

**HOUSE AND SENATE
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Address by

The Honorable Lisa Murkowski

United States Senator

Before a Joint Session

of the

First Session of the

Twenty-Sixth Alaska State Legislature

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February 19, 2009

Juneau, Alaska

The following was submitted for publication.

It is wonderful to be home. It is wonderful to be home in Alaska. It is wonderful to return to this chamber.

I return home today with four new and very significant responsibilities. You know about my being Senior Senator, Ranking Member of the Energy and Natural Resources Committee and member of the Senate Appropriations Committee. I have also agreed to serve on the Republican leadership team as a counselor to Senate leader McConnell. And I continue to serve on the Health, Education, Labor and Pensions Committee and the Indian Affairs Committee. Makes for a very busy life!

Alaskans travel the world far and wide. But Alaskans never forget their roots. My roots are here in the Alaska Legislature.

It was in this chamber that I learned that each issue is to be evaluated on its merits. There are no easy votes. The coalition culture of the Alaska Legislature trained me to think of each of my US Senate colleagues as an individual and to work with any one of them when we share common interests.

Six years ago, I came to the United States Senate determined to work hard for Alaska, to work with members of both parties and to work with the administration, whoever they are. Six years later, this approach is paying dividends for Alaska.

I am delighted to come before you today for my seventh annual address. There is much to talk about.

Change is in the air. We have a new President who was elected to office on a platform of change. A President who has pledged to lead a Nation that is, "Neither Red nor Blue but America." It seemed like a thousand Alaskans traveled to Washington to welcome the new President. It was a grand time to be in Washington.

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But now that the inaugural festivities have concluded, it is time for the new administration to deliver on its promise of change.

Our first task is to change the direction of the economy. Which one of us thinks the national economy can tumble, but Alaska will just keep rocking along? Not many I bet. The financial crisis is being felt around the world. As world demand for oil and minerals decrease, the value of Alaska's oil and minerals fall. This means reductions in State revenues and it could mean the loss of jobs for Alaskans in the resource industry. And that's not all.

Alaska tourism means 40,000 jobs and billions of dollars of economic activity every year. If folks in the Lower 48 are afraid to spend money, they won't be buying that once in a lifetime trip to Alaska. And this will be a very sorry summer for many Alaskans who depend on tourism to carry them through the winter.

The stock market decline means that the Rasmuson Foundation must suspend large project grants to Alaskan communities. Lower stock prices also affect the value of state pension and savings funds, the Permanent Fund, municipal savings accounts and Native Corporation investments. I could go on, but the picture is clear. We may do things differently in Alaska but that doesn't immunize us from national or world economic trends.

Alaska shares a common interest with the rest of the Nation in getting the economy back on track and putting people back to work. And we share a common interest that this be done right – right the first time.

The Nation trusted Washington to design a stimulus package that was targeted, timely and temporary. Putting money out into the communities that were suffering from unemployment – whether sudden or chronic – and creating jobs that would put people back to work quickly.

What they got was a stimulus package that spends billions and billions of dollars but is neither timely nor targeted. Only 13 percent of the money for infrastructure and other projects designed to create jobs will occur this year.

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I'm pleased to tell you that Alaskans were fully engaged in the national debate over the stimulus. More than 5,000 Alaskans contacted my office to express a viewpoint about the stimulus package. Those who contacted me opposed the package by a margin of about two to one. Alaskans told me loud and clear that throwing large sums of money at the wall and seeing what sticks is not the change they were looking for.

The economic stimulus is now law, and for the sake of our Country, I hope it works better than I think it will. I opposed this massive bill because I thought there was a better approach. When we spend more in one day than we have for the war in Iraq for the entire 7 years we have been there, we need to make sure we get it right. However, the democratic process worked its will and we have a new law. My job now is to make sure there is accountability and transparency in how the funds are spent.

The stimulus includes some things that will be good for Alaska such as Indian Health Service construction money, funds for rural sanitation, some transportation funding, and renewable energy block grants. Alaskans will undoubtedly identify other pots of money that can be brought home for good use. We have some awfully good grant writers in this state. I will do everything I can to ensure that Alaska gets its share of this economic stimulus package.

You here in the Legislature will have a role to play in helping make sure the money that ultimately comes to Alaska through formulas and grants is allocated quickly and wisely.

But let's not lose sight of the bigger picture. We have to pay for what we borrow. Before the stimulus was signed we were already running a national debt on the order of nearly \$11 trillion. About \$2.3 trillion was owned by foreign countries as of last November – about 17 percent by China. We will once again be borrowing from these folks to finance our debt. But sooner or later that debt will have to be paid off and it is the American people – our children and grandchildren – who will eventually pay the bill.

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Another area about which Alaskans are justifiably concerned is how the new administration will approach Alaska's energy and lands issues. We remember all too vividly the Clinton years. The assault on the Tongass. The troubles that inholders faced in accessing their property. The closure of public lands without weighing the impact on affected communities. The practice of issuing citations to Alaskans first and asking questions later. Things have been better for the past eight years. We've seen progress in the Park Service's relationship with the inholders in Wrangell – Saint Elias – just one example.

I'm guardedly optimistic that Alaska will have a stronger voice on the management of federal lands in this administration than it did during the Clinton administration.

We are beginning to see a more collaborative approach between the conservation groups and the development groups toward resolving disputes. A quick example is the King Cove land exchange. Ten years ago King Cove failed in its effort to get a road to the all-weather airport at Cold Bay because the environmental community blocked it. But the people of King Cove did not give up. They traveled to meetings across the country. Told their story in the media. They won support from national leaders of the Native American community. They negotiated a compromise with the Energy Committee Democrats. Early this year my bill passed the Senate with overwhelming bipartisan support and is now awaiting action in the House. That bill establishes a framework that I hope will lead to the construction of a state road through the Izembek Refuge to the Cold Bay airport.

For the past two years, the Tongass Futures Roundtable, composed of representatives of family owned timber businesses, environmental groups and the State and local governments, have been meeting. They have been exploring how to provide a secure timber supply to the local mills in Southeast, diversify the Southeast economy and end decades long litigation over the Tongass. I applaud their stated desire but know that the success of this effort will be judged by its results. This is another example of a more collaborative approach.

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Unfortunately, none of this analysis currently applies to the Endangered Species Act. The Endangered Species Act as it is presently structured rewards litigation, not the thoughtful resolution of issues. Certainly not the avoidance of unintended consequences like what a polar bear listing will mean for the life of a Inupiaq Eskimo living in the North Slope Borough. I will work with the new administration and the conservation community to bring a new attitude to these issues. Quite honestly, this will not be easy.

I am an optimist by nature. This is why I believe so deeply that we must keep talking about these difficult issues. So long as there is a conversation about an issue, the issue is still on the table. As long as the issue remains on the table there is an opportunity to find a new solution.

Alaska's support for the responsible exploration of the coastal plain has remained constant. But in recent years, the administration seemed to have given up on ANWR. It's just too hard to accomplish. I have been disappointed in that approach.

The challenge for us is to get ANWR back on the table. To reopen the national conversation. To reconcile our interest in developing the oil reserves beneath ANWR with the national interest in preserving the wilderness experience.

When I return to Washington I will introduce legislation that will enable the oil reserves beneath ANWR to be explored and produced through directional drilling from locations outside the exterior boundaries of the refuge. That drilling would take place on state lands and in state waters - perhaps from nearshore islands - like Endicott. However, there would be no surface occupancy of lands in the refuge proper. We would, of course, provide for an equitable allocation of revenues from the oil produced in this manner.

The Nation gets its oil. Those who are concerned about the loss of wilderness get to enjoy the refuge as it exists today. Impacts to subsistence are minimized, if not eliminated.

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This is not a perfect solution. The present limitations of technology will only allow us to reach about a tenth of the likely oil reserves and perhaps an even greater percent of the natural gas that lies beneath the coastal plain. But oil and gas technology is hardly static. As technology advances more of the reserve will be open for development.

While ANWR remains a difficult problem for Washington, the new administration is strongly supportive of our efforts to build a natural gas pipeline. America wonders, with all of the enthusiasm we have to opening ANWR, why is it that Alaska can't get its act together and deliver its gas to Lower 48 markets? It is a question I am asked constantly in Washington. I will issue the warning again today that Senator Stevens and I have repeated before this Legislature over the years -- America won't wait forever for Alaska's gas. Shale gas production is growing by leaps and bounds. America will purchase its gas from the sources that are ready to deliver it. If that's not Alaska, America will buy elsewhere. That will really strand our gas and it may do so for an awfully long time.

Step one is to reach a consensus on a single pipeline project now, not wait for an uncertain open season next year. In order to arrive at that point we will need to bring the competing pipeline proponents, the producers who own the gas, and the State and federal governments to the same table. Step two - to unite around the fiscal terms related to North Slope gas production.

This is one case where we cannot blame the federal government for delays in a major Alaska capital project. When the Federal Government has been asked to step up – whether it's been to mitigate the financial risk of the project, to streamline permitting, or to open the federal coordinator's office – it has. Perhaps there is more the federal government could do to help the gasline, but I need to see a unified, committed plan of action on the project before I can hope to succeed with my colleagues and the White House.

Often times, we are so consumed with Alaska's role as an energy exporting state that we fail to focus on our energy needs here at home. That tunnel vision needs to end.

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Cook Inlet production is declining. Gas prices are rising by double digits – a 22 percent increase in Southcentral this year alone. Southcentral Alaska needs the security that long-term gas contracts will bring for both gas and electricity. The impasse between the Cook Inlet producers, the utilities and state regulators over the price of Cook Inlet gas needs to be resolved, quickly and reasonably. But I am well aware that new contracts are not the ultimate solution. The railbelt needs a reliable long-term energy source. It is natural gas, and the bullet line is the way to deliver it.

As we think about our energy challenges it's not the gas line or the bullet line. It's the bullet line and the gas line. Both need to move forward with all deliberate speed. If additional federal legislation is necessary to push this project across the finish line, I stand ready to press for it.

But let's not forget, there is a lot of Alaska that won't be reached by North Slope natural gas because it is too far from the pipeline corridor.

Every day we hear more tragic stories from communities in the YK Delta that are suffering from a triple whammy. Bad salmon runs, high energy prices, and an early freeze that prevented the second fuel barge from landing. These communities are flying fuel in at prices that force some in their villages to choose between heating oil and feeding their families.

Suffering in silence until someone writes a newspaper article or posts a blog about what life is like this winter. Suffering in silence in the hope that Hugo Chavez and CITGO will donate stove oil to those in need.

It is unconscionable that our Native people would have to depend on the charity of a South American dictator for their heating needs. But it is also unconscionable that they must continue to depend on expensive diesel to power their communities. We need to find a permanent answer to rural Alaska's energy crisis.

We must take immediate advantage of renewable energy opportunities that exist today. In 2007, I won authorization of a renewable energy

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grant program that I am asking to fund. That should help fund wind, geothermal, biomass, solar, ocean and traditional hydroelectric projects across the Alaska. I applaud the state for creating your state renewable energy fund and welcome your efforts to get \$100 million of funding out quickly.

I know that many Alaskans were pleased to learn that Alaska would retain a voice on the Appropriations Committee. But they also want to know what this means for Alaska's future?

Some believe that the federal investment in Alaska is primarily the result of appropriations earmarks and if earmarks go away so too shall the federal investment. That isn't entirely accurate.

I am extremely proud of the value that Alaska creates for America, in defense, in fisheries, in energy and in minerals. America must invest in Alaska to continue to realize that value.

The Coast Guard presence for fisheries enforcement, the F-22 squadron at Elmendorf, the world class training range complex in the Interior, missile defense at Fort Greely and the growing Army presence at Fort Richardson and Fort Wainwright. These are but a few of the examples of how Alaska contributes to vital national interests. And the national security presence will continue to grow as America fully realizes that it must defend its interests in a rapidly changing Arctic.

There's much more that Alaska can do for our Nation, particularly as we grow our understanding of climate change. There is no better place to conduct research on climate change than Alaska.

That's one side of the federal funding equation. Here's the other. America has special obligations to Alaska and its people. And I will continue the fight to ensure that the federal government lives up to them.

Much of that federal obligation is related to our unique land management structure. Four federal agencies – the BLM, the Park Service, Fish and Wildlife and the Forest Service – own more than 230

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million acres of Alaska. 57 million acres are wilderness. Fifty three percent of all the wilderness acres in the entire country are in our State. These are lands that Alaska cannot tax. Many of these acres cannot be developed.

Alaska rightfully insists that the federal government pay its fair share for the lands it set aside in the national interest. That's why I successfully fought to extend the Secure Rural Schools Act last year. Not only did we extend it for four years but Alaska's share of the national pie has jumped this year from \$9.5 million to \$21 million. In the same legislation, Congress set aside money to fully fund the Payments in Lieu of Taxes program for four years.

Alaska's public lands drive more than a million visitors to our State every year. When the visitors go home, we hunt and fish, hike and camp and explore those lands. The federal government has a responsibility to maintain these lands for the benefit of all of our users and for generations to come. We shall insure that it lives up to this obligation.

We must continue our fight to implement the Alaska Land Transfer Acceleration Act. In 2004, Congress gave the Bureau of Land Management the tools to finalize the transfer of lands owed to the State, the Native Corporations and the Native allottees. We're making progress but the BLM has failed to meet the goal of finalizing the transfer by our 50th Anniversary. We must complete the job.

The Nation also owes a debt to our veterans. Alaska has more veterans as a percentage of our State's population than any other State in the union. Our veterans live in every corner of this great land. Yet the VA offers limited veterans health services outside Anchorage.

There are some bright spots – the new clinic on Elmendorf is proceeding nicely and the VA is opening a new clinic in the Mat-Su Valley this spring. The VA has brought a small clinic to Juneau. But it's simply not enough.

One way the Nation can repay its debt to our 75,000 veterans is to provide access to their earned benefits wherever in Alaska they choose

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to live. The VA can do this through meaningful partnerships with community providers, Native health, and community health centers.

As I told the Joint Armed Services Committee last year, the VA's culture simply has not risen to Alaska's challenge. The VA culture states that VA care is to be provided in VA facilities. It is up to the veteran to find the care. The care won't find the veteran.

I've been fighting to change this culture for several years. With a new administration in place, the battle to obtain justice for Alaska's veterans begins anew.

Two additional ways we can demonstrate respect for Alaska's veterans: first, the VA has a State Veterans Cemetery Grant program. Several in this body have asked the State to file its application and obtain funding for a cemetery in the Interior. I strongly support their efforts. Second, the federal government offers a contracting preference for businesses owned by disabled veterans but it has yet to be fully implemented in Alaska. The federal government can meet its obligations to our disabled veterans by helping them to launch their businesses.

Alaska is also home to more Native people per capita than any other State in the union. The federal government has a special relationship with the first peoples of the United States. It is a trust relationship with Alaska Natives as the beneficiary.

That relationship drives millions of dollars in federal Indian program funds to Alaska Native institutions which have become household names in our communities. SEARHC, Alaska Native Medical Center, Southcentral Foundation, and TCC, to name a few.

These institutions hire Alaskans and purchase goods and services in the Alaska economy. Along with the Alaska Native Corporations they have emerged as important economic engines in urban Alaska as well as our villages.

Our Alaska Native health system is exemplary in many respects. For the second consecutive time the Alaska Native Medical Center has

won Magnet designation for the quality of its nursing staff. In this respect, it stands shoulder to shoulder with world renowned institutions like the Mayo Clinic. No other Alaska hospital has earned this distinction. Southcentral Foundation is earning national recognition for its patient centered primary care model. Our telemedicine program is a national model.

Yet we still have so many challenges. The rates of suicide in our villages and throughout Alaska are alarming. Later today, I will participate in an award of \$1.3 million to the State of Alaska from SAMSHA to fight youth suicide. Alaska leads the nation in the rate of babies born with Fetal Alcohol Spectrum Disorders. In spite of our innovative Dental Health Aide Therapist program, too many young people still lack access to dental care. The health disparities between our Alaska Native communities and the rest of America are striking in nearly every respect.

Consistent with the special relationship between the federal government and our first people, the United States has an obligation to adequately fund federal Indian programs. In this respect they have fallen flat. I have called upon new administration to do better. Much better.

So much to do. Such serious issues before us. But at the end of the day, I sleep well. I sleep well because I have the best job in the Country -- whether it's fighting for the retirement benefits earned by our Alaska Territorial Guard or never giving up on our conviction that we will someday move oil from beneath the ANWR coastal plain -- there is no better work in America.

I am grateful to the people of Alaska for the opportunity to serve. And I am grateful to you – my friends and colleagues in the Alaska Legislature – for preparing me well to meet the challenges ahead.

I look forward to your questions.

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