

**SENATE AND HOUSE  
JOINT JOURNAL SUPPLEMENT**

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**March 22, 2011**

**Tuesday**

**No. 5**

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**Address by**

**The Honorable Mark Begich**

**United States Senator**

**Before a Joint Session**

**of the**

**First Session of the**

**Twenty-Seventh Alaska State Legislature**

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**March 22, 2011**

**Juneau, Alaska**



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**Senator Mark Begich**  
**Address to the Alaska State Legislature**  
**11 a.m.; March 22, 2011; State House Chambers**

President Stevens, Speaker Chenault, members of the House and Senate, and friends across Alaska. I'm happy to be home and honored for the opportunity to give what is my third presentation to the Legislature.

It was good seeing many of you in Washington a few weeks ago. I hope you weren't put off too much by the overly partisan atmosphere back there. It's not healthy and it's not good for the country or Alaska.

Several times in the past few months, partisan disagreements have threatened to shut down the federal government and stop the services and benefits it provides. That's unacceptable to me, and should be to every American.

Several of us are trying to buck that trend by reaching across political boundaries to get things done. Just a few weeks ago, I was pleased to partner with Senator Coburn of Oklahoma, one of the most conservative Republicans in the Senate, to save millions in taxpayer dollars by targeting old unused orphan earmarks.

With Republican Senator Johanns of Nebraska, we formed the bipartisan Senate General Aviation Caucus to work on aviation issues important to rural states where small aircraft are so important.

And I was proud to partner with Republican Senator Thune of South Dakota to pass my first bill into law which eases the burden on small businesses when it comes to identity theft safeguards.

Of course, I work with colleagues on my side of the aisle, too. I was the first Senate Democrat to call into question the burdensome 1099 tax reporting provision in the health reform law. Now, because of bipartisan cooperation, Congress is about to strike this language once and for all.

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And I'm pleased to say that when it comes to Alaska, our congressional delegation is unified and always putting Alaska first.

Before getting into the gist of my remarks, let me express sympathies on behalf of all Alaskans to our neighbors in Japan. Alaskans are no strangers to the deadly impact of earthquakes. But the unimagined devastation we are witnessing in Japan is heart-wrenching.

My office is closely monitoring the situation there, especially the condition of the nuclear power plants. I commend the many Alaskans across our state who are sending donations and prayers to our friends in Japan.

Today I want to talk about building Alaska's 21<sup>st</sup> century economy. As we have done so many times in our history, I believe it's vital that we Alaskans assert our independence and determine our own destiny on Alaska's terms.

We can't allow internal strife, dictates from the federal government or international events beyond our control to determine Alaska's future prosperity.

Today, Alaska is at a crossroads. Thanks to the wisdom of the pioneers who built our state and the rich bounty of our God-given natural resources, Alaska enjoys enormous wealth that is the envy of every state in America: \$40 billion in our Permanent Fund, a \$10 billion budget reserve and limitless opportunity.

Yet, I believe our greatest asset is the entrepreneurial spirit of independent-minded Alaskans, a can-do optimism that allows us to flourish in the face of great distances, extreme climate and a small far-flung population.

Certainly our future prosperity is not without challenge. Alaska's relationship with the federal government – a partnership which has accounted for about a third of our economy – is changing dramatically.

Inaction by Alaskans – on how to get our natural gas to market or how to improve our state's business climate – could result in windows of opportunity slamming shut on us.

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And we know that international events beyond our control often impact us directly. Unrest in the Middle East has driven world oil prices to more than \$100 a barrel, filling our state treasury.

But many of us remember the devastating impact to our economy when those prices dropped to single digits, so we can't bank on our continued oil wealth.

The unprecedented level of federal debt – nearly \$46,000 for every man, woman and child in America – means dramatic cuts in federal spending. We've already seen the tip of this iceberg, with an end to the millions of dollars in earmarks Alaskans have benefitted from for decades.

I strongly support federal spending cuts. I believe they start with members of Congress, which is why I opposed a pay raise for senators and am cutting my own office budget.

It's past time to put aside partisan differences and make the hard decisions. Alaskans demand we stop playing political games and do our jobs.

I am listening.

I've already endorsed \$51 billion in budget cuts for the current federal fiscal year – the biggest cut in federal spending since World War II. I have detailed billions of dollars in additional cuts as a vital first step in tackling the national debt.

Make no mistake: for a state that ranks first among the 50 states in per person receipt of federal dollars, spending cuts will be felt across Alaska, even as we work to ensure they are fair and carefully phased in.

Alaska's half-century love-hate relationship with the federal government continues unabated. There's no doubt Uncle Sam has helped us build a foundation for security and progress – roads, ports, military bases and health clinics.

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Yet, every single day I'm standing up for Alaska and educating federal bureaucrats and members of Congress about our unique needs. And, challenging them when they are wrong.

- Fighting the EPA and Army Corps over their refusal to allow oil development in a petroleum reserve.
- Holding off congressional proposals to permanently lock up the Arctic National Wildlife Refuge.
- Battling efforts to impose a cookie-cutter roadless rule in the Tongass, which restricts mining, hydro development and timber harvesting.

We're also having some successes: on permitting of the Kensington Mine, permanent reauthorization of the Indian Health Service and expansion of the Red Dog Mine.

Starting with President Obama, I'll continue telling federal officials when they're wrong on Alaska. And I'll keep working with you and the State for Alaska's fair share of declining federal resources and for the right federal decisions on Alaska development.

Just like an earlier generation of Alaskans refused to surrender to federal dictates or be bullied by outside special interests, so must we determine Alaska's destiny, on Alaska's terms.

Let me outline three areas where I believe we must focus our energies to build a strong and sustainable Alaska economy for the 21<sup>st</sup> century:

- First, we must continue doing what Alaska does best in cutting-edge resource development;
- Second, we must seize the enormous future opportunities in the Arctic; and
- Third, we must transform Alaska's technology-based economy for the future.

Everyone in this room knows oil fuels Alaska's economy. It fills our state treasury, helps generate more than 110,000 Alaskan jobs and produces generous dividends for every Alaskan.

But today, North Slope production is at a record low, even threatening the continued viability of the trans-Alaska pipeline itself.

I share the concerns of Senator Murkowski, who warned here just last month that filling our oil pipeline is one of our state's greatest challenges.

As popular as it is to beat up on the feds, the solution lies in developing Alaska's enormous oil and gas reserves on both state and federal lands and waters.

I'm encouraged by the interest of independents such as Pioneer and Armstrong, and by large national companies like ENI, Repsol and Statoil, in prospects on state lands and near-shore waters on the North Slope.

The Great Bear oil shale development south of Prudhoe Bay is more good news.

An immediate focus should be on state lands around Prudhoe Bay, with the so-called "legacy" fields, which hold over 4 billion barrels of oil.

If Alaskans make the strategic business decisions necessary to bring the investment and development dollars back to Alaska, I'm confident this oil can be produced.

Making Alaska competitive means reversing the decline in production, putting Alaskans to work, and filling our coffers – and Permanent Fund – with oil tax and royalty revenues.

One of the best long-term prospects for filling the oil pipeline and reducing America's dependence on foreign oil is from the enormous reserves likely beneath federal lands and waters in the outer continental shelf, the Arctic Refuge and National Petroleum Reserve-Alaska.

These prospects alone are projected to hold 40 to 60 billion barrels, nearly a decade's worth of U.S. consumption.

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Senator Murkowski, Congressman Young and I continue to fight every day for the opportunity to develop these resources for our nation.

Just last week, I personally urged President Obama to direct federal agencies to cut the red tape delaying Alaska development opportunities.

Trust me, I don't let the President forget that he campaigned on development in the NPRA.

In addition to regular use of the bully-pulpit, I believe we must streamline the federal approval process. Next week I'm introducing legislation to do exactly that.

I'm proposing creation of a federal coordinator for the Arctic OCS, modeled after legislation Senator Stevens passed establishing a federal gas pipeline coordinator.

This office would have authority to work across the agencies causing Alaska so much heartburn today – the EPA, Army Corps of Engineers and Interior Department.

The federal OCS coordinator would work with the State of Alaska and affected local governments to streamline development in the Chukchi and Beaufort seas, which hold such promise for future oil and gas development.

My bill starts with the Arctic, but also allows for similar positions for new areas of offshore development in the Lower 48.

At the same time, we have to address the two different air permitting systems in this country. We have two standards, two processes, and two different federal agencies overseeing air permits – one for the Gulf of Mexico and one for everyone else – including the Arctic.

This makes no sense. It's not fair and it puts companies with projects in the Arctic at a competitive disadvantage. We need to level the playing field.

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It's time to move all the air permitting under the Interior Department – where air permits were issued quickly before the BP spill.

Senator Murkowski, Congressman Young and I are all focused like a laser beam on this right now. It might take legislation to fix and we are looking at all options.

Finally, there is one quick step this administration could take tomorrow to signal it is serious about increasing domestic oil and gas production.

The President's "climate czar" recently left her job, apparently correctly reading the tea leaves that cap and trade legislation is unlikely to pass Congress any time soon.

So I call on the President to replace his climate czar with a "development czar" to help focus this administration on the right priorities for our nation: producing American energy from American soil with American workers.

Some good news for an Alaska natural gas pipeline is the national focus on clean energy. Your congressional delegation is poised to do everything we can at the national level to get Alaska gas to market, including increasing federal loan guarantees for a gasline and cut the red tape.

I know you are awaiting a new report about an in-state gasline and the results of open season negotiations.

From my perspective, I urge you not to wait too long. Our window of opportunity may be closing and we must address the in-state energy needs of Alaska businesses and consumers.

The second major area of focus which I believe is key to a prosperous 21<sup>st</sup> century Alaskan economy is the enormous future opportunities in the Arctic.

I don't have to tell people like Senators Olson and Hoffman that Alaska is "ground zero" for climate change. Your constituents are seeing and feeling it every day.

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Alaska is well positioned to influence the new challenges and opportunities in a changing Arctic.

A few weeks ago, I was honored to be named chair of the Senate Commerce Subcommittee on Oceans, Fisheries, Atmosphere and Coast Guard. This was known as “Alaska’s Committee” during the many years the late Senator Ted Stevens chaired it because of its broad jurisdiction over issues vital to our state.

There’s no question we need more science about what’s happening in the Arctic: warmer temperatures, less ice, coastal erosion, disrupted fish and wildlife migration patterns, increased ocean acidification.

These changes pose threats to Arctic communities today, but also present new opportunities to address America’s energy needs tomorrow.

To address these issues, I have introduced a package of bills designed to help Alaska adapt to these changes. They call for more research into the region’s environment and species upon which residents of the North Slope depend for their subsistence.

They also address oil spill prevention and response in arctic ice conditions, a prerequisite to moving forward with energy development in the Beaufort and Chukchi Seas.

We must act to fulfill Coast Guard infrastructure needs on the Arctic coast, including a deepwater port and replacing our aging icebreaker fleet.

I also proposed legislation to help pay for some of these Arctic research and infrastructure needs by leveraging the Oil Spill Liability Trust Fund and provide community assistance through OCS Revenue Sharing.

My other bills would address the unique health needs of the Arctic, the ability of communities to adapt to the changing temperatures and ice conditions, and strengthen our international diplomacy when addressing matters with other Arctic nations.

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I commend the Legislature's foresight in creating the Joint Alaska Northern Waters Task Force to focus on many of the same issues. I look forward to working with Chairman Joule to capitalize on the enormous opportunities and challenges in the Arctic.

For Alaska to succeed in the fiercely competitive 21<sup>st</sup> century economy, we've got to better prepare Alaskans.

Two weeks ago in Washington, I was honored to chair a meeting with some of the nation's premier high-tech company CEO's: Cisco, Microsoft, UBS.

They said the foundation for success in the new global economy is well educated young people who excel at math, science and computer skills.

That message was loudly echoed by two of Alaska's homegrown high-tech entrepreneurs who participated in the meeting, and by many more I've visited across our state.

Like former Navy combat pilot Skip Nelson of ADS-B Technologies based at Merrill Field.

Skip's team has been on the cutting edge of national aviation safety technology. They were selected to join the FAA's core team to improve safety and bring greater efficiencies to the American airspace system.

There's Colleen Riley, owner of Kachemak Research Development in Homer. Her company is developing an under-vehicle system used to inspect vehicles at several military bases. She's now working on a five-year Air Force contract to enhance this technology, producing year-round, high-paying jobs for Alaskans.

Another especially impressive cutting-edge Alaska company is an 8a firm, Alaska Native Technologies. Earlier this month, I visited the company's Anchorage facilities where they are developing underwater, unmanned gliders for the Navy for research, intelligence and security missions.

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ANT is one of the few high-tech manufacturing facilities in Alaska, but it highlights our incredible opportunities. Just last week the company received a critical export license to sell gliders to South Korea, opening new avenues for international sales.

Alaska's 21<sup>st</sup> century will flourish if we encourage more of these home-grown entrepreneurs to grow cutting-edge industries right here in Alaska.

But it doesn't happen in a vacuum. The three key ingredients are education, the basic tools of modern commerce and incentives for small business.

First, education. To compete in the global economy, we must invest more in science, technology, engineering and math, known as STEM. That's why I recently introduced legislation in the Senate to boost programs in those areas.

This STEM legislation targets funds to high-need students in high-need districts, encourages out-of-the-box thinking and supports professional development for STEM Teachers.

It is vital for Alaska because we know the current federal education law, No Child Left Behind, has been a disaster for our state.

The second way to incubate more Alaska innovators is with high-speed access to the Internet.

Even though Alaskans are frequent Internet users, we rank dead last among the 50 states for Internet speed. This hampers our children's digital literacy and restricts small business development.

That's why I'm using my position on the Commerce Committee to make sure broadband goes to both urban and rural America.

I helped secure funds to expand broadband to western Alaska, so those in Bristol Bay and the Y-K Delta have the same access as other Alaskans to high-speed Internet for education, health care and business development.

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Third, we must encourage the growth of small business, the backbone of our economy. In the past 15 years, small businesses have generated two-thirds of new jobs in our country.

That's why I was a strong supporter of the Small Business Jobs and Credit Act, which recently passed the Senate on a strong bipartisan vote.

Estimated to create an additional 500,000 jobs nationwide, this measure provides more funding for small business loans, waives capital gains taxes on small business investments and allows self-employed taxpayers to deduct health care costs.

All of these steps created capital for small businesses which they can invest in growing their operations and creating jobs.

As the Legislature considers measures to lay the groundwork for Alaska's 21<sup>st</sup> century economy, I urge you to remember that old adage about hindsight being 20-20.

Here's an idea worth considering: invest a portion of the state's huge surplus as an incubator to encourage the development of Alaska-grown high-tech industries and innovations.

Many of you will remember the Alaska Science and Technology Foundation, established in 1988 at a time of especially low oil prices, and then liquidated nearly a decade ago for some quick cash.

I hear from entrepreneurs across the state of the considerable value of such an enterprise to help encourage new technologies and industries. A modest state investment would go a long way toward leveraging federal and private dollars.

Before concluding, let me say a word about Alaska's servicemen and women. Part of my responsibility on the Senate Armed Services Committee is ensuring that our troops have the tools and training they need to do the job we're asking of them.

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A few weeks ago, I was honored to spend time with more than 4,000 soldiers from Fort Wainwright's 1<sup>st</sup> Stryker Brigade Combat Team, 25<sup>th</sup> Infantry Division, at the National Training Center in the California desert.

We landed at a mountaintop combat outpost, witnessed how they use technology like retinal scans to identify potential enemies and enjoyed an MRE meal together.

I have never seen a more impressive, more committed, high morale team of service members who were training for the front lines in Afghanistan. All Alaskans should be proud of their work and dedication. I know I am.

Please join me in thanking all our troops for their service.

It's been a great honor serving Alaskans as your senator the past two years. Like everyone focused on the daily tasks of job and family, it's challenging to keep an eye on the future big picture.

I think that's the task of those in elected office: to work toward a common goal of building Alaska's economy for the 21<sup>st</sup> century.

Our first responsibility is keeping our economy strong today by filling the oil pipeline and building a gasline with Alaska's enormous resources on state and federal lands.

Second, we must step up to the new challenges in the Arctic by better understanding the changes underway there and capitalize on the opportunities in resource development, transportation and tourism.

And we must assure Alaska's place in the global economy by educating young Alaskans and giving our innovative entrepreneurs the tools to succeed and build a technology-based economy.

I know we Alaskans are up to the task.

Thank you, and may God bless Alaska and our nation.

**Please report corrections to the Senate Secretary's office**