

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
TWENTY-FOURTH LEGISLATURE
SECOND SPECIAL SESSION

Juneau, Alaska

Monday

May 22, 2006

Thirteenth Day

Pursuant to adjournment the House was called to order by Speaker Harris at 2:04 p.m.

Roll call showed 32 members present. Representative Ramras was absent and his presence was noted later. Representatives Cissna, Joule, and Moses were absent.

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

Representative Coghill moved and asked unanimous consent that Representative Foster be excused from a call of the House today to 5:00 p.m.

The invocation was offered by the Chaplain, the Reverend Bob Stevens of St. Brendan's Episcopal Church. Representative Dahlstrom moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

In deepest respect for the religious beliefs of each person here,
I invite you into a time of prayer and reflection. Let us pray.

Our Creator and God,

We ask that You bless this House assembled today to consider
all they have been presented in these past weeks. We ask that
You bless them in the decisions that will need to be made that

affect the lives of every one of us. Help them to consider these things with open minds and open hearts.

Bless those that will travel this week to be with loved ones and bring all these representatives back with renewed energy to do the work they have been elected to do.

Help them remember the greatest commandment of all is love and let everything they do be based on that love. We ask all these things in Your name. Amen.

The Pledge of Allegiance was led by Representative Gara.

CERTIFICATION OF THE JOURNAL

Representative Coghill moved and asked unanimous consent that the journal for the 120th and 121st legislative days of the Second Session and the 1st through 12th legislative days and Senate and House Joint Journal Supplement No. 16 of the Second Special Session be approved as certified by the Assistant Chief Clerk and the Chief Clerk. There being no objection, it was so ordered.

MESSAGES FROM THE GOVERNOR

The following Governor's supplemental proclamation dated May 18, 2006, which amends the proclamation dated May 9, 2006, (page 3955) 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 am supplementing my proclamation of May 9, 2006, calling the Twenty-Fourth Legislature of the State of Alaska into its second special session at Juneau, Alaska, on May 10, 2006, with the addition of the following subject:

Repeal of the oil production tax and the gas production tax and providing for a production tax on oil and gas.

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

HCR 6

A message dated May 22, 2006, was read stating the Governor has read the following resolution and has transmitted the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE CONCURRENT RESOLUTION NO. 6 am S

Relating to reestablishing the Alaska Information Infrastructure Policy Task Force.

Legislative Resolve No. 39

HCR 43

A message dated May 22, 2006, was read stating the Governor has read the following resolution and has transmitted the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE CONCURRENT RESOLUTION NO. 43

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning Senate Bill No. 12, relating to the prohibition or elimination of financial relationships with persons that conduct business in countries that support or ignore slavery and trafficking in persons.

Legislative Resolve No. 40

HCR 44

A message dated May 22, 2006, was read stating the Governor has read the following resolution and has transmitted the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE CONCURRENT RESOLUTION NO. 44

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning Senate Bill No. 261, relating to traffic safety corridors.

Legislative Resolve No. 41

**The presence of Representative Ramras was noted.

HB 243

A message dated May 19, 2006, was read stating the Governor has signed the following bill May 18 and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 243(FIN)

"An Act relating to the financial plan for the intertie between the Swan Lake and Tyee Lake hydroelectric projects; and providing for an effective date."

Chapter No. 31, SLA 2006

Effective Date: May 19, 2006

HB 365

The following letter, dated May 22, 2006, was received:

"Dear Speaker Harris:

On this date I have signed the following bill passed by the second session of the Twenty-Fourth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CONFERENCE CS FOR HOUSE BILL NO. 365(Corrected)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations for state aid to public schools, centralized correspondence study, and transportation of pupils; and providing for an effective date."

Chapter No. 33, SLA 2006

[Effective Date: See Chapter]

When I introduced the Fiscal Year 2007 operating budget in December, it reflected my administration's commitment to ensuring each Alaskan has the opportunity to fully participate in Alaska's bright future.

I am pleased with the Legislature's support of our proposals. Our work together reflects our shared vision for the future and means every Alaskan can have hope for what the future will bring, instead of simply hoping for a future.

Sincerely yours,

/s/

Frank H. Murkowski
Governor"

HB 366

A message dated May 22, 2006, 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:

CONFERENCE CS FOR HOUSE BILL NO. 366

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

Chapter No. 34, SLA 2006

Effective Date: July 1, 2006

HB 381

The following letter, dated May 22, 2006, was received:

"Dear Speaker Harris:

On this date I have signed the following bill passed by the second session of the Twenty-Fourth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 381(FIN) am S

"An Act relating to the financing of construction, major maintenance, and renovation of certain capital projects; authorizing the commissioner of revenue to sell the right to receive a portion of the anticipated revenue from a tobacco litigation settlement to the Northern Tobacco Securitization Corporation, and relating to that sale and the use of the revenue; authorizing the Northern Tobacco Securitization Corporation to

issue bonds and use the proceeds to acquire the right to receive a portion of anticipated revenue from a tobacco litigation settlement and for other purposes, and relating to those bonds; and providing for an effective date."

Chapter No. 35, SLA 2006
[Effective Date: July 1, 2006]

Passage of this legislation enables the state to refinance existing tobacco bonds and further leverage payment from the tobacco Master Settlement Agreement that was reached in 1998. This revenue will fund a number of important capital projects—from \$94 million for the University of Alaska to road and other infrastructure improvements around the state.

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

HB 400

A message dated May 19, 2006, was read stating the Governor has signed the following bill May 18 and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL NO. 400(JUD)
"An Act relating to confiscation of firearms during disaster emergencies."

Chapter No. 32, SLA 2006
Effective Date: August 16, 2006

SB 207

A message dated May 19, 2006, was read stating the Governor has signed the following bill May 18 and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR SENATE BILL NO. 207(FIN)

"An Act relating to the membership on the board of directors of the Alaska Aerospace Development Corporation."

Chapter No. 29, SLA 2006

Effective Date: August 16, 2006

SB 304

A message dated May 19, 2006, 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 CS FOR SENATE BILL NO. 304(TRA)

"An Act relating to the privileges of airport parking shuttles and to fees or charges imposed on a person who is not a lessee or concessionaire of an airport."

Chapter No. 30, SLA 2006

Effective Date: August 17, 2006

SB 306

A message dated May 18, 2006, 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:

SENATE BILL NO. 306

"An Act requiring an employing unit with a change in ownership, management, or control or similar change to notify the Department of Labor and Workforce Development of the change; relating to the unemployment contribution rate of an employing unit; defining 'business' for purposes of statutes setting unemployment contribution rates; establishing the crime of obtaining an unemployment rate by deception; and providing for an effective date."

Chapter No. 27, SLA 2006

Effective Date: See Chapter

SB 308

A message dated May 18, 2006, 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:

SENATE BILL NO. 308

"An Act authorizing the Alaska Railroad Corporation to issue revenue bonds to finance rail transportation projects that qualify for federal financial participation; and providing for an effective date."

Chapter No. 28, SLA 2006

Effective Date: May 19, 2006

MESSAGES FROM THE SENATE

A message dated May 22, 2006, was read stating the Senate has passed the following and it is transmitted for consideration:

**FIRST READING AND REFERENCE
OF SENATE RESOLUTIONS****SCR 201**

SENATE CONCURRENT RESOLUTION NO. 201 by the Senate Rules Committee:

Authorizing the Senate or the House of Representatives to recess for periods longer than three days during special sessions.

was read the first time and taken up as a Special Order of Business.

SPECIAL ORDER OF BUSINESS**SCR 201**

Representative Coghill moved and asked unanimous consent that the following be taken up as a Special Order of Business:

SENATE CONCURRENT RESOLUTION NO. 201

Authorizing the Senate or the House of Representatives to recess for periods longer than three days during special sessions.

There being no objection, it was so ordered.

The question being: "Shall SCR 201 pass the House?" The roll was taken with the following result:

SCR 201

Special Order of Business

YEAS: 24 NAYS: 9 EXCUSED: 4 ABSENT: 3

Yeas: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Gatto, Harris, Hawker, Kelly, Kohring, Kott, LeDoux, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Salmon, Samuels, Seaton, Stoltze, Thomas, Wilson

Nays: Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Kapsner, Kerttula, Weyhrauch

Excused: Berkowitz, Foster, Holm, Lynn

Absent: Cissna, Joule, Moses

And so, SCR 201 passed the House, was signed by the Speaker and Chief Clerk and returned to the Senate.

COMMUNICATIONS

The following was received:

Dept. of Labor & Workforce Development
Alaska Labor Relations Agency
2005 Annual Report
May 2006
(as required by AS 23.05.370)

INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE BILLS

HB 2001

HOUSE BILL NO. 2001 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; relating to criminal penalties for violating conditions governing access to and use of confidential information relating to the production tax; providing that provisions of AS 43.55 do not apply to certain oil and gas subject to a contract executed under the Alaska Stranded Gas Development Act; amending the definition of 'gas' as that definition applies in the Alaska Stranded Gas Development Act; making conforming amendments; 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 Natural Resources
2. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated May 22, 2006, follows:

"Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the oil and gas production tax.

This bill is substantially similar to HCS CSSB 305(FIN) am H, which was the version of SB 305 that passed the House on May 8, 2006. Like SB 305, this bill would eliminate the economic limit factor (ELF) from the determination of production tax, and would replace it with a more progressive and investment-friendly tax system.

This bill does make some changes to the final House version of SB 305. Apart from editorial adjustments, those changes are as follows:

1. Section 5 of the bill replaces the 21.5 percent tax rate that appeared in the final House version of SB 305 with what we believe is the more appropriate 20 percent rate.
2. The additional "progressivity" tax based on a price index, added by the House and contained in sec. 5 of the final House

version of SB 305, is eliminated as excessive, along with the related "high energy cost offset fund" provision.

3. The treatment of cost deductions ("lease expenditures") in sec. 25 of the bill is reorganized and clarified, and the reference to industry practices and standards is limited to the better defined and more relevant in-state practices and standards rather than the entire United States. The cost adjustment provision, AS 43.55.160(e), is clarified to avoid double-counting adjustments that are made in the calculation of lease expenditures.
4. Several revisions have been made in the list of items excluded from deductible costs in sec. 25 of the bill. The term "gross negligence" is substituted for the term "negligence" in AS 43.55.160(d)(6); "well pad" is substituted for "well" in AS 43.55.160(d)(16), and the scope of the exclusion is clarified with respect to projects that replace, renovate, or improve facilities. The exclusion for oil spill costs is slightly narrowed to exempt a spill confined to a gravel pad.
5. The 50,000 barrel a day phase-out provision for the sec. 170 tax credit in sec. 25 of the bill is eliminated, so that all producers qualify equally for the same credit.
6. A new section is added to the bill on the relationship of the production tax statute to the Alaska Stranded Gas Development Act. This section affirms that the production tax and oil conservation surcharges will not apply to oil or gas for which a producer is obligated to make payments in lieu of taxes and surcharges (including gas delivered in kind) under a stranded gas contract.
7. The starting date for the new production tax provisions is changed from April 1 to July 1, 2006.

The 20 percent tax credits for qualified investments and for annual losses remain the same. The credits could not be used to reduce a taxpayer's liability below zero. A credit not used in a given period may still either be carried forward or sold to another taxpayer who

might better be able to use it. The transitional investment expenditure provisions also are unchanged from the House-passed bill.

As explained more fully in my transmittal letter accompanying the original Administration bills, this bill will greatly improve Alaska's oil and gas tax system, encouraging investment in the state, making tax administration more predictable, and better reflecting the variable economics of oil and gas development. This bill will provide Alaskans with a fairer share of the value of the oil and gas taken out of the ground in our state and provide fiscal certainty for future generations of Alaskans. I urge your prompt and favorable action on the bill.

Sincerely,

/s/

Frank H. Murkowski
Governor"

ENROLLMENT

HJR 27

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 2:32 p.m., May 19, 2006:

CS FOR HOUSE JOINT RESOLUTION NO. 27(MLV)

Urging the United States Congress to pass legislation amending the Alaska Native Vietnam Veterans Allotment Act to allow deserving veterans to obtain allotments of vacant land within the State of Alaska; and to reopen and legislatively approve allotments in the Tongass National Forest.

The following memorandum, dated May 11, 2006, was received from Patty Rose, Enrolling Secretary, Division of Legal and Research Services:

"In accordance with Rule 43, Uniform Rules of the Alaska State Legislature, I am reporting the following manifest error in CSHJR 27MLV), which has been corrected in enrolling:

Page 2, line 16:

Delete "a"

Insert "an"

HB 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 2:32 p.m., May 19, 2006:

SENATE CS FOR CS FOR HOUSE BILL NO. 16(FIN)

"An Act relating to funding for school districts operating statewide residential educational programs; and providing for an effective date."

HB 105

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 2:32 p.m., May 19, 2006:

SENATE CS FOR CS FOR HOUSE BILL NO. 105(FIN)

"An Act relating to coverage for adult dental services under Medicaid; and providing for an effective date."

HB 109

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 2:32 p.m., May 19, 2006:

SENATE CS FOR CS FOR HOUSE BILL NO. 109(FIN)

"An Act relating to establishing a screening, tracking, and intervention program related to the hearing ability of newborns and infants; providing an exemption to licensure as an audiologist for certain persons performing hearing screening; relating to insurance coverage for newborn and infant hearing screening; and providing for an effective date."

The following memorandum, dated May 19, 2006, was received from Patty Rose, Enrolling Secretary, Division of Legal and Research Services:

"In accordance with Rule 43, Uniform Rules of the Alaska State Legislature, I am reporting the following manifest error in SCS CSHB 109(FIN), which has been corrected in enrolling:

Page 8, line 30:

Delete "sec. 9"

Insert "sec. 10""

HB 133

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 3:03 p.m., May 22, 2006:

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO.
133(JUD) am

"An Act relating to incorporation of boroughs, to annexation by local action, and to regulations of the Local Boundary Commission to provide standards and procedures for municipal incorporation, reclassification, dissolution, and certain municipal boundary changes; and providing for an effective date."

The following memorandum, dated May 22, 2006, was received from Patty Rose, Enrolling Secretary, Division of Legal and Research Services:

"In accordance with Rule 43, Uniform Rules of the Alaska State Legislature, I am reporting the following manifest error in CSSH B 133(JUD) am, which has been corrected in enrolling:

Page 3, line 4, following "state;":

Insert ""boundary change" may not be construed to include a borough incorporation;""

HB 268

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 2:32 p.m., May 19, 2006:

CS FOR HOUSE BILL NO. 268(JUD)

"An Act relating to overtaking and passing certain stationary vehicles."

HB 485

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 2:32 p.m., May 19, 2006:

HOUSE BILL NO. 485 am(efd fld S)

"An Act amending the State Personnel Act to place in the exempt service pharmacists and physicians employed in the Department of Health and Social Services or in the Department of Corrections."

ANNOUNCEMENTS

House committee schedules are published under separate cover.

The following meeting today has been changed as indicated:

Finance Committee
CANCELED

5:30 p.m.

ADJOURNMENT

Representative Coghill moved and asked unanimous consent that the House adjourn until 11:00 a.m., May 31, 2006. There being no objection, the House adjourned at 2:22 p.m.

Suzi Lowell
Chief Clerk