

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

**Juneau, Alaska**

**Wednesday**

**July 12, 2006**

**First Day**

The House was called to order by Speaker Harris at 6:02 p.m.

Roll call showed 29 members present. Representatives Anderson, Gruenberg, and Kott were absent and their presence was noted later. Representative Ramras was absent.

Representative Foster, Acting Majority Leader, moved and asked unanimous consent that Representatives Coghill, Croft, Joule, Kapsner, LeDoux, Moses, and Weyhrauch be excused from a call of the House today. There being no objection, it was so ordered.

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

With respect for all of the different religious beliefs in this body, I would offer these words.

Our Father in Heaven,

We are grateful for this beautiful world we have been given. We are grateful for the health and strength that we have been blessed with. We ask a special blessing on the members of this body who are struggling with health issues. Give them the strength that they need.

We are grateful for the freedoms that we enjoy in our country, and we have a deep respect for the responsibility we have in this body to serve the people of Alaska. We ask You to bless the men and women defending our country and freedom, and especially bless the families that are left behind.

We ask You to bless us with wisdom, with patience, and with the foresight we need at this time - at the critical stage that our state is in and with the history-making decisions that we are involved in.

We pray humbly for these strengths and for Thy wisdom to be with us, and we do it in Thy name. Amen.

The Pledge of Allegiance was led by Representative Berkowitz.

### **CERTIFICATION OF THE JOURNAL**

Representative Foster moved and asked unanimous consent that the journal for the 30th legislative day of the Second Special Session and the First Supplement of the Second Session and Second Special Session be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

The following memorandum from the Chief Clerk, dated July 12, 2006, was distributed to all members:

"Upon review of the House journal for the twenty-sixth day of the Second Special Session for the 24th Legislature, I have determined it should be reprinted to correctly reflect the proceedings.

I formally request that the House rescind its action in approving the journal for the twenty-sixth day of the Second Special Session.

The journal will be reprinted, distributed and available for certification as corrected on July 13, 2006."

Representative Foster moved and asked unanimous consent that the House rescind its action in approving the journal for the 26th legislative day of the Second Special Session. There being no objection, it was so ordered.

### MESSAGES FROM THE GOVERNOR

The following Governor's proclamation, dated June 26, 2006, 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-Fourth Legislature of the State of Alaska into its third special session at Juneau, Alaska in the legislative chambers on July 12, 2006, at 11:00 a.m. to consider the:

- (1) repeal of the oil production tax and the gas production tax and providing for a production tax on oil and gas; and
- (2) subject of statutory changes for the purpose of clarifying or providing additional authority for the development of contract terms under the Alaska Stranded Gas Development Act (AS 43.82).

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

The following letter dated July 10, 2006, was read:

"Dear Speaker Harris:

Under the provisions of article III, section 18 of the Alaska Constitution, I am requesting the opportunity to address both the Senate and the House in a joint session of the Twenty-Fourth Alaska State Legislature on Thursday, July 13, 2006, at 11 a.m.

Thank you for your cooperation in this effort.

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

\*\*The presence of Representatives Anderson and Gruenberg was noted.

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

**HB 3001**

HOUSE BILL NO. 3001 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; 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 July 12, 2006, follows:

"Dear Speaker Harris:

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

This bill is similar to previous versions of oil and gas production tax legislation that the Legislature has considered during both the regular and special sessions this year. I appreciate that legislators have devoted sustained and serious attention and concern to this subject, and there is therefore no need for me to repeat in detail here the reasons why this legislation is urgently needed or how the new tax system set out in this legislation would work. Legislators well understand that the existing production tax law is not adequately serving the interests of Alaskans and that the approach taken by this bill would provide the state with a fairer share of the value of oil and gas production while encouraging vital investment in future production.

I also appreciate that the legislative process this year has led to numerous improvements in the bills that were originally submitted, resulting in increased clarity, predictability, and ease of administration. The bill I am transmitting takes advantage of these improvements by using as its model the most recent versions that were passed by the House and Senate, HCS CSSB 2001(FIN) am H and CCS SB 2001. The following two changes from those versions are reflected in the bill:

1. Because I still believe that a 20 percent tax rate on net value represents a more appropriate balance than either of the higher rates contained in HCS CSSB 2001(FIN) am H or CCS SB 2001, my bill returns to a 20 percent rate.
2. For the same reason, my bill eliminates the additional "progressivity" tax provisions that were in the other versions.
3. Similarly, because I believe that the four percent of gross value tax floor on North Slope production that was added by HCS CSSB 2001(FIN) am H and the similar three percent floor that was contained in CCS SB 2001 are inconsistent with the concept of a progressive net value tax system, my bill eliminates that tax floor provision.

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 yours,  
/s/  
Frank H. Murkowski  
Governor"

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

**HB 3002**

HOUSE BILL NO. 3002 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the Alaska Stranded Gas Development Act; relating to municipal impact money received under the terms of a stranded gas fiscal contract; relating to determination of full and true value of property and required contributions for education in municipalities affected by stranded gas fiscal contracts; and providing for an effective date."

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

The following fiscal note(s) apply:

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

The Governor's transmittal letter dated July 12, 2006, follows:

"Dear Speaker Harris:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Stranded

Gas Development Act. This bill is a shorter version of SB 2004, which was introduced at my request during the Second Special Session of the Twenty-Fourth Alaska State Legislature. The provisions of the present bill are based largely on certain amendments to SB 2004 that were reflected in CSSB 2004(NGD). The bill I am transmitting would authorize the commissioner of revenue to negotiate fiscal terms relating to oil, and includes provisions relating to certain payments to municipalities and nonprofit organizations.

I continue to believe that the proposed fiscal contract originally negotiated with the producers would be in the public interest. However, it is my intent to be responsive to the concerns expressed by the Legislature and members of the public concerning the provisions in the fiscal contract that provide for fiscal certainty for certain taxes levied on the production of oil. I encourage the Legislature to continue review the fiscal contract and consider amendments to the Stranded Gas Development Act that will provide a sound foundation throughout the duration of the contract. I pledge the full cooperation of my administration to assist you in this effort, which is in the long-term fiscal interest of the state.

I urge your prompt and favorable consideration of this bill.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor"

#### **UNFINISHED BUSINESS**

Representative Foster 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 Kapsner - from 7:00 a.m., July 13 to 10:00 a.m., plane time, July 24, 2006

Representative LeDoux - from 7:00 a.m., July 13 to 10:00 a.m., plane time, July 24, 2006

HOUSE JOURNAL

4224

July 12, 2006

Representative Moses - from 7:00 a.m., July 13 to 10:00 a.m., plane time, July 16, 2006

Representative Weyhrauch - from 7:00 a.m., July 13 to 10:00 a.m., plane time, July 16, 2006

Representative Neuman - from 7:00 p.m., July 13 to 10:00 a.m., plane time, July 25, 2006

Representative Olson - from 7:00 a.m., July 15 to 10:00 a.m., plane time, July 24, 2006

Representative McGuire - from 7:00 a.m., July 14 to 10:00 a.m., plane time, July 24, 2006

Representative Wilson - from 7:00 a.m., July 16 to 8:00 p.m., plane time, July 21, 2006

**ENROLLMENT**

**HCR 48**

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 1:54 p.m., July 11, 2006:

HOUSE CONCURRENT RESOLUTION NO. 48 am S  
Relating to establishing the Alaska Medal of Honor.

**HJR 9**

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 1:54 p.m., July 11, 2006:

SENATE CS FOR HOUSE JOINT RESOLUTION NO. 9(JUD)  
am S

Urging the United States Congress to honor the process and judgment of the federal courts in the case of the Exxon Valdez disaster and to refrain from enacting legislation that would affect



the outcome of the courts' resolution of the case; urging the United States Department of Justice and the Alaska Department of Law to identify all natural resource damages from the Exxon Valdez oil spill that were unanticipated at the time of the 1991 settlement, to develop plans to remedy the damages, and to present the ExxonMobil Corporation with a request for the full \$100,000,000 that is available through the "Reopener for Unknown Injury" clause of the 1991 civil settlement to carry out these plans.

**HJR 25**

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 1:54 p.m., July 11, 2006:

## CS FOR HOUSE JOINT RESOLUTION NO. 25(STA)

Urging the United States Congress to adopt Sec. 303 of the United States House of Representatives version of the Tax Relief Extension Reconciliation Act of 2005.

**HJR 31**

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 1:54 p.m., July 11, 2006:

## SENATE CS FOR HOUSE JOINT RESOLUTION NO. 31(HES)

Relating to designating September 9, 2006, as Fetal Alcohol Spectrum Disorders Awareness Day.

**HJR 36**

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 1:54 p.m., July 11, 2006:

## CS FOR HOUSE JOINT RESOLUTION NO. 36(HES)

Urging the United States Congress to support the granting of official Observer Status to the Republic of China at the World

Health Assembly Annual Conference to be held at Geneva, Switzerland, in May 2006.

**ANNOUNCEMENTS**

House committee schedules are published daily under separate cover.

**ADJOURNMENT**

Representative Foster moved and asked unanimous consent that the House adjourn until 10:45 a.m., July 13, 2006. There being no objection, the House adjourned at 6:12 p.m.

Suzi Lowell  
Chief Clerk