

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

Juneau, Alaska

Tuesday

March 29, 2005

Seventy-ninth Day

Pursuant to adjournment the House was called to order by Speaker Harris at 11:13 a.m.

Roll call showed 38 members present.

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

The invocation was offered by the Chaplain, Major Larry Fankhauser of The Salvation Army. Representative Meyer moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

Father God:

At the beginning of this new week, I would pray that Your spirit would abide over this Chamber. I thank You for each of these representatives and their staff who seek to serve this great state. I would also lift up to You their families and ask that You watch over and protect them.

I lift up to You those who have again been affected by earthquake and possible tsunami. Give them strength to recover from this new devastation.

For each of us I ask for a keen mind, a clear conscience, and true motivation in all we do this day. Amen.

The Pledge of Allegiance was led by Representative Croft.

CERTIFICATION OF THE JOURNAL

Representative Coghill moved and asked unanimous consent that the journal for the 72nd, 73rd, 74th, 75th, 76th, 77th, and 78th legislative days be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

REPORTS OF STANDING COMMITTEES

HJR 5

The Resources Committee has considered:

HOUSE JOINT RESOLUTION NO. 5
Opposing imposition of a milk tax on Alaskans.

and recommends it be replaced with:

CS FOR HOUSE JOINT RESOLUTION NO. 5(RES)
(same title)

The report was signed by Representative Samuels, Co-chair, with the following individual recommendations:

Do pass (6): Olson, Gatto, Elkins, LeDoux, Seaton, Samuels

The following fiscal note(s) apply to CSHJR 5(RES):

1. Zero, House Resources Committee

HJR 5 was referred to the Labor & Commerce Committee.

HB 197

The Resources Committee has considered:

HOUSE BILL NO. 197
"An Act exempting certain natural gas exploration and production facilities from oil discharge prevention and contingency plans and proof of financial responsibility, and amending the powers and

duties of the Alaska Oil and Gas Conservation Commission with respect to those plans; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 197(RES)
(same title)

The report was signed by Representative Samuels, Co-chair, with the following individual recommendations:

Do pass (2): Elkins, Seaton

No recommendation (3): Olson, Kapsner, LeDoux

Amend (2): Gatto, Samuels

The following fiscal note(s) apply to CSHB 197(RES):

1. Zero, Dept. of Environmental Conservation

HB 197 was referred to the Rules Committee for placement on the calendar.

REPORTS OF SPECIAL COMMITTEES

HB 174

The House Special Committee on Fisheries has considered:

HOUSE BILL NO. 174
"An Act relating to commercial fishing permit and vessel license fees; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 174(FSH)
(same title)

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

Do pass (3): Elkins, LeDoux, Thomas

No recommendation (3): Wilson, Kapsner, Salmon

The following fiscal note(s) apply to CSHB 174(FSH):

1. Fiscal, Dept. of Fish & Game

HB 174 was referred to the Resources Committee.

HB 192

The House Special Committee on Fisheries has considered:

HOUSE BILL NO. 192

"An Act relating to requirements to obtain and maintain a fisheries business license; relating to security required of fish processors and primary fish buyers; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 192(FSH)
(same title)

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

Do pass (4): Wilson, Elkins, LeDoux, Thomas

No recommendation (1): Salmon

The following fiscal note(s) apply to CSHB 192(FSH):

1. Zero, Dept. of Commerce, Community, & Economic Development
2. Zero, Dept. of Fish & Game
3. Zero, Dept. of Labor & Workforce Development
4. Zero, Dept. of Labor & Workforce Development
5. Fiscal, Dept. of Revenue

HB 192 was referred to the Labor & Commerce Committee.

INTRODUCTION OF CITATIONS

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

Honoring - General Gene Ramsay
By Representative Lynn

Honoring - Delta Chamber of Commerce, Alaska State Chamber of the Year Award
By Representative Harris

Honoring - Sergeant Alfonso Grubbs
By Senator Davis

Honoring - Haines Borough Public Library
By Senator Kookesh; Representative Thomas

In Memoriam - Frances G. Thompson
By Senator Gary Stevens; Representative LeDoux

**INTRODUCTION, FIRST READING, AND REFERENCE
OF HOUSE BILLS****HB 235**

HOUSE BILL NO. 235 by the House Rules Committee by request of the Governor, entitled:

"An Act excepting from the Alaska Net Income Tax Act the federal deduction regarding income attributable to certain domestic production activities; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Indeterminate, Dept. of Revenue

The Governor's transmittal letter dated March 22, 2005, follows:

"Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill excepting from the Alaska Net Income Tax Act the federal deduction regarding income attributable to certain domestic production activities.

Last year Congress passed legislation (American Jobs Creation Act of 2004) that created a new federal tax deduction for corporations regarding income attributable to certain domestic production activities. Alaska tax law automatically adopts such federal tax deductions unless the Legislature explicitly excepts to them (AS 43.20.021(a)). Because of Alaska's unique reliance on natural resource development, this particular deduction will have major impacts on the state's revenue flow. The Department of Revenue estimates that this federal tax deduction could cut \$100 million from state corporate income tax revenue over the next decade.

With the passage of this legislation, Alaska's corporate income tax structure will stay the same as it is under the current regime. This will provide continued stability and tax certainty to corporations operating in the State of Alaska.

Several other states also have introduced legislation to "de-couple" their tax code from this new federal provision, including Montana, New Jersey, Maryland, North Dakota and West Virginia. Massachusetts has enacted such legislation.

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski
Governor"

HB 236

HOUSE BILL NO. 236 by Representative Kerttula, entitled:

"An Act prohibiting unfair discrimination against an acupuncturist."

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

HB 237

HOUSE BILL NO. 237 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to international airports revenue bonds; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated March 24, 2005, follows:

"Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to international airports revenue bonds.

The bill would amend AS 37.15.410 to increase the cumulative authorization for international airports revenue bonds from the current \$524,500,000 to \$812,500,000. This increase will allow the sale of up to \$288,000,000 in new international airports revenue bonds to support capital improvement programs for fiscal years 2006 through 2009 at the Ted Stevens Anchorage International Airport and Fairbanks International Airport, which together comprise the Alaska International Airports System (AIAS). AS 37.15.410 states the cumulative amount of bonds authorized since the creation of the international airports revenue bonding program, including those already fully retired, and does not reflect the dollar amount of bonds outstanding at any given time.

Funding for operations and capital improvements of the AIAS is obtained from charges for the use of airport facilities, primarily paid by commercial airlines. The AIAS and the airlines that are signatories to the International Airports System Operating Agreement have agreed to a capital improvement program approved by the signatory airline ratepayers through a voting procedure under the Operating Agreement. With full support of the airlines, revenue bond funding allows the cost of long-term airport projects to be spread over longer periods of time, such as the useful life of the projects. Annual debt service will be paid through airline rates and fees -- and in some cases, federal grant proceeds or passenger facility charges.

Additional bond authorization under AS 37.15.410 was granted in 2001 and again in 2003, to implement the AIAS capital improvement program through fiscal year 2005. Additional bond authorization is now required to finance the continuation of the capital improvement program. AS 37.15.410 has, to date, authorized the state to issue up to \$524,500,000 of revenue bonds to support airport projects. This authority, cumulative since the inception of AS 37.15.410, has been exhausted, with outstanding bond principal standing at approximately \$427,000,000 as of June 30, 2004. The increase in this bill is required to allow the sale of additional bonds.

The authority sought in this bill would increase the bond authorization limit to finance capital improvements at both the Ted Stevens Anchorage International Airport and Fairbanks International Airport through fiscal year 2009. By including the full authorization in this bill, the state could sell bonds in a single offering or in multiple offerings, as best maximizes the efficiency and reduces the cost of bond issuance, while providing financing as required to meet project needs.

At Anchorage, these bond proceeds would provide some or all of the state share for federal airport improvement program projects such as airfield pavement maintenance, equipment, noise abatement program implementation, master planning, advanced project/parking design study, and aircraft rescue and fire fighting building rehabilitation. Anchorage bond projects not primarily supported by federal money include such projects as information technology improvements, terminal rehabilitation, general aviation parking and taxiway

relocation, and homeland security renovation. Bond proceeds also would fund the lion's share of the Anchorage South Terminal Concourse A and B remodel project.

At Fairbanks, these bond proceeds would provide the state share for primary runway reconstruction, including pavement replacement, associated airfield lighting reconstruction, and relocation of the heavy aircraft cargo apron to meet airport design criteria and to permit development of underutilized land. Bond proceeds also would replace worn out airport operations, safety, and maintenance equipment. Finally, the bond proceeds would provide the bulk of the funding necessary for a terminal area development project at Fairbanks. This project would upgrade and replace Fairbanks terminal facilities to resolve seismic and code deficiencies, as well as to accommodate future growth in passenger numbers.

The AIAS is an increasingly vital and growing part of our economic engine. The AIAS and the state's major air carriers propose to continue developing our world-class international airports through the implementation of the International Airports Operating Agreement, supported by the issuance of the additional revenue bonds that would be authorized by this bill. In order to assure timely project development, I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski
Governor"

CONSIDERATION OF THE DAILY CALENDAR

SECOND READING OF HOUSE BILLS

HB 61

The following was read the second time:

HOUSE BILL NO. 61

"An Act relating to licensing for a Calcutta pool as a game of chance."

with the:	Journal Page
L&C RPT CS(L&C) 3DP 3NR	212
FN1: INDETERMINATE(REV)	213
FIN RPT CS(FIN) NT 3DP 5NR	660
FN1: INDETERMINATE(REV)	661

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. 61(FIN)
 "An Act relating to Calcutta pools and crane classics as authorized forms of charitable gaming."

There being no objection, it was so ordered.

Representative Coghill moved and asked unanimous consent that CSHB 61(FIN) be considered engrossed, advanced to third reading, and placed on final passage. There being no objection, it was so ordered.

CSHB 61(FIN) was read the third time.

Representative Rokeberg moved and asked unanimous consent that he be allowed to abstain from voting because of a conflict of interest. Objection was heard, and Representative Rokeberg was required to vote.

The question being: "Shall CSHB 61(FIN) pass the House?" The roll was taken with the following result:

CSHB 61(FIN)
 Third Reading
 Final Passage

YEAS: 34 NAYS: 4 EXCUSED: 2 ABSENT: 0

Yeas: Anderson, Berkowitz, Chenault, Cissna, Coghill, Crawford, Dahlstrom, Elkins, Foster, Gara, Gardner, Gruenberg, Harris, Hawker, Holm, Joule, Kapsner, Kelly, Kerttula, Kohring, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Salmon, Samuels, Seaton, Thomas, Weyhrauch, Wilson

Nays: Croft, Gatto, Guttenberg, Stoltze

Excused: Kott, Moses

And so, CSHB 61(FIN) 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 citations on the calendar. There being no objection, the following citations were approved and sent to enrolling:

Honoring - Juneau-Douglas High School Softball Team, 2004 State Champions

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

Honoring - Jonathan Weindel, 2005 Prudential Spirit of Community Award

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

In Memoriam - Ken Christensen

By Representatives Coghill, Harris, Anderson, Chenault, Cissna, Crawford, Croft, Dahlstrom, Elkins, Foster, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Holm, Joule, Kapsner, Kelly, Kott, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Salmon, Samuels, Seaton, Thomas, Weyhrauch, Wilson

In Memoriam - H. Harvey Samuelson

By Senator Hoffman; Representatives Harris, Anderson, Chenault, Cissna, Coghill, Crawford, Croft, Dahlstrom, Elkins, Foster, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Holm, Joule, Kapsner, Kott, LeDoux, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Salmon, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

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 Elkins - from 4:30 p.m., March 29 to 4:30 p.m., plane time, March 31, 2005

Representative Gardner - from 4:30 p.m., March 29 to 4:30 p.m., plane time, March 31, 2005

Representative Cissna - from 7:00 p.m., March 29 to noon, plane time, April 3, 2005

Representative Neuman - from 5:00 p.m., March 29 to 9:30 a.m., plane time, April 4, 2005

HCR 2

Representative Kohring added his name as cosponsor to:

HOUSE CONCURRENT RESOLUTION NO. 2

Urging Governor Murkowski to take quick action to conduct, approve, or sanction a study of in-state natural gas needs and take-off points for intrastate use of natural gas transported in a North Slope natural gas pipeline.

HB 122

Representative Kerttula added her name as cosponsor to:

HOUSE BILL NO. 122

"An Act relating to payment of premiums for Servicemembers' Group Life Insurance on behalf of members of the Alaska

National Guard deployed to a combat zone; and providing for an effective date."

HB 201

Representative Ramras added his name as cosponsor to:

HOUSE BILL NO. 201

"An Act relating to an application for a permanent fund dividend for a member of the armed forces of the United States serving on active duty outside of the state; and providing for an effective date."

ENGROSSMENT**HB 61**

CSHB 61(FIN) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

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., March 30, 2005. There being no objection, the House adjourned at 12:24 p.m.

Suzi Lowell
Chief Clerk