract new insurers, without immediate reductions in benefits to injured Alaskan workers.

Despite the Legislature's best efforts over the years, our current workers' compensation system has not proven responsive to the

pressures caused by a growing, changing workforce and increasing costs. In order to respond to complaints about the delay in hearings, the Legislature has steadily increased the number of members of the current Alaska Workers' Compensation Board (board) to make up more hearing panels, and removed the requirement that a fully balanced panel be available for hearings. What was originally a three-member board has grown to include 14 volunteer members residing around the state. The original three-member board heard all claims; now panels, whose composition can vary in as many as 300 combinations, hear claims. As a result, the consistency of a single three-member board has been lost. The increased size of the board makes it difficult to assemble as a body for holding meetings and adopting regulations. While I appreciate the dedication, public service, and hard work that the board members and division of workers' compensation (division) staff provide, many members of the board lack legal training or background, and division hearing officers are not required to be lawyers. The division is also hampered by the design of the "unified board" system. The division has no authority to respond aggressively and quickly to non-compliance and fraud -- and the board itself is now too unwieldy to take such action in any but singular cases.

This bill would replace the current system with one more like the most common form of workers' compensation system in the rest of the United States. Three new components of the system will bring more consistency and predictability in decisions, and more agility and power of enforcement: (1) a Workers' Compensation Appeals Commission (commission); (2) qualified and experienced administrative law judges; and (3) an accountable division director with additional administrative authority and duties. The only change to benefits remains the cap on the cost-of-living adjustment paid to out-of-state claimants. While claimants who reside in areas with a lower cost of living than Alaska's would continue to receive an adjustment, those residing in a higher cost-of-living area would be capped at the amount paid to in-state claimants. Otherwise, the bill does not alter benefits available to injured workers or the method of delivering them.

Under the bill, an administrative law judge in the office of administrative hearings in the Department of Administration would conduct initial hearings on disputes. Last session the Legislature

overwhelmingly approved of the use of independent administrative law judges centrally located in an office of administrative hearings and supervised by a chief administrative law judge to hear and adjudicate administrative hearings. Among other qualifications, all administrative law judges must be admitted to practice law in Alaska, and have been admitted in Alaska for at least two years. They are subject to a code of hearing officer conduct. The bill requires that the administrative law judges who are appointed to conduct workers' compensation hearings have specific expertise in the area of workers' compensation.

The commission would replace the Superior Court at the appeals level. The commission is composed of five members: one attorney experienced in the practice of workers' compensation law (who will be an employee of the Department of Labor and Workforce Development) and four lay, volunteer members. The lay, volunteer members would be appointed from both labor and industry and for any given matter, one from each side would sit on the appeal together with the attorney member of the commission. The commission's decisions would be binding legal precedent unless and until overturned on appeal to the Alaska Supreme Court.

This bill also adds new duties and accountability to the administration of the system. Currently, the director has little authority to act because all power rests in the board. This bill would establish a division of workers' compensation in the department. The director, appointed by the commissioner, would be personally accountable for the performance of the division. The director would have expanded authority to administer the second injury fund (AS 23.30.040), obtain stop work orders, investigate uninsured employers, seek civil penalties for an employer's failure to insure workers, investigate complaints of fraud in workers' compensation, propose regulations to the commissioner, intervene in cases and file appeals, supervise rehabilitation of injured workers, and administer the Alaska Workers' Compensation Act. The director's formal decisions may be appealed to the commission.

The bill also provides a powerful tool to further the department's current approach of "zero tolerance" for employers that fail to carry legally required workers' compensation liability insurance. Under this

bill, the department gains authority to levy civil penalties against employers whose choice to operate without the required insurance coverage places their employee's financial and physical well being at risk. Such employers also gain an unfair competitive advantage over employers who act responsibly by complying with the law and purchasing insurance.

The bill also authorizes, for the first time, the director to investigate fraud in workers' compensation. Until now, Alaska has relied on insurers to investigate fraud in workers' compensation claims, with the result that investigations are not necessarily consistent with the public's interest in preventing workers' compensation fraud, as opposed to an insurer's monetary interest in a particular case. The cost of fraud is borne by the public in the increased cost of the system--it has an interest in preventing a range of fraudulent acts, such as obtaining payments beyond the benefit amount allowed, kickbacks, and threatening witnesses, that is not limited to obtaining reimbursement of benefits from a single dishonest claimant.

The bill would also revise AS 21, the insurance code, regarding how the state regulates the workers' compensation insurance industry. Under the bill, insurers that transact workers' compensation insurance would be required to maintain in this state special deposits of cash or securities for the protection of persons covered by workers' compensation insurance. In addition, insurers must provide collateral in this state for their assumed share of the assigned risk pool. This revision provides additional protection in the event of insurer insolvency.

The Alaska Insurance Guaranty Association's Board of Governors would be modified to include representatives from employers, labor, and insurance licensees. This change will expand the expertise of the Board of Governors to better address workers' compensation market issues.

Finally, the assigned risk pool is altered to ensure that it is self-funding, instead of relying on periodic assessments against insurers

and consumers. The current pool is unable to generate sufficient premium to pay the claims made against it. The additional burden on insurance companies is a factor making the Alaska workers' compensation insurance market unattractive to insurers. Eliminating the cap on the assigned risk pool surcharge, and mandating a self-funding pool, should increase deposits available to protect insureds, improve the market for Alaska insurance companies, and ensure that employers have access to workers' compensation insurance.

This bill represents a major step forward in modernization of the Alaska workers' compensation system and addressing the significant workers' compensation crisis in Alaska. This bill would professionalize the hearing process through the use of administrative law judges located in the office of administrative hearings. This will improve the process of making workers' compensation decisions, increase predictability in the hearings, and strengthen enforcement powers of the division. These features should make Alaska more attractive for businesses to remain here or to relocate their operations to this state.

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor"

**HB 1003**

HOUSE BILL NO. 1003 by the House Rules Committee by request of the Governor, entitled:

"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 permanent fund dividend payments of at least \$1,000; relating to the determination of net income of the mental health trust fund; and providing for an effective date."

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



The following fiscal note(s) apply:

1. Zero, Dept. of Revenue

The Governor's transmittal letter dated June 21, 2004, follows:

"Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill 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. This bill is substantially the same as CSHB 298(FIN) am, which passed the House during the second regular session, but with a few new provisions.

I have separately transmitted to you a joint resolution proposing a "percent of market value" (POMV) amendment to the Alaska Constitution. This bill would make conforming amendments to the enabling act of the Alaska Permanent Fund Corporation necessary to implement that amendment. This bill also would make allocations of the amount available for appropriation from the permanent fund after the POMV amendment is adopted. These allocations make provision for aid to municipalities and other communities, public education, and the permanent fund dividend. The allocation provisions would give moral force to the legislature's intent to pay for these important public purposes. A new provision has been added that would adjust the allocation of amounts available for appropriation from the permanent fund so that the dividend will be kept at \$1,000 or more each year. The bill also contains provisions that will conform the mental health trust fund revenue availability and accounting provisions to those proposed for the permanent fund. The mental health trust fund is invested by the Alaska Permanent Fund Corporation and it will be more efficient if the computation of revenue available for appropriation is consistent for both funds.

I believe that this bill provides a vehicle the legislature can use to resolve how the POMV amendment would be implemented. By

placing the implementing provisions in statute, the legislature retains the power to make necessary adjustments to meet unforeseeable events.

I urge your prompt and favorable consideration of this bill.

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

**HB 1004**

HOUSE BILL NO. 1004 by the House Rules Committee by request of the Governor, entitled:

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of design, construction, and major maintenance of facilities at the University of Alaska; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated June 21, 2004, follows:

"Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill authorizing the issuance of general obligation bonds to finance capital improvement projects for the University of Alaska. Great progress has been made with our university system. Student enrollment is at the highest level ever. (Increase of 14.5 percent system wide between 2000 and 2004). Research activities are also at an all-time high, and have increased by

more than 75 percent since fiscal year 1999. These successes are based on the state's on-going commitment to the university. This bill builds upon, and reinforces this commitment, while realizing the harsh reality of the limits forced on the state by the present fiscal situation.

The projects in this bill address a number of the University of Alaska's critical infrastructure needs. The projects include improvements to the integrated science facility at the University of Alaska, Anchorage to provide crucial science classroom and instructional labs.

Also included are projects that address essential life safety, renovation, and equipment priorities. These include Americans with Disabilities Act and life safety issues, as well as crucial equipment and space renovation needs. Basic information technology upgrades and replacement of academic and instructional equipment is included. Designed and construction, such as for the Biological and Computational Science Facility on the Fairbanks campus, will support the continued successful expansion of the state and university's research and development agenda.

New construction, such as for the Biological and Computational Facility on the Fairbanks campus, will support the continued successful expansion of the state and university's research and development agenda.

The bill requires that sections one through seven of the bill only take effect once the Lieutenant Governor has certified a long-range fiscal plan has been adopted as specified in the bill and the bonds have been approved by the voters.

I urge your prompt and favorable action on this legislation.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor"

**HB 1005**

HOUSE BILL NO. 1005 by the House Rules Committee by request of the Governor, entitled:

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state surface transportation projects; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated June 21, 2004, follows:

"Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill authorizing the issuance of general obligation bonds to finance surface transportation capital improvement projects.

The projects included in this bill address a variety of important surface transportation needs across the state, ranging from congestion relief in Anchorage and Fairbanks, to safety improvements, betterment of driving conditions, and access to critical resource and industrial projects. Some of these upgrades are being included to facilitate transfer to local ownership.

Investment in transportation pays both short- and long-term dividends to the state's economy. Immediately, it would put Alaskans to work in the design and construction of these surface transportation projects. Long-term, it ensures that workers and commodities can move efficiently, and enables new economic activity to occur that in turn creates new family-wage jobs. As such, I consider this bond package a stimulus to the state's economy, and part of the budget solution.

One key advantage of this bill is that it provides an additional level of transportation financing during a period of reduced federal funding for highways. Since statehood, the flow of federal dollars has typically

grown each year, but since 2002 this trend has changed and we now face two consecutive years of decline in federal funding levels. Supplementing the state's capital program with general obligation bond money would ensure that the state's infrastructure would keep pace with growth in traffic and other uses.

I view this bond package as an important plank in the state's long-range financial plan. Ensuring that we have a sufficient and effective surface transportation system is an important duty of the legislative and executive branches. The bill also requires that the money in the bond package only be available once a constitutional amendment establishing the percent of market value approach to determining amounts available for appropriation from the Alaska Permanent Fund, and the bonds, have been approved by the voters.

I welcome your support for this important measure.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor"

\*\*The presence of Representative Holm was noted.

#### ENROLLMENT

##### HCR 16

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 12:30 p.m., June 22, 2004:

CS FOR HOUSE CONCURRENT RESOLUTION NO. 16(RLS)  
Proposing amendments to the Uniform Rules of the Alaska State Legislature providing that the 2000 edition of "Mason's Manual of Legislative Procedure" shall implement the rules; relating to meetings of subcommittees and conference committees; and providing for an effective date for the amendments.

**ANNOUNCEMENTS**

House committee schedules are published daily under separate cover.

Majority Caucus      Speaker's Chamber      1:30 p.m., 6/22

**ADJOURNMENT**

Representative Coghill moved and asked unanimous consent that the House adjourn until 2:00 p.m., June 23, 2004. There being no objection, the House adjourned at 12:50 p.m.

Suzi Lowell  
Chief Clerk