

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

Juneau, Alaska

Wednesday

January 12, 2005

Third Day

Pursuant to adjournment the House was called to order by Speaker Harris at 10:03 a.m.

Roll call showed 24 members present. Representatives Berkowitz, Cissna, Croft, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kott, Rokeberg, and Salmon were absent and their presence was noted later. Representative Weyhrauch was absent.

Representative Crawford and Representative-elect Kerttula had been previously excused from a call of the House today.

Representative Coghill moved and asked unanimous consent that Representative-elect Moses be excused from a call of the House from today to 9:30 a.m., plane time, January 17, 2005. There being no objection, it was so ordered.

The invocation was offered by the Chaplain, Pastor John Stevens of Resurrection Lutheran Church. Representative Coghill moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

It is with the deepest respect for the religious beliefs of all Alaskans that I offer this prayer this morning.

Gracious God,

As we come to the middle of this week, we ask that You would be with us. Give us Your steadfastness and Your faith. Give us Your patience when needed. Give us Your strength

when we are weary. Give us Your mind when making decisions. And most of all, give us Your peace and compassion when dealing with each other. In Your name we pray. Amen

The Pledge of Allegiance was led by Representative Anderson.

CERTIFICATION OF THE JOURNAL

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

The Speaker stated that, without objection, the House would advance to:

REPORTS OF SPECIAL COMMITTEES

The following report of the Committee on Committees, dated January 12, 2005, was received:

The Committee on Committees has met, and submits the following names of Representatives to serve on the respective House committees:

Rules: Rokeberg, Chair; Harris, Coghill, Kohring, McGuire, Berkowitz, Kerttula*

Finance: Chenault and Meyer, Co-chairs; Stoltze, Vice Chair; Foster, Hawker, Holm, Kelly, Weyhrauch, Croft, Joule, Moses*

Health, Education & Social Services: Wilson, Chair; Anderson, Kohring, McGuire, Seaton, Cissna, Gardner

Judiciary: McGuire, Chair; Anderson, Coghill, Dahlstrom, Kott, Gara, Gruenberg

Resources: Samuels and Ramras, Co-chairs; Elkins, Gatto, LeDoux, Olson, Seaton, Crawford, Kapsner

State Affairs: Seaton, Chair; Elkins, Gatto, Lynn, Ramras, Gardner, Gruenberg

Labor & Commerce: Anderson, Chair; Kott, LeDoux, Lynn, Rokeberg, Crawford, Guttenberg

Transportation: Gatto and Elkins, Co-chairs; Kohring, Neuman, Thomas, Kapsner, Salmon

Community & Regional Affairs: Olson and Thomas, Co-chairs; Kott, LeDoux, Neuman, Cissna, Salmon

Legislative Council: Gatto, Chair; Harris, Coghill, Rokeberg, Stoltze, Weyhrauch, Berkowitz

Legislative Budget & Audit Committee: Samuels, Vice Chair; Chenault, Hawker, Kott, Kerttula*; Meyer, Joule, Alternates

Joint Armed Services Committee: Dahlstrom, Co-chair; Coghill, Lynn, Ramras, Croft; Harris, Alternate

Select Committee on Legislative Ethics: Weyhrauch, Gruenberg; Harris, Gara, Alternates (pending confirmation as required by AS 24.60.130)

Administrative Regulation Review: Anderson, Chair; Kohring, Cissna

HR 1

House Special Committee on Oil & Gas: Kohring, Chair; Dahlstrom, McGuire, Rokeberg, Samuels, Gardner, Kerttula*

HR 2

House Special Committee on Economic Development, International Trade, & Tourism: Dahlstrom, Chair; Coghill, Lynn, Neuman, Ramras, Crawford, Kerttula*

HR 3

House Special Committee on Education: Neuman, Chair; Gatto, Lynn, Thomas, Wilson, Gara, Salmon

HR 4

House Special Committee on Fisheries: LeDoux and Thomas, Co-chairs; Harris, Elkins, Wilson, Kapsner, Salmon

HR 5

House Special Committee on Military & Veterans' Affairs: Lynn, Chair; Dahlstrom, Elkins, McGuire, Thomas, Cissna, Gruenberg

HR 6

House Special Committee on Ways & Means: Weyhrauch, Chair; Rokeberg, Samuels, Seaton, Wilson, Gruenberg, Moses*

#

*Pending oath of office.

The report was signed by Representative Harris, Chair; and Representatives Coghill, Rokeberg, Chenault, Meyer, and Berkowitz.

Representative Coghill moved and asked unanimous consent that the House adopt the Committee on Committees report. There being no objection, it was so ordered.

**The presence of Representatives Kapsner, Joule, Cissna, Gardner, and Salmon was noted.

The House reverted to:

MESSAGES FROM THE SENATE

A message dated January 10, 2005, was received stating the Senate has accepted the invitation to meet in joint session in the House Chamber at 7:00 p.m., January 12 to hear the Governor's combined State of the State and Budget message.

**The presence of Representative Croft was noted.

COMMUNICATIONS

The following audit reports were received from the Division of Legislative Audit, Legislative Budget & Audit Committee, as required by AS 24.20.311:

January 12, 2005

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2004 Annual Report, Unabridged
2004 Annual Report, Condensed

Dept. of Commerce, Community, & Economic Development
Alaska's Sunset Process and Selected Investigative Issues
September 28, 2004

Dept. of Commerce, Community, & Economic Development
Board of Public Accountancy
Sunset Review
October 25, 2004

Dept. of Commerce, Community, & Economic Development
Board of Registration for Architects, Engineers, and Land Surveyors
Sunset Review
October 6, 2004

Dept. of Commerce, Community, & Economic Development
Board of Barbers and Hairdressers
Sunset Review
October 14, 2004

Dept. of Commerce, Community, & Economic Development
Board of Marital and Family Therapy
Sunset Review
November 1, 2004

Dept. of Commerce, Community, & Economic Development
Board of Professional Counselors
Sunset Review
November 2, 2004

Dept. of Commerce, Community, & Economic Development
Board of Psychologists and Psychological Associate Examiners
Sunset Review
October 27, 2004

Dept. of Commerce, Community, & Economic Development
Board of Social Work Examiners
Sunset Review
October 27, 2004

Dept. of Commerce, Community, & Economic Development
Board of Veterinary Examiners
Sunset Review
October 29, 2004

Dept. of Health & Social Services
Statewide Suicide Prevention Council
Sunset Review
November 15, 2004

Dept. of Natural Resources
Alaska Seismic Hazards Safety Commission
Sunset Review
October 22, 2004

Dept. of Transportation & Public Facilities
Employment Opportunities for Women Engineers
November 8, 2004

**The presence of Representatives Kott, Gruenberg, Rokeberg, and Gara was noted.

INTRODUCTION OF CITATIONS

The following citation was introduced and referred to the Rules Committee for placement on the calendar:

In Memoriam - Su Lachelt
By Representatives Weyhrauch, Kerttula; Senator Elton

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

Commemorating - Dr. Martin Luther King, Jr. Day
By Senator Davis

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

HB 18

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 18 by Representatives Wilson, Chenault, LeDoux, and Elkins, entitled:

"An Act increasing the base student allocation used in the formula for state funding of public education; and providing for an effective date."

was read the first time and referred to the House Special Committee on Education and the Health, Education & Social Services and Finance Committees.

**The presence of Representative Berkowitz was noted.

HB 63

HOUSE BILL NO. 63 by Representatives Gara, Kerttula, Croft, and Guttenberg, entitled:

"An Act relating to the oil and gas properties production (severance) tax as it applies to oil; establishing a minimum rate of tax for certain fields of five percent; providing for an adjustment to increase the tax collected when oil prices exceed \$20 per barrel and to reduce the tax collected when oil prices fall below \$16 per barrel; and providing for relief from the tax when the price per barrel is low or when the taxpayer demonstrates that a reduction in the tax is necessary to establish or reestablish production from an oil field or pool that would not otherwise be economically feasible."

was read the first time and referred to the House Special Committee on Ways & Means, the House Special Committee on Oil & Gas and the Resources and Finance Committees.

**The presence of Representative Guttenberg was noted.

HB 64

HOUSE BILL NO. 64 by Representatives Hawker and Stoltze, entitled:

"An Act extending the termination date for the Board of Public Accountancy; and providing for an effective date."

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

HOUSE BILL NOS. 65, 66, 67, and 68 have been preassigned to the Governor's budget bills.

HB 69

HOUSE BILL NO. 69 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to contracts for the provision of state public assistance to certain recipients in the state; providing for regional public assistance plans and programs in the state; relating to grants for Alaska Native family assistance programs; relating to assignment of child support by Alaska Native family assistance recipients; relating to paternity determinations and genetic testing involving recipients of assistance under Alaska Native family assistance programs; and providing for an effective date."

was read the first time and referred to the Community & Regional Affairs, Health, Education & Social Services, and Finance Committees.

The following fiscal note(s) apply:

1. Fiscal, Dept. of Health & Social Services
2. Fiscal, Dept. of Health & Social Services
3. Fiscal, Dept. of Health & Social Services
4. Fiscal, Dept. of Health & Social Services

The Governor's transmittal letter dated January 11, 2005, follows:

"Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Native family assistance grant program. This bill would reauthorize the Alaska Native family

assistance grant program, which was enacted in ch. 96, SLA 2000 as a temporary pilot program.

The federal Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (P.L.104-193) (PRWORA) gave Alaska Native and American Indian tribes the authority to assume responsibility for providing public assistance and self-sufficiency services by administering the Temporary Assistance for Needy Families program (TANF) independent of state welfare agencies. The law also set out the methodology for federal financing of tribal TANF programs, but did not address state financing or any state maintenance-of-effort provisions. In response, ch. 96, SLA 2000 was enacted into law, authorizing the Department of Health and Social Services (department) to award and administer federally authorized tribal TANF providers in Alaska with Native Family Assistance Program (NFAP) grants on a pilot program basis. The financing was limited to only four of the 13 Alaska Native nonprofit organizations authorized in PRWORA: Tanana Chiefs Conference, Tlingit-Haida Central Council, Association of Village Council Presidents, and the Metlakatla Indian Community of the Annette Islands Reserve. Each of these organizations, except Metlakatla, is now operating a tribal TANF program and receiving financing from the department in the form of an Alaska Native family assistance grant. This temporary law program will sunset on June 30, 2005.

In addition to reauthorizing the pilot program on a permanent basis in statute, this bill also would include the other nine Alaska native nonprofit organizations authorized in federal law to operate tribal TANF programs: Arctic Slope Native Association, Kawerak, Inc., Maniilaq Association, Cook Inlet Tribal Council, Bristol Bay Native Association, Aleutian and Pribilof Island Association, Chugachmiut, Kodiak Area Native Association, and Copper River Native Association.

From the outset, the State of Alaska has supported the establishment and development of the tribal TANF programs. The NFAP program affirms the state's interest in promoting regional responsibility and local control for public assistance programs in Alaska. Families served by tribal TANF programs have been successful in moving families from welfare to work. The local presence and familiarity with

village and community life puts the tribal administrators in the best position to implement the program and to successfully promote self-sufficiency for their clients.

Since enactment of ch. 96, SLA 2000, three Alaska Native groups not currently authorized to receive Alaska Native family assistance grants are either actively planning a tribal TANF program or have expressed interest in beginning the planning process. Cook Inlet Tribal Council plans to begin operating a tribal TANF program in July 2005 and is currently receiving technical support from the department. The Bristol Bay Native Association has submitted a letter of intent to begin operating a tribal TANF program in July 2005, and Chugachmiut has also advised the department of its interest in developing a tribal TANF program.

Funding for tribal TANF program operations comes from the federal TANF block grant and is supplemented by state grant funds that would otherwise be spent to serve the same number of Alaska Native families receiving assistance from the state's temporary assistance program. Enacting this bill will not take away the state oversight of TANF program operations. Tribal providers who receive NFAP grants enter into a contractual agreement with the State of Alaska to provide timely and accurate cash assistance, eligibility services, case management and other welfare-to-work services, supportive services, child care assistance, and administrative support to all eligible families living within their service area. Furthermore, the contract requires tribal providers to report monthly to the Division of Public Assistance (DPA) and allows DPA to monitor and evaluate the tribal program to assure grant money is being used to serve eligible families.

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski
Governor"

HB 70

HOUSE BILL NO. 70 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the reorganization of certain functions of the division of banking, securities, and corporations and the division of occupational licensing in the Department of Commerce, Community, and Economic Development; and providing for an effective date."

was read the first time and referred to the House Special Committee on Economic Development, International Trade, & Tourism and the Labor & Commerce Committee.

The following fiscal note(s) apply:

1. Zero, Dept. of Commerce, Community, & Economic Development

The Governor's transmittal letter dated January 11, 2005, follows:

"Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the reorganization of certain business functions in the Department of Commerce, Community, and Economic Development (department).

This bill would make statutory changes needed to fully effectuate my Administrative Order No. 219, issued September 17, 2004. The purpose of that Order, and this bill, is to further a coordinated, "one-stop shopping" environment for establishing corporations, limited liability companies, and other business entities, for registering and reserving business names, and for obtaining business and occupational licenses. Under the Order, almost all "corporations" functions were moved from the Division of Banking, Securities, and Corporations to the Division of Occupational Licensing in the department. To reflect this reorganization in the statutes, the bill would substitute "department" for references to the two specific divisions. These amendments also will allow the commissioner of the department future latitude in assigning duties and functions within the department, including renaming divisions to more accurately reflect their current objectives.

Under the Order and this bill, duties related to the Alaska BIDCO Act under AS 10.13 and required statements of financial conditions of business entities would not be moved to the division of occupational licensing, although references in AS 10.13 to the Division of Banking, Securities, and Corporations would be changed by the bill to refer to the department rather than the currently named division.

I urge your prompt and favorable action on this measure.

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

HB 71

HOUSE BILL NO. 71 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to a credit for certain exploration expenses against oil and gas properties production taxes on oil and gas produced from a lease or property in the state; relating to the deadline for certain exploration expenditures used as credits against production tax on oil and gas produced from a lease or property in the Alaska Peninsula competitive oil and gas areawide lease sale area after July 1, 2004; and providing for an effective date."

was read the first time and referred to the House Special Committee on Ways & Means, the House Special Committee on Oil & Gas and the Resources and Finance Committees.

The following fiscal note(s) apply:

1. Indeterminate, Dept. of Natural Resources
2. Zero, Dept. of Revenue

The Governor's transmittal letter dated January 11, 2005, follows:

"Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to a credit for certain exploration expenses

against oil and gas properties production taxes on oil and gas produced from a lease or property in the state and relating to the deadline for certain exploration expenditures used as credits against production tax on oil and gas produced from a lease or property in the Alaska Peninsula competitive oil and gas areawide lease sale area after July 1, 2004.

The Bristol Bay area is one of the largest onshore tracts in Alaska to potentially open for oil and gas leasing in the last 20 years. The northerly portion of the basin is believed to be gas prone. Extending the timeframe for exploration incentives will benefit the residents of the region with the potential for a natural gas supply that could lower their fishing costs, provide heat for their homes and result in less expensive power.

In the interest of providing tax incentives to encourage exploration in Alaska, new AS 43.55.025, which allows oil producers to credit exploration expenditures against production tax on oil and gas produced after July 1, 2004, was added in the 2003 session (HCS CSSB 185(O&G) am H; ch. 59, SLA 2003 (effective September 9, 2003)).

In order to qualify for the production tax credit under that statute, exploration expenditures must be incurred on or after July 1, 2003, and before July 1, 2007. It has become apparent that the July 1, 2007, deadline will come too soon for oil producers that obtain leases in the proposed Bristol Bay (Alaska Peninsula) Competitive Oil and Gas Areawide Lease Sale Area described in ch. 9, SLA 2004 (which took effect March 18, 2004). In this proposed lease sale area, the Department of Natural Resources anticipates that leases would not be issued until the spring of 2006. Given this timetable, it is likely that exploration expenditures on these leases would occur after July 1, 2007, in which case they could not be credited against future production taxes.

In order to provide similar tax incentives to the bidders on these proposed oil and gas leases, this bill would extend the deadline for exploration expenditures in the proposed Bristol Bay (Alaska Peninsula) competitive oil and gas areawide lease sale area to July 1, 2010. This bill also would make some minor technical changes to AS

43.55.025 to clarify the intent and harmonize terms used in that recently enacted section.

I urge your support of this important legislation.

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

HB 72

HOUSE BILL NO. 72 by Representative Crawford, entitled:

"An Act relating to legislative open meetings guidelines."

was read the first time and referred to the State Affairs and Judiciary Committees.

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 Berkowitz - from 7:00 p.m., January 13 to 9:30 a.m., plane time, January 18, 2005

Representative Rokeberg - from 7:30 p.m., January 13 to 9:30 a.m., January 18, 2005

Representative Chenault - from 7:30 p.m., January 13 to 9:30 a.m., plane time, January 18, 2005

Representative Holm - from 6:00 p.m., January 14 to 9:30 a.m., plane time, January 17, 2005

Representative Ramras - from 5:00 a.m., January 14 to 9:30 a.m., plane time, January 17, 2005

Representative Samuels - from 7:00 p.m., January 14 to 7:00 p.m., plane time, January 17, 2005

Representative LeDoux - from 6:00 p.m., January 14 to 9:00 a.m., plane time, January 18, 2005

Representative Cissna - from 1:00 p.m., January 14 to 9:30 a.m., plane time, January 18, 2005

Representative Coghill moved and asked unanimous consent that the House recess until 6:45 p.m. There being no objection, the House recessed at 10:23 a.m.

AFTER RECESS

The Speaker called the House back to order at 6:48 p.m.

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 Joule - from 5:00 p.m., January 13 to 7:00 p.m., plane time, January 17, 2005

Representative Kott - from 1:00 p.m., January 14 to 9:30 a.m., plane time, January 18, 2005

Representative Gara - from 6:00 p.m., January 14 to 9:30 a.m., plane time, January 18, 2005

SPECIAL ORDER OF BUSINESS

Representative Coghill moved and asked unanimous consent that the notice and publication requirements be waived and the citation, Commemorating - Dr. Martin Luther King, Jr. Day, be taken up as a Special Order of Business at this time. There being no objection, it was so ordered.

Representative Berkowitz moved and asked unanimous consent that all members of the House be shown as cosponsors of the citation. 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:

Commemorating - Dr. Martin Luther King, Jr. Day

By Senator Davis; Representatives Harris, Anderson, Berkowitz, Chenault, Cissna, Croft, Dahlstrom, Elkins, Foster, Gatto, Gruenberg, Guttenberg, Hawker, Holm, Joule, Kapsner, Kohring, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Thomas, Wilson, Coghill, Crawford, Gara, Gardner, Kelly, Kerttula, Kott, LeDoux, Moses, Salmon, Stoltze, and Weyhrauch.

The Speaker ordered the House at ease to allow members of the Senate to enter the Chamber.

JOINT SESSION IN THE HOUSE

In accordance with Uniform Rule 51, Speaker Harris turned the gavel over to President Ben Stevens who called the joint session to order at 7:01 p.m.

The purpose of the joint session was to hear a combined State of the State and State of the Budget address by the Honorable Frank H. Murkowski, Governor of Alaska.

Senator Gary Stevens moved and asked unanimous consent that the roll call of the Senate be waived and all members be shown as present. There being no objection, it was so ordered.

Representative Coghill moved and asked unanimous consent that the roll call of the House be waived and all members be shown as present. There being no objection, it was so ordered.

President Ben Stevens appointed Representative Kott and Senator Therriault to escort the Governor to the joint session.

The Senate Sergeant-at-Arms announced the Governor's entrance into the House Chamber.

Governor Murkowski was escorted to the rostrum and welcomed by President Ben Stevens.

Governor Murkowski delivered his address and it is published in Senate and House Joint Journal Supplement No. 1.

Governor Murkowski received a standing ovation and was escorted from the Chamber by Representative Kott and Senator Therriault.

Senator Gary Stevens moved and asked unanimous consent that the joint session adjourn. There being no objection, President Ben Stevens adjourned the joint session at 8:02 p.m.

IN THE HOUSE

The Speaker called the House back to order at 8:02 p.m.

OATH OF OFFICE

Representative Gruenberg took his oath of office in the Lieutenant Governor's Office January 11, 2005.

UNFINISHED BUSINESS

HB 10

Representatives Gruenberg and Kerttula added their names as cosponsors to:

HOUSE BILL NO. 10

"An Act relating to health insurance coverage for gastric bypass surgery; and providing for an effective date."

HB 25

Representative Wilson added her name as cosponsor to:

HOUSE BILL NO. 25

"An Act relating to the sharing of fisheries business tax revenue with municipalities; and providing for an effective date."

HB 33

Representative Kelly added his name as cosponsor to:

HOUSE BILL NO. 33

"An Act relating to the effect of regulations on small businesses; and providing for an effective date."

HB 40

Representative Kerttula added her name as cosponsor to:

HOUSE BILL NO. 40

"An Act relating to medical benefits for retired peace officers after 20 years of credited service."

ANNOUNCEMENTS

House committee schedules are published daily under separate cover.

ADJOURNMENT

Representative Coghill moved and asked unanimous consent that the House adjourn until 10:00 a.m., January 14, 2005, for a technical session. There being no objection, the House adjourned at 8:02 p.m.

Suzi Lowell
Chief Clerk

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