

**HOUSE JOURNAL**  
**ALASKA STATE LEGISLATURE**  
**TWENTY-NINTH LEGISLATURE**  
**SECOND SESSION**

**Juneau, Alaska**

**Tuesday**

**January 19, 2016**

**First Day**

Pursuant to adjournment the House was called to order by Speaker Chenault at 1:02 p.m.

Roll call showed 40 members present.

The following members of an Honor Guard from the Girl Scouts of Alaska presented the Colors and led the Pledge of Allegiance: Addy Mallott, Ainsley Mallott, Amara Sanguni, Clare Homan, Devin Moorehead, Ella Schwartz, and Katlyn Fergusson.

The following members of the Alaska Youth Choir sang "Alaska's Flag" under the direction of Artistic Director Missouri Smyth: Piper Blackgoat-Diehl, Isabella Cullum, Leah Funk, Garrett McGuan, Kaycee Parady, Kinsey Pearson, Evelyn Richards, Riley Soboleff, Sadie Jenkins, Jaylynn Martin, Dominique Morley, Tommy Pearson, Jemima Verebasaga, Kezia Verebasaga, Morgan Blackgoat, Madison Cordle, Dorothy Kuterbach, Isaac Schlosser, Esther Verebasaga, and Paul Verebasaga.

The invocation was offered by the Chaplain, the Reverend Gordon Blue of Holy Trinity Episcopal Church. Representative Wilson moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

With the deepest respect for the religious beliefs of all Alaskans, I offer the following prayers.

Spirit of peace, creator Spirit; help the Alaska House of Representatives to make and keep the great state of Alaska a

healthy home for all its different people. You have made us many peoples, but of one blood; preserve our many cultures, and let our legislators draw upon them for wisdom and grace.

*"Remember, Lord, how short life is, how frail you have made all flesh." [Psalm 89:47]*

Open our eyes to see your path in the midst of the difficulties which surround us. We give you thanks and praise for this great land, for the abundance with which you have blessed us. God, you know better than we the temptations that will bring us down. Protect us and guide our feet into the way of peace.

May you be with these representatives, who have been called by the people to serve them. Let this house be inspired to find in these difficult times the measure of greatness that will transform our difficulties into future greatness as well. Bless them so that their example may give to the people a zeal for goodness and the strength of forbearance, and we may use our liberty to bring blessings upon the future generations of Alaska. Amen.

\* \* \* \* \*

The Speaker appointed Representatives Pruitt and Claman to advise the Governor that the House is in session and ready to do business.

The Speaker appointed Representatives Lynn and Kito to advise the Senate that the House is in session and ready to do business.

The Speaker stated that, without objection, the House would recess; and so, the House recessed at 1:26 p.m.

#### **AFTER RECESS**

The Speaker called the House back to order at 1:44 p.m.

Representative Pruitt reported that the Governor was notified that the House is in session and ready to do business.

Representative Lynn reported that the Senate was notified that the House is in session and ready to do business.

The Speaker stated that, without objection, the House would advance to:

### **UNFINISHED BUSINESS**

In accordance with Uniform Rule 3, Representative Johnson nominated Crystalline Jones as Chief Clerk of the House for the Twenty-Ninth Alaska State Legislature and moved and asked unanimous consent that the nominations be closed and Crystalline Jones be elected as Chief Clerk. There being no objection, it was so ordered.

The Speaker stated that, without objection, the House would revert to:

### **MESSAGES FROM THE GOVERNOR**

A message dated December 22, 2015, was read stating under the provision of art. III, sec. 18, Constitution of the State of the Alaska, the Governor requests the opportunity to address a joint session of the Twenty-Ninth Alaska State Legislature on Thursday, January 21, 2016, at 7:00 p.m. for presentation of the State of the State Address.

### **EXECUTIVE ORDERS**

#### **EO 117**

#### **EXECUTIVE ORDER NO. 117**

Transferring administration of the Statewide Independent Living Council from the Department of Labor and Workforce Development to the Department of Health and Social Services.

was referred to the Health & Social Services Committee.

The following fiscal note(s) apply:

1. Zero, Dept. of Labor & Workforce Development
2. Fiscal, Dept. of Health & Social Services
3. Fiscal, Dept. of Health & Social Services

The Governor's transmittal letter dated January 18, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 23 of the Alaska Constitution, I am transmitting an Executive Order to transfer the administration of the Statewide Independent Living Council from the Department of Labor and Workforce Development to the Department of Health and Social Services.

The Statewide Independent Living Council (Council) is tasked with maximizing the State's receipt of federal finance assistance for independent living services and centers for persons with severe disabilities.

Because almost all individuals who receive assistance for independent living services are not seeking employment, the duties of the Council are not aligned with the mission of the Department of Labor and Workforce Development. The Department of Health and Social Services will more efficiently administer the council as it does for current assisted-living programs. Better program alignment will assist in the improvement and delivery of services to individuals with disabilities.

The Order would be effective on July 1, 2016.

Sincerely,  
/s/  
Bill Walker  
Governor"

**EO 118**  
EXECUTIVE ORDER NO. 118

Updating statutes to reflect merger of the Employment Security Division and the Division of Business Partnerships

into the Division of Employment and Training Services in the Department of Labor and Workforce Development.

was referred to the Labor & Commerce Committee.

The following fiscal note(s) apply:

1. Zero, Dept. of Labor & Workforce Development

The Governor's transmittal letter dated January 18, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 23, of the Alaska Constitution, I am transmitting an Executive Order to amend two statutes to accurately reflect the division structure of the Department of Labor and Workforce Development.

Under Administrative Order No. 275, and in order to provide that workforce development services be integrated into a single division, the Employment Security Division and the Division of Business Partnerships were dissolved, but their functions were merged into a single division called the Division of Employment and Training Services. Two statutes reference the now dissolved Employment Security Division; my Executive Order would bring the statutes in conformance with the organization of the Department of Labor and Workforce Development. While the currently outdated reference to the "Employment Security Division" does not affect the ability of the Department to exercise its statutory functions, it is preferable to update the statutes to reflect the changes made by Administrative Order No. 275.

Section 2 of the Executive Order would amend AS 23.20.382(a), related to benefits while attending approved vocational training courses, while section 3 would amend AS 43.05.230, related to disclosure of tax returns and reports.

The Order would be effective July 1, 2016.

Sincerely,  
/s/  
Bill Walker  
Governor"

**COMMUNICATIONS**

The following were received:

Alaska Gasline Development Corporation  
Annual Report 2015  
Audited Financial Statements Fiscal Year 2015  
(as required by AS 31.25.140 and 31.25.270)

Alaska State Legislature  
Joint Armed Services Committee  
Activities Report  
January 18, 2016  
(as required by AS 24.20.675)

Alaska State Legislature  
Legislative Affairs Agency  
Division of Legal and Research Services  
Report Listing Alaska Statutes with Delayed Repeals or Delayed  
Amendments and Examining Court Decisions and Opinions of the  
Attorney General Construing Alaska Statutes  
January 2016  
(as required by AS 24.20.065)

Dept. of Commerce, Community, & Economic Development  
Division of Community & Regional Affairs  
Alaska Native Language Preservation and Advisory Council  
2016 Biennial Report to the Governor and Legislature  
January 1, 2016  
(as required by AS 44.33.520)

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Office of the Governor  
Office of Management & Budget  
Lease Purchase Agreements Report  
Fiscal Year 2015  
(as required by AS 37.07.040)

Dept. of Revenue  
Alaska Retirement Management Board  
Notification of Availability of Financial Reports  
January 19, 2016  
(as required by AS 37.10.220)

Dept. of Revenue  
Permanent Fund Dividend Division  
Report of the 2015 Charitable Contributions through  
Permanent Fund Dividends  
January 12, 2016  
(as required by AS 43.23.062)

Dept. of Transportation & Public Facilities  
Alaska Sustainable Energy Act  
Annual Report  
2015 Progress Report  
(as required by AS 44.42.067)

Dept. of Transportation & Public Facilities  
Alaska Marine Highway Fund  
Annual Financial Report  
Fiscal Year 2015  
(as required by AS 19.65.070)

The following audit reports were received from the Division of  
Legislative Audit, Legislative Budget & Audit Committee, as required  
by AS 24.20.311:

Dept. of Commerce, Community, & Economic Development  
Big Game Commercial Services Board  
Audit Report  
August 26, 2015

Dept. of Health & Social Services  
Division of Alaska Pioneer Homes  
Audit Report  
May 21, 2015

Dept. of Health & Social Services  
Performance Review  
September 28, 2015

Dept. of Health & Social Services  
Behavioral Health Performance Review  
September 29, 2015

Dept. of Health & Social Services  
Long Term Care Performance Review  
October 1, 2015

**HB 105**

Pursuant to HB 105-AIDEA: BONDS;PROGRAMS;LOANS;LNG  
PROJECT (Chapter No. 39, SLA 15) the following was received:

Alaska Industrial Development & Export Authority  
Interior Energy Project  
Quarterly Report to the Alaska State Legislature  
January 5, 2016  
Available at: <http://www.interiorenergyproject.com/>

**INTRODUCTION OF CITATIONS**

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

Honoring - Jason Metrokin  
By Senator Meyer; Representative Lynn

In Memoriam - Mildred Post Boesser  
By Representatives Kito, Munoz; Senator Egan

In Memoriam - Michael J. Burns  
By Representatives Kito, Munoz; Senator Egan



In Memoriam - Ann Dooley-Krogseng  
By Representative Chenault; Senator Micciche

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

**HCR 15**

HOUSE CONCURRENT RESOLUTION NO. 15 by Representatives  
Chenault and Herron:

Proposing an amendment to the Uniform Rules of the Alaska State  
Legislature relating to the jurisdiction of standing committees.

was read the first time and referred to the State Affairs Committee.

**HCR 16**

HOUSE CONCURRENT RESOLUTION NO. 16 by Representatives  
Kawasaki, Kito, Claman, and Gruenberg:

Proposing an amendment to the Uniform Rules of the Alaska State  
Legislature relating to establishing as a standing committee the  
Ways and Means Committee.

was read the first time and referred to the Finance Committee.

**HJR 27**

(Profile released January 15, 2016)

HOUSE JOINT RESOLUTION NO. 27 by Representatives Claman,  
Ortiz, and Wool:

Proposing amendments to the Constitution of the State of Alaska  
relating to the duration of regular sessions of the legislature.

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

**HJR 28**

HOUSE JOINT RESOLUTION NO. 28 by Representatives Tarr and  
Kawasaki:

Opposing the United States Food and Drug Administration's approval of AquaBounty AquAdvantage genetically engineered salmon; urging the United States Congress to enact legislation that requires prominently labeling genetically engineered products with the words "Genetically Modified" on the product's packaging; and encouraging the restoration of wild, native populations of salmon in areas where development has negatively affected salmon.

was read the first time and referred to the House Special Committee on Fisheries and the Labor & Commerce Committee.

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

#### **HB 213**

(Profile released January 8, 2016)

HOUSE BILL NO. 213 by Representatives Tilton, Neuman, Hughes, and Talerico, entitled:

"An Act requiring the commissioner of natural resources to make specific, detailed written findings before restricting or prohibiting a traditional means of access to state land, water, or land and water for a traditional outdoor activity; and requiring certain public notice of a proposed restriction or prohibition of a traditional means of access to state land, water, or land and water for a traditional outdoor activity."

was read the first time and referred to the Resources Committee.

#### **HB 214**

(Profile released January 8, 2016)

HOUSE BILL NO. 214 by Representative Olson, entitled:

"An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Alaska Workers' Compensation Board; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions and orders; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules

202(a), 204(a) - (c), 210(e), 508(g), 601(b), 602, and 603, Alaska Rules of Appellate Procedure; and providing for an effective date."

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

**HB 215**

(Prefile released January 8, 2016)

HOUSE BILL NO. 215 by Representatives Kawasaki, Drummond, Gruenberg, and Gara, entitled:

"An Act relating to prescribing, dispensing, and administering an investigational drug, biological product, or device by physicians for patients who are terminally ill; and providing immunity for persons manufacturing, distributing, or providing investigational drugs, biological products, or devices."

was read the first time and referred to the Health & Social Services and Judiciary Committees.

**HB 216**

(Prefile released January 8, 2016)

HOUSE BILL NO. 216 by Representatives Talerico, Hughes, and Tilton, entitled:

"An Act relating to obstruction or interference with a person's free passage on or use of navigable water; and amending the definition of 'navigable water' under the Alaska Land Act."

was read the first time and referred to the Resources Committee.

**HB 217**

(Prefile released January 8, 2016)

HOUSE BILL NO. 217 by Representative Kreiss-Tomkins, entitled:

"An Act relating to special request registration plates commemorating the arts; and relating to the Alaska State Council on the Arts."

was read the first time and referred to the State Affairs and Finance Committees.

**HB 218**

This prefile was not introduced.

**HB 219**

(Prefile released January 8, 2016)

HOUSE BILL NO. 219 by Representative Hawker, entitled:

"An Act relating to eligibility for medical assistance; relating to the medical assistance program; and providing for an effective date."

was read the first time and referred to the Health & Social Services and Finance Committees.

**HB 220**

(Prefile released January 8, 2016)

HOUSE BILL NO. 220 by Representative Talerico, entitled:

"An Act relating to fish; and establishing a fisheries enhancement permit."

was read the first time and referred to the House Special Committee on Fisheries and the Resources Committee.

**HB 221**

(Prefile released January 8, 2016)

HOUSE BILL NO. 221 by Representative Edgmon, entitled:

"An Act relating to protective orders."

was read the first time and referred to the Judiciary Committee.

**HB 222**

(Prefile released January 8, 2016)

HOUSE BILL NO. 222 by Representative Hawker, entitled:

"An Act relating to increases of appropriation items."

was read the first time and referred to the Finance Committee.

**HB 223**

(Profile released January 8, 2016)

HOUSE BILL NO. 223 by Representatives Kito and Gruenberg, entitled:

"An Act relating to the duration of a regular session of the legislature; and providing for an effective date."

was read the first time and referred to the State Affairs and Finance Committees.

**HB 224**

(Profile released January 8, 2016)

HOUSE BILL NO. 224 by Representative Hawker, entitled:

"An Act relating to the governor's submission of a projection of anticipated revenue and expenditures and proposal for enactment of an individual broad-based tax; relating to income of the Alaska permanent fund; relating to the disposition of income of the Alaska permanent fund; relating to the calculation of permanent fund dividends; relating to the dividend fund; and providing for an effective date."

was read the first time and referred to the Finance Committee.

**HB 225**

(Profile released January 8, 2016)

HOUSE BILL NO. 225 by Representative LeDoux, entitled:

"An Act relating to requirements for persons holding drivers' licenses for less than one year; and providing for an effective date."

was read the first time and referred to the State Affairs and Finance Committees.

**HB 226**

(Prefile released January 8, 2016)

HOUSE BILL NO. 226 by Representatives Hawker and Hughes, entitled:

"An Act extending the termination date of the Alaska Commission on Aging; and providing for an effective date."

was read the first time and referred to the Health & Social Services and Finance Committees.

**HB 227**

(Prefile released January 8, 2016)

HOUSE BILL NO. 227 by Representative Seaton, entitled:

"An Act relating to medical assistance reform measures; relating to administrative appeals of civil penalties for medical assistance providers; relating to the duties of the Department of Health and Social Services; relating to audits and civil penalties for medical assistance providers; relating to medical assistance cost containment measures by the Department of Health and Social Services; relating to medical assistance coverage of clinic and rehabilitative services; and providing for an effective date."

was read the first time and referred to the Health & Social Services and Finance Committees.

**HB 228**

(Prefile released January 8, 2016)

HOUSE BILL NO. 228 by Representative Colver, entitled:

"An Act naming bridge number 1179 on the Glenn Highway over Caribou Creek the Nels Hitchcock Bridge."

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

**HB 229**

(Prefile released January 8, 2016)

HOUSE BILL NO. 229 by Representatives Chenault and Tilton, entitled:

"An Act relating to regulation notice and review by the legislature; and relating to the Administrative Regulation Review Committee."

was read the first time and referred to the State Affairs and Finance Committees.

**HB 230**

(Profile released January 8, 2016)

HOUSE BILL NO. 230 by Representatives Colver and Thompson, entitled:

"An Act designating Pipeline Road 34-ALP-3 as Arctic Man Way."

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

**HB 231**

(Profile released January 8, 2016)

HOUSE BILL NO. 231 by Representative Lynn, entitled:

"An Act extending the termination date of the Board of Parole; and providing for an effective date."

was read the first time and referred to the State Affairs and Finance Committees.

**HB 232**

(Profile released January 8, 2016)

HOUSE BILL NO. 232 by Representative Colver, entitled:

"An Act relating to the duties of the Department of Education and Early Development; relating to student assessments; and prohibiting the Department of Education and Early Development from administering the Alaska Measures of Progress student assessments."

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

**HB 233**

(Profile released January 8, 2016)

HOUSE BILL NO. 233 by Representatives Josephson and Gara, entitled:

"An Act establishing the Alaska Climate Change Commission; and relating to the powers and duties of the Alaska Climate Change Commission."

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

**HB 234**

(Profile released January 8, 2016)

HOUSE BILL NO. 234 by Representatives Vazquez, Gara, and Hughes, entitled:

"An Act relating to insurance coverage for mental health benefits provided through telemedicine."

was read the first time and referred to the Health & Social Services and Labor & Commerce Committees.

**HB 235**

(Profile released January 8, 2016)

HOUSE BILL NO. 235 by Representative Kito, entitled:

"An Act relating to the use of vending machines or electronic kiosks to conduct raffles and lotteries; and providing for an effective date."

was read the first time and referred to the Labor & Commerce Committee.

**HB 236**

(Profile released January 8, 2016)

HOUSE BILL NO. 236 by Representatives Talerico and Lynn, entitled:



"An Act relating to marriage solemnization."

was read the first time and referred to the Judiciary Committee.

**HB 237**

(Prefile released January 15, 2016)

HOUSE BILL NO. 237 by Representative Seaton and Wool, entitled:

"An Act relating to an interstate compact on medical licensure; amending the duties of the State Medical Board; and relating to the Department of Public Safety's authority to conduct national criminal history record checks of physicians."

was read the first time and referred to the Health & Social Services and Finance Committees.

**HB 238**

(Prefile released January 15, 2016)

HOUSE BILL NO. 238 by Representative Wool, entitled:

"An Act relating to an interstate compact on medical licensure; amending the duties of the State Medical Board; and relating to the Department of Public Safety's authority to conduct national criminal history record checks of physicians."

was read the first time and referred to the Health & Social Services and Finance Committees.

**HB 239**

(Prefile released January 15, 2016)

HOUSE BILL NO. 239 by Representative Wool, entitled:

"An Act relating to the annual report by the director of insurance; relating to the duty of the director of insurance to inform the public; relating to insurer filings for premium rates charged for an individual health care insurance plan; relating to investigatory hearings on insurer filings for premium rates charged for an individual health care insurance plan; relating

to the duties and powers of the attorney general; and providing for an effective date."

was read the first time and referred to the Health & Social Services and Labor & Commerce Committees.

**HB 240**

(Prefile released January 15, 2016)

HOUSE BILL NO. 240 by Representative Edgmon, entitled:

"An Act relating to the reinstatement of Native corporations; and providing for an effective date."

was read the first time and referred to the Community & Regional Affairs Committee.

**HB 241**

(Prefile released January 15, 2016)

HOUSE BILL NO. 241 by Representatives Millett, Kreiss-Tomkins, and Stutes, entitled:

"An Act relating to the nonresident surcharge for commercial fishing permits."

was read the first time and referred to the House Special Committee on Fisheries and the Finance Committee.

**HB 242**

(Prefile released January 15, 2016)

HOUSE BILL NO. 242 by Representative Kawasaki, entitled:

"An Act relating to the salary and per diem of a member of the legislature."

was read the first time and referred to the State Affairs and Finance Committees.

**HB 243**

(Prefile released January 15, 2016)

HOUSE BILL NO. 243 by Representatives Lynn, Gara, and Kawasaki, entitled:

"An Act relating to the permanent fund dividend; and relating to a permanent fund dividend for an individual whose conviction has been vacated, reversed, or dismissed or for an individual who has been pardoned because of innocence and wrongful conviction."

was read the first time and referred to the State Affairs and Finance Committees.

**HB 244**

HOUSE BILL NO. 244 by Representatives Gara, Ortiz, and Drummond, entitled:

"An Act relating to annual allowances for legislators; and relating to the payment of per diem to legislators and the staff of legislators."

was read the first time and referred to the State Affairs and Finance Committees.

**HB 245**

HOUSE BILL NO. 245 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the Alaska permanent fund; relating to appropriations to the dividend fund; relating to income of the Alaska permanent fund; relating to the earnings reserve account; relating to the Alaska permanent fund dividend; 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 Revenue
2. Zero, Dept. of Revenue

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the Alaska permanent fund and the funding structure for state government.

This bill would establish a new financial model to enable sustainable and stable funding of state services and the protection of the permanent fund. To accomplish these goals, additional resource revenues would be directed to the permanent fund and the earnings reserve account. This would enable greater permanent fund earnings to be generated and remove the damaging volatility from the general fund. In turn, a sustainable and stable annual draw from the earnings reserve account to the general fund would support state government. Additionally, the bill would change the manner in which permanent fund dividends are calculated from the current practice of calculating the dividend based on investment returns to a process in which the dividend is calculated based on the state's receipt of natural resource royalties. Further, the bill would establish a process to assure sustainability of state revenues in which the Commissioner of Revenue, in consultation with the Alaska Permanent Fund Corporation, would periodically review state financial resources in order to recommend whether adjustments should be made to the sustainable draw from the earnings reserve account to the general fund. Additionally, the bill provides for inflationary adjustments to the sustainable draw beginning in fiscal year 2020. As a result of these changes, the permanent fund earnings reserve account would generate predictable and stable revenues for state government. The permanent fund dividend would continue, but would reflect the state's success in natural resource development rather than investment performance.

In detail, the bill proposes to amend AS 37.13.010, the Alaska permanent fund, to require that 49.5 percent, rather than the current approximately 30 percent, of resource royalties would be deposited into the permanent fund principal. This would be subject to the condition that the earnings reserve account had reached a target balance necessary to provide for a sustainable annual draw of \$3,300,000,000 billion dollars from that account to the general fund. If the target had not been reached, 24.5 percent of the resource royalties

would go to the earnings reserve account (0.5 percent of mineral lease royalties would continue to go to the school fund). Additionally, the bill provides that up to 100 percent of oil and gas production taxes may be appropriated to the permanent fund or the earnings reserve account. The bill would amend AS 37.13.145(b) to provide that the annual transfer from the earnings reserve account to the dividend fund for the payment of dividends would be the amount necessary to equal 50 percent of the resource royalties received by the state. In order to support this dividend payment, the bill provides that the Legislature may appropriate 50 percent of the resource royalties received by the state to the earnings reserve account. Based on these changes, income of the permanent fund would no longer be used to calculate the amount available for payment of dividends, but instead the dividend would be calculated based on resource royalties received by the state.

To further stabilize the income stream available for state budgets, the bill would amend AS 37.13.145 in order to eliminate an annual inflation transfer from the permanent fund earnings reserve account to the principal. Instead of this transfer, the bill provides for a transfer from the earnings reserve account to the permanent fund principal that will occur if the earnings reserve account contains more money than needed for a four-year sustainable draw from that account to the general fund. If the earnings reserve account has not reached this target balance, the bill provides that 100 percent of oil and gas production taxes and up to 24.5 percent of resource royalties may be appropriated to the earnings reserve account.

The bill further amends AS 37.13.145 to establish a process for review by the Commissioner of Revenue to determine whether the sustainable draw sum should be adjusted based on an assessment of state financial resources. This review would result in a report being submitted to the President of the Senate and the Speaker of the House of Representatives. To ensure transparency, the bill would require that the information and analysis supporting the report be made available to the public, including the Legislature. Additionally, the bill provides for inflation adjustment to the sustainable draw beginning in fiscal year 2020. The bill would establish a dividend amount of \$1,000 for each eligible individual for calendar year 2016.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 246**

HOUSE BILL NO. 246 by the House Rules Committee by request of the Governor, entitled:

"An Act creating the oil and gas infrastructure development program and the oil and gas infrastructure development fund in the Alaska Industrial Development and Export Authority; relating to the interest rates of the Alaska Industrial Development and Export Authority; relating to the sustainable energy transmission and supply development and Arctic infrastructure development programs of the Alaska Industrial Development and Export Authority; relating to dividends from the Alaska Industrial Development and Export Authority; and adding definitions for 'oil and gas development infrastructure' and 'proven reserves.'"

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

The following fiscal note(s) apply:

1. Zero, Dept. of Commerce, Community, & Economic Development

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill to establish a new oil and gas

infrastructure development program and fund for the Alaska Industrial Development and Export Authority (AIDEA).

The bill proposes to create a new tool for AIDEA to use in assisting the oil and gas industry in the state by proposing an oil and gas infrastructure development program to allow AIDEA to assist in supporting small or medium-sized oil and gas producers that are dependent on outside financing. Such small or medium-sized producers can make a significant contribution to the state's economy but they do not always have access to the capital they need. The bill is meant to assist in overcoming that obstacle. As a means of ensuring that the State does not bear too much of the burden of any particular project, the bill would require that AIDEA make sure the participants in an AIDEA oil and gas infrastructure development program do not take, apply for, or accept a gas exploration and development credit or a production tax credit from the State.

Specifically, the oil and gas infrastructure development program would be established as AS 44.88.850. To facilitate its purpose, an oil and gas infrastructure development fund would be established in AIDEA to finance oil and gas infrastructure development, including guaranteeing loans and bonds. Within the restrictions established in the bill, AIDEA would be able to make loans and provide loan guarantees for oil and gas developments. AIDEA would be given the authority to take a lien or security interest in real or personal property, with respect to an oil and gas infrastructure development, to protect repayment of the authority's financing. Also, the bill proposes to authorize AIDEA to finance an oil and gas infrastructure development that has already been explored and that has established proven reserves. AIDEA would establish processes for financing and confirmation of proven reserves. Speculative developments that are still in the exploration stage would not be eligible under the program.

The bill also would provide AIDEA greater flexibility to administer the sustainable energy transmission and supply and the Arctic infrastructure development programs by allowing the authority to, without legislative approval, make a loan for up to 50 percent of the capital cost of one of those developments or to guarantee a loan for up to \$25,000,000.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 247**

HOUSE BILL NO. 247 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to confidential information status and public record status of information in the possession of the Department of Revenue; relating to interest applicable to delinquent tax; relating to disclosure of oil and gas production tax credit information; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the minimum tax for certain oil and gas production; relating to the minimum tax calculation for monthly installment payments of estimated tax; relating to interest on monthly installment payments of estimated tax; relating to limitations for the application of tax credits; relating to oil and gas production tax credits for certain losses and expenditures; relating to limitations for nontransferable oil and gas production tax credits based on oil production and the alternative tax credit for oil and gas exploration; relating to purchase of tax credit certificates from the oil and gas tax credit fund; relating to a minimum for gross value at the point of production; relating to lease expenditures and tax credits for municipal entities; adding a definition for "qualified capital expenditure"; adding a definition for "outstanding liability to the state"; repealing oil and gas exploration incentive credits; repealing the limitation on the application of credits against tax liability for lease expenditures incurred before January 1, 2011; repealing provisions related to the monthly installment payments for estimated tax for oil and gas produced before January 1, 2014;



repealing the oil and gas production tax credit for qualified capital expenditures and certain well expenditures; repealing the calculation for certain lease expenditures applicable before January 1, 2011; making conforming amendments; and providing for an effective date."

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

The following fiscal note(s) apply:

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

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to oil and gas tax credits and the minimum tax amount for certain oil and gas production.

This bill proposes through four elements to protect the State's fiscal future while instituting cautious reforms to the oil and gas tax credit system. First, the bill would simplify the oil and gas tax credit system by repealing numerous narrowly targeted credits. The bill would repeal the 20 percent tax credit under AS 43.55.023(a) for qualified capital expenditures incurred for exploration, development, or production of oil and gas south of 68 degrees North latitude and the 40 percent well lease expenditure credit under AS 43.55.023(l) for well lease expenditures incurred south of 68 degrees North latitude. The oil and gas tax credit system with the changes in the bill would move towards a system based on nontransferable production-based credits and transferable credits based on carried-forward annual losses. The bill would repeal unused exploration incentive credits under AS 38.05.180(i) and AS 41.09. Also, the bill would limit the lease expenditures and tax credits available to municipal entities in proportion to the taxable production of the municipal entity.

Second, the bill would strengthen the minimum tax amount for certain oil and gas produced north of 68 degrees North latitude ("North Slope") to protect the State's tax revenue stream. The bill would require the minimum tax amount on certain oil and gas produced on the North Slope to equal at least five percent of the gross value at the point of production regardless of the price of the oil and gas. The oil and gas tax credits would no longer be able to reduce the tax levied in AS 43.55.011(e) below the minimum amount calculated in AS 43.55.011(f). This credit limitation would take effect on January 1, 2016.

Third, the bill would reinvigorate the State's investment strategy in purchases of oil and gas tax credit certificates under AS 43.55.028(e) to focus on small companies that hire state residents. The State would only purchase tax credit certificates from an applicant with revenues of less than \$10,000,000,000 from its oil and gas business during the previous calendar year. The State would not purchase a certificate from an applicant with an outstanding liability to the State. Outstanding liabilities to the State would include unpaid taxes, penalties, royalties, rental, interest, and fees. The State's purchases from each applicant would be limited to \$25,000,000 a year. The bill would limit the percentage of the State's purchase of a tax credit certificate to the percentage of the applicant's workforce in the state, in the previous calendar year, that were resident workers. This builds on my commitment to promote healthy and safe communities by encouraging employment of state residents in the state's vital natural resources industry.

Finally, the bill would institute a number of changes to promote good governance in tax administration. The bill would delete a number of inapplicable provisions from the tax statutes to provide greater clarity. The bill would increase the interest rate applicable to delinquent taxes. The bill would make public more information about taxpayers that claim oil and gas production tax credits. Most provisions of the bill would take effect on July 1, 2016.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,  
/s/  
Bill Walker  
Governor"

**HB 248**

HOUSE BILL NO. 248 by the House Rules Committee by request of the Governor, entitled:

"An Act requiring the electronic submission of a tax return or report with the Department of Revenue; relating to the excise tax on alcoholic beverages; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the excise tax on alcoholic beverages.

The bill would increase the tax rates on alcoholic beverages under AS 43.60 (excise tax on alcoholic beverages). Alcoholic beverage excise taxes are levied on malt beverages, cider with at least 0.5 percent alcohol, wine, and other beverages with a higher alcohol content. The bill would double the tax rates on a gallon or fraction of a gallon. As a result, the excise tax on malt beverages or cider would be \$2.14 a gallon or fraction of a gallon; the tax on wine or other beverages would be \$5.00 a gallon or fraction of a gallon; and the tax on beverages containing more than 21 percent alcohol by volume would be \$25.60 a gallon.

The bill also would amend AS 43.60.040(a) related to surety bonds. Current law requires a \$25,000 surety bond before a license is issued. This amount is out of date as many wholesalers require a surety bond much greater than that; at the same time very small brewers and distillers require a smaller surety bond. The bill proposes to amend AS 43.60.040(a) to delete the \$25,000 bond and instead add language that the surety bond amount would be determined by the department.

This legislation would generate approximately \$40,000,000 annually in increased revenue, with half of that unrestricted general funds. The alcoholic beverage tax rates have not been raised for many years. This proposed increase is reasonable, especially considering the high societal cost of alcoholic beverage consumption. The alcoholic beverage industry could continue to operate in this state but, under this bill, would bear a fairer share of industry costs to the state.

To increase administrative efficiency for the Department of Revenue and state taxpayers, the bill would require the electronic submission of tax returns with an exemption available upon request.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,  
/s/  
Bill Walker  
Governor"

**HB 249**

HOUSE BILL NO. 249 by the House Rules Committee by request of the Governor, entitled:

"An Act requiring the electronic submission of a tax return or report with the Department of Revenue; relating to the motor fuel tax; 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 January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the taxation of motor fuels.

The bill would raise the tax rates on the four categories of motor fuel currently taxed under AS 43.40.010 (motor fuel tax), but would not amend the refined fuel surcharge levied under AS 43.40.005 and passed last session. Instead, the bill would increase the currently outdated tax rates on all motor fuels including all motor fuel sold or transferred within the state, aviation gasoline, and motor fuel used on watercraft. The bill increases highway fuel from \$0.08 to \$0.16 per gallon; aviation fuel from \$0.047 to \$0.10 per gallon; marine fuel from \$0.05 to \$0.10 per gallon; jet fuel from \$0.032 to \$0.10 per gallon; gasohol from \$0.08 to \$0.16 per gallon; and also increases the credit for off road use from \$0.06 to \$0.12 per gallon. The bill would generate approximately \$49,000,000 annually in increased revenue.

While this may at first appear to represent a significant increase, the tax rates on motor fuel sold or transferred within the state have not been raised in many years; for example, the tax on highway fuel has remained at eight cents a gallon since 1970. This bill would bring Alaska's tax rate on highway fuel closer to the current national average of 25 cents a gallon.

To increase administrative efficiency for the Department of Revenue and state taxpayers, the bill would require the electronic submission of tax returns with an exemption available upon request.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 250**

HOUSE BILL NO. 250 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the taxation of income of individuals; repealing tax credits applied against the tax on individuals under the Alaska Net Income Tax Act; and providing for an effective date."

was read the first time and referred to the Finance Committee.

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to personal income taxation.

The bill would establish a personal income tax equal to six percent of a taxpayers total federal tax liability for Alaska residents and nonresidents with income from a source in the state. Because the tax that would be established by the bill is calculated based on federal tax liability and not on income, the bill effectively incorporates federal brackets and exemptions and so permits this bill, and the Alaska

personal income tax system it would create, to be as simple and transparent as possible and minimizes administrative burdens both for the state and for taxpayers. The bill would apply to income earned on or after January 1, 2017. In addition, the bill would repeal a set of orphaned individual tax credits from the former income tax.

The relatively modest tax is expected to raise approximately \$200,000,000 annually. For those who itemize federal tax deductions, the tax would be deductible from federal income tax. The deduction from federal taxes would offset the actual burden of this tax to Alaska taxpayers by 20 – 25 percent.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 251**

HOUSE BILL NO. 251 by the House Rules Committee by request of the Governor, entitled:

"An Act requiring the electronic submission of a tax return or report with the Department of Revenue; relating to fisheries business tax and fishery resource landing tax; relating to refunds to local governments; and providing for an effective date."

was read the first time and referred to the House Special Committee on Fisheries and the Finance Committee.

The following fiscal note(s) apply:

## 1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to a tax on fisheries business and fishery resource landing.

The bill would increase the tax rates of the fisheries business tax (AS 43.75.015) and the fishery resource landing tax (AS 43.77.010). The tax rates covered by these statutes vary from one percent to five percent, depending on the type of fishery. The bill would increase those tax rates by one percent across the board, with the exception of some developing fisheries that are exempt from the increase. Currently, the revenue generated by these taxes is split evenly between the state and the municipalities where the fisheries are located. The bill would exempt this one percent increase from the revenue sharing arrangement, thereby insuring that the entire increase is applied to the general fund.

This legislation is expected to generate additional revenue of approximately \$18,000,000 annually. Currently the costs to the state to regulate commercial fisheries are greater than the amount of general fund revenue generated by these taxes. Therefore, this proposed increase is reasonable. The fishing industry could continue to operate in this state, but, under this bill, would bear a fairer share of industry costs to the state.

To increase administrative efficiency for the Department of Revenue and state taxpayers, the bill would require the electronic submission of tax returns with an exemption available upon request.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.



I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 252**

HOUSE BILL NO. 252 by the House Rules Committee by request of the Governor, entitled:

"An Act requiring electronic submission of a tax return or report with the Department of Revenue; repealing the tax reduction for local levies for the commercial vessel passenger excise tax; amending the definition of 'voyage'; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated January 15, 2016 follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the commercial vessel passenger excise tax.

Under the commercial vessel passenger excise tax, all commercial passengers pay \$34.50, irrespective of what ports they visit in Alaska, because AS 43.52.255 provides an offset to the state passenger tax to passengers whose voyages include one or more stops in a municipality that collects its own local passenger tax. The offset is limited to local passenger taxes that were in effect on December 17, 2007. In essence, the result is that passengers who stop at Juneau or Ketchikan pay a lower statewide passenger tax because they are paying one or more

qualified passenger levies. My bill proposes to repeal AS 43.52.255, which reduces the state tax on cruise ship passengers by the amount the passenger pays in local borough taxes. This change would result in additional revenue of approximately \$15,000,000 annually.

In addition, the bill would amend the definition of "voyage" to remove language requiring that a vessel be in the state for 72 hours to be liable for the tax. The language, added in 2010, has generated some unintended consequences of companies attempting to avoid paying the commercial excise passenger vessel tax through route adjustments.

To increase administrative efficiency for the Department of Revenue and state taxpayers, the bill would require the electronic submission of tax returns with an exemption available upon request.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker

Governor"

**HB 253**

HOUSE BILL NO. 253 by the House Rules Committee by request of the Governor, entitled:

"An Act requiring the electronic filing of a tax return or report with the Department of Revenue; establishing a civil penalty for failure to electronically file a return or report; relating to exemptions from the mining license tax; relating to the mining license tax rate; relating to mining license application, renewal, and fees; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to exemptions from the mining license tax; relating to the mining license tax rate; and relating to mining license application, renewal, and fees.

The bill would increase the mining license tax rate from seven percent to nine percent for a portion of net income in excess of \$100,000. The new tax rate would apply the first taxable year (which may be a fiscal year or a calendar year) beginning after the effective date of the bill. This legislation is expected to generate additional revenue of approximately \$6,000,000 annually.

The bill would also repeal the exemption from paying the mining license tax that currently applies to operations for three and one-half years after production begins. References to the exemption in related statutes also would be repealed. The bill would provide for the exemption to continue to apply to mining operations if production begins before July 1, 2016.

To increase administrative efficiency for the Department of Revenue and state taxpayers, the bill would require the electronic submission of tax returns with an exemption available upon request. The bill would also establish an application fee of \$50 for a mining license application and for each annual renewal.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 254**

HOUSE BILL NO. 254 by Representative Stutes, entitled:

"An Act extending the termination date of the Big Game Commercial Services Board; and providing for an effective date."

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

**HB 255**

HOUSE BILL NO. 255 by the House Rules Committee by request of the Governor, entitled:

"An Act making appropriations, including capital appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

was read the first time and referred to the Finance Committee.

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the State's capital budget for Fiscal Year 2017 (FY 2017).

The proposed capital budget totals \$1.3 billion, of which \$957 million is federal funds, \$195 million is unrestricted general funds, and \$111 million is other funds. The budget provides minimum capital funding for housing programs, limited energy and school maintenance and construction projects, and matching funds for transportation, water, and sewer.

The largest component of the capital budget is the State's transportation program, totaling \$68.9 million in State funds and \$860 million in matching federal funds. The second largest is minimum maintenance projects to address the life, health, and safety needs of State agencies and school districts, and the required maintenance for annual certification for the Alaska Marine Highway System vessels. Three priority school construction projects are included: the highest priority school (Kachemak Selo), remaining funding required for the Kivalina school, and a school kitchen facility for the Bethel school damaged in a recent fire. The capital budget also proposes \$5 million for criminal justice reform initiatives, which will strengthen public safety protections and reduce corrections spending, and \$1 million for the Bethel Scout Battalion, which will provide support to local communities facing natural and manmade disasters.

My Administration looks forward to working with the Legislature to finalize a capital budget at a sustainable level and is interested in collectively looking at a disciplined approach to using General Obligation Bonds for existing capital requirements.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 256**

HOUSE BILL NO. 256 by the House Rules Committee by request of the Governor, entitled:

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, making reappropriations, making supplemental appropriations, and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

was read the first time and referred to the Finance Committee.

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the State's operating budget for Fiscal Year 2017 (FY 2017).

The FY 2017 operating budget contains major components of the New Sustainable Alaska Plan. The multi-year plan provides for a balanced and long-term sustainable State budget by FY 2019. The FY 2017 budget includes reductions in State spending for operating agencies, appropriation language for implementing the Alaska Permanent Fund Protection Act (APFPA), and debt financing for current and future required pension payments.

This year's State operating budget is \$4,559.9 billion in unrestricted general funds. Of that total, \$3,997.9 billion is for agency operating budgets, while the remaining is for debt, retirement, and oil and gas tax credits. The proposed FY 2017 State funding for agencies has a net reduction of \$114 million from FY 2016 and over \$500 million from FY 2015 after key investments of \$38.3 million for continued progress on the gasline project and \$1.3 million for the Department of Military and Veterans Affairs' Rural Initiative.

My administration looks forward to working with the Legislature on a FY 2017 budget and the New Sustainable Alaska Plan. The plan includes the FY 2017 operating and capital budgets, an oil and gas tax credit reform bill, and several revenue bills. It is a comprehensive package to reach a long-term sustainable budget. I respectfully request full legislative deliberation on all provisions of the plan, and in turn, I will fully consider alternatives to improve the plan and ensure a long-term sustainable budget for Alaska.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 257**

HOUSE BILL NO. 257 by the House Rules Committee by request of the Governor, entitled:

"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."

was read the first time and referred to the Finance Committee.

A letter dated January 14, 2016, with accompanying spreadsheets, to the Alaska Mental Health Trust Authority from Pat Pitney, Director, Office of Management and Budget, was attached (as required by AS 37.14.003) and is on file in the Chief Clerk's office.

The Governor's transmittal letter dated January 15, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the State's comprehensive mental health program for Fiscal Year 2017 (FY 2017). As required by statute, it includes both operating and capital appropriations. Also as required, the enclosed report outlines the differences between the recommendations of the Alaska Mental Health Trust Authority and my proposed budget.

The FY 2017 mental health budget includes \$26.8 million of the \$29.9 million operating and capital Trust recommendations. Due to fiscal constraints, increases to the mental health budget were not included. Included in the operating budget are reductions of \$10.2 million for one-time salary adjustments and Medicaid cost savings for a total proposed FY 2017 mental health budget of \$232.0 million.

The proposed mental health budget represents a cooperative effort between State agencies and the Alaska Mental Health Trust Authority. These productive working relationships make a positive difference for Alaska's mental health beneficiaries. We look forward to working with the Legislature on securing passage of the FY 2017 mental health budget bill.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 258**

HOUSE BILL NO. 258 by Representatives Tarr and Kreiss-Tomkins, entitled:

"An Act prohibiting the sale of a genetically modified fish or fish product."

was read the first time and referred to the House Special Committee on Fisheries and the Labor & Commerce Committee.

**HB 259**

HOUSE BILL NO. 259 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to relocation assistance for federally assisted projects and programs; and providing for an effective date."

was read the first time and referred to the State Affairs and Finance Committees.

The following fiscal note(s) apply:

1. Zero, Dept. of Transportation & Public Facilities

The Governor's transmittal letter dated January 18, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to relocation assistance for federally assisted projects and programs.



The bill would allow an increase of the maximum relocation benefits available to a person or a business displaced by federally assisted projects and programs. Congress increased the maximum relocation benefits available under 42 U.S.C. 4601 - 4655 (Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970), which are payable to a person or business displaced by a federally assisted project or program. The bill proposes to provide these increased federal benefits to Alaskans and Alaska businesses.

Further, the bill would provide that a displaced person or business in the state would be retroactively eligible for an increased federal maximum benefit for relocation expenses incurred after October 1, 2014, which is when the increased maximum federal benefit became available.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 260**

HOUSE BILL NO. 260 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the recovery of overpayments of day care assistance and child care grants; and providing for an effective date."

was read the first time and referred to the Health & Social Services and Finance Committees.

The following fiscal note(s) apply:

1. Zero, Dept. of Revenue
2. Fiscal, Dept. of Health & Social Services

The Governor's transmittal letter dated January 18, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the recovery of overpayments of day care assistance and child care grants. The bill would add day care assistance and child care grants to the list of public assistance programs whose established overpayments can be recovered by garnishing an individual's permanent fund dividend.

Under existing AS 47.05.080, many of the programs that provide assistance benefits to individuals are provided with the ability to recover benefit overpayments by garnishing the benefit recipient's permanent fund dividend. That section allows established overpayment claims to be filed directly with the Department of Revenue and does not make them subject to the exemptions under AS 43.23.065(a) (permanent fund dividends) or AS 09.38 (Alaska Exemptions Act). Before the Department of Health and Social Services seeks to garnish the permanent fund dividend of a benefit recipient, the overpayment claim must be established either through a hearing or after an individual has had a chance for a hearing, but did not contest the overpayment claim. A separate provision in AS 43.23.068 establishes a procedure for garnishing a permanent fund dividend to recover a benefit overpayment that includes notice to the benefit recipient and an opportunity to request a hearing on whether a mistake was made.

The ability to garnish a benefit recipient's permanent fund dividend to recover overpayments under AS 47.05.080 exists for most public assistance programs including medical assistance, general relief, adult public assistance, food stamps, and Alaska temporary assistance. The bill would add the day care assistance and child care grants programs to the other public assistance programs that already have the ability to use the direct garnishment of a permanent fund dividend to recover benefit overpayments. This would make recovery of these already-established liabilities to the State much easier to recover from recipients who do not enter into voluntary repayment plans. This change also would align the day care assistance and child care grant programs with other public assistance programs.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 261**

HOUSE BILL NO. 261 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the investment, appropriation, and administration of the public school trust fund; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Revenue

The Governor's transmittal letter dated January 18, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the investment, appropriation, and administration of the public school trust fund (AS 37.14.110).

The bill proposes to modify how the public school trust fund under AS 37.14.110 is administered to generate monies that support the State's public school program. Under current law, the net income from the fund is made available for appropriation to support public schools. To facilitate appropriations of income, the public school trust fund is invested and administered in a manner that distinguishes between principal and income. As treasurer of the fund, the Commissioner of Revenue has responsibilities related to administration and reporting of the fund.

Under the proposed bill, a percent of market value (POMV) approach will be established. First, on July 1 of each year, the Commissioner of Revenue will determine the monthly average market value of the fund for the previous three years. Under the POMV approach, five percent of the rolling three-year average of monthly market values will be available for appropriation to support public schools. The modified investment standard in the proposed bill maximizes the total return on investments derived from both capital appreciation and income. Furthermore, this POMV approach will provide a more stable and predictable revenue source for the State to support public schools. The investment standard also should encourage maximum total return on investments, and yet provide a conservative and stable return for the future.

The substantive provisions in the proposed bill will not take effect until after a court provides instructions that the proposed modifications to the public school trust statutes do not violate the State's trust duties. This provision recognizes the need to wait for resolution of pending litigation respecting the public school trust fund.

The current approach to administering the trust fund arises from a 1915 Act of Congress (48 U.S.C. § 353 (repealed 1959)) from which the public school trust fund originates. The 1915 Act required the Territory of Alaska to retain principal as a permanent fund. Only income generated by the fund was available to support public schools. These trust management provisions should not generally apply because the 1915 Act was repealed in the Alaska Statehood Act, excepting as applied to one section of land (48 U.S.C. prec. §21). The contingent effective date will resolve any questions about the modified approach to administering the public school trust fund and protect the State from additional breach of trust claims.

I urge your prompt and favorable action on this measure.

Sincerely,  
/s/  
Bill Walker  
Governor"

**HB 262**

HOUSE BILL NO. 262 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to eligibility requirements of the Alaska senior benefits payment program; and providing for an effective date."

was read the first time and referred to the Health & Social Services and Finance Committees.

The following fiscal note(s) apply:

1. Fiscal, Dept. of Health & Social Services

The Governor's transmittal letter dated January 18, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill amending eligibility requirements for the Alaska senior benefits payment program.

The bill proposes to add an additional qualifying criterion to the eligibility requirements for the senior benefits payment program. An individual must be either a citizen of the United States or a qualified alien under 8 United States Code 1641, in addition to meeting existing age, state residency, financial and program application criteria. This change would align the eligibility requirements of the Alaska senior benefits payment program with other public assistance programs and allow continued assistance to eligible seniors in a fiscally responsible manner.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**HB 263**

HOUSE BILL NO. 263 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to reporting of workplace injuries to the division of labor standards and safety."

was read the first time and referred to the Labor & Commerce Committee.

The following fiscal note(s) apply:

1. Zero, Dept. of Labor & Workforce Development

The Governor's transmittal letter dated January 18, 2016, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to reporting of workplace injuries to the Division of Labor Standards and Safety (Division).

The bill would require an employer to promptly report to the Division accidents that result in an employee losing an eye or suffering an amputation. Employers are already required to report workplace accidents that result in fatalities and in-patient hospitalizations.

The bill is necessary to ensure that the State's occupational safety and health standards are in compliance with federal law. Additionally, the bill will help ensure that the Division is promptly notified of serious workplace accidents so that it may conduct investigations and prevent similar accidents.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor"

**UNFINISHED BUSINESS**

Representative Millett 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 Hawker – from 11:30 a.m., January 22 to 10:00 a.m., January 26

Representative Kito – from 6:30 a.m., January 22 to 2:00 p.m., January 24

**HB 66**

Representatives Kreiss-Tomkins and Kawasaki added as cosponsors to:

## HOUSE BILL NO. 66

"An Act relating to providing medical insurance coverage under the Teachers' Retirement System of Alaska and the Public Employees' Retirement System of Alaska; and providing for an effective date."

**ANNOUNCEMENTS**

House committee schedules are published under separate cover.

**ADJOURNMENT**

Representative Millett moved and asked unanimous consent that the House adjourn until 10:30 a.m., January 20, 2016. There being no objection, the House adjourned at 2:31 p.m.

Crystaline Jones  
Chief Clerk