

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
TWENTY-NINTH LEGISLATURE
SECOND SESSION

Juneau, Alaska

Wednesday

January 20, 2016

Second Day

Pursuant to adjournment the House was called to order by Speaker Chenault at 10:32 a.m.

Roll call showed 39 members present. Representative Gruenberg was absent.

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.

Creator God, when you speak there is light and life, when you act there is justice and love; give your blessing to the House of Representatives of Alaska. Grant these women and men, our representatives, vision and grace in the exercise of their duties that this may bring light and life to the communities and people whom they serve. Give them courage, wisdom, and foresight to fulfill our obligations in the world and for the days to come.

"How priceless is your love, O God! your people take refuge under the shadow of your wings. They feast upon the abundance of your house . . . For with you is the well of life, and in your light we see light." [Psalm 90:5, 7-9]

Guide and bless this house that they may bring forward decisions that shall provide for the welfare of our people, increase the common good, and promote lasting health and security for the residents of Alaska.

O Lord of hosts: bless our representatives and grant that your love may be present in this session, so that what is said and what is done may encourage the people to honor one another. Let them lead us, so we may be a people at peace among ourselves and bless Alaska that all may give thanks for the work that is done here. Amen.

The Pledge of Allegiance was led by Representative Claman.

CERTIFICATION OF THE JOURNAL

Representative Millett moved and asked unanimous consent that the journal for the first legislative day be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

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Representative Olson introduced Ragga Nilsen, Guest Page, from Smola, Norway.

MESSAGES FROM THE SENATE

A message dated January 19, 2016, was read stating the Senate accepted the invitation to meet in joint session in the House Chamber at 7:00 p.m., January 21 to hear the Governor's State of the State Address.

COMMUNICATIONS

The following were received:

Alaska Energy Authority
Susitna-Watana Hydroelectric Project
2015 Report
Available at: www.susitna-watanahydro.org
(as required by AS 44.83.085)

Dept. of Natural Resources
Division of Parks and Outdoor Recreation
Incompatible Use in a Park, Area, or Preserve
January 15, 2016
(as required by AS 41.21.020)

Dept. of Transportation & Public Facilities
Alaska Marine Highway System 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:

2015 Annual Report, Unabridged
2015 Annual Report, Condensed

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

HJR 27

SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 27 by Representatives Claman, Ortiz, Wool, and Wilson:

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.

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

HB 242

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 242 by Representative Kawasaki, entitled:

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

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

HB 264

HOUSE BILL NO. 264 by Representative Wilson, entitled:

"An Act relating to repayment of Alaska performance scholarships and Alaska education grants."

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

HB 265

HOUSE BILL NO. 265 by Representative Wilson, entitled:

"An Act relating to terminating the Alaska technical and vocational education program; increasing contributions to the Department of Labor and Workforce Development for the State Training and Employment Program; and providing for an effective date."

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

HB 266

HOUSE BILL NO. 266 by Representative Wilson, entitled:

"An Act relating to the authority of the Board of Game to adopt, amend, or repeal certain regulations."

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

HB 267

HOUSE BILL NO. 267 by Representative Wilson, entitled:

"An Act exempting certain mining activities and processes from certain state water regulations."

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

HB 268

HOUSE BILL NO. 268 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the dividends from the Alaska Industrial Development and Export Authority; relating to the meaning of 'mark-to-market fair value,' 'net income,' 'project or development,' and 'unrestricted net income' for purposes of the Alaska Industrial Development and Export Authority; 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. Indeterminate, Dept. of Commerce, Community, & Economic 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 the dividends the Alaska Industrial Development and Export Authority (AIDEA) pays to the State each year. The bill is intended to clarify or modify accounting matters that affect the calculation of AIDEA's dividends. The overall intent of the bill is to have AIDEA's dividends better reflect the cash-based realized net income of the funds from which AIDEA's dividends are paid.

Under AS 44.88.088, AIDEA is required to pay a dividend each year of between 25 and 50 percent of the "net income" of each of its statutorily created funds, but not more than the total "unrestricted net income" of each fund. The terms "net income" and "unrestricted net income" are defined in AS 44.88.088 as meaning the change in net

position of each fund as reported in AIDEA's audited financial statements each year, excluding consideration of certain designated items. The bill would modify the excluded items that are not to be considered in determining the change in the net position of each of AIDEA's funds.

Specifically, the bill proposes to eliminate from consideration in calculating AIDEA's dividends (1) impairment losses on a project or development to the extent financed with state or federal grants or appropriations; (2) any current or future mark-to-market fair value based accounting requirements imposed by the Government Accounting Standards Board (GASB) such as those in Statements No. 31 and No. 72; and (3) non-cash accounting entries related to retirement obligations such as those required under GASB Statement No. 68.

The proposed change in language on losses is meant to remove the restriction that the loss must occur with respect to a development project under AS 44.88.172. Under current law, AIDEA may finance different types of projects and developments, not just development projects under AS 44.88.172. It is not logical to restrict the exclusion to just development projects under AS 44.88.172. Instead, the bill's amended language on excluding consideration of losses proposes to tie the losses to the use of State or federal grants or appropriations to finance a project or development. The amended language in the bill means that, when an investment in a project or development is made with State or federal grants or appropriations, a loss as to that investment will not be compounded by having AIDEA's dividend to the State reduced because of it. At the same time, however, a loss on a project or development funded by AIDEA's own cash will be reflected in the calculation of the dividend.

The bill's amendments directed at GASB Statements No. 31, No. 72, and No. 68 are meant to exclude unrealized "paper" gains or losses AIDEA must record in its financial statements from impacting AIDEA's dividends. Under GASB Statements No. 31 and No. 72, AIDEA must make accounting entries based on the mark-to-market values of its investments at the close of its fiscal year each year. Given the vagaries of the market, these values can and likely will fluctuate significantly from year to year. Under GASB Statement No. 68,

AIDEA must make accounting entries for fluctuating actuarial computations on pension obligations. The accounting entries AIDEA must make to comply with these GASB statements do not reflect the actual results of AIDEA's operations, which should be the basis for its dividend to the State. The accounting required by these GASB statements may cause great fluctuations from year to year in the net income of AIDEA's funds. Removing these accounting adjustments from the dividend calculation would stabilize AIDEA's dividend payment to the state and improve predictability as to the amount of the annual dividends.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/

Bill Walker
Governor"

HB 269

HOUSE BILL NO. 269 by the House Rules Committee by request of the Governor, entitled:

"An Act adding the commissioner of military and veterans' affairs to the membership of the Council on Domestic Violence and Sexual Assault."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Military & Veterans' Affairs
2. Zero, Dept. of Public Safety

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 adding the Commissioner of the

Department of Military and Veterans Affairs to the membership of the Council on Domestic Violence and Sexual Assault.

The purpose of the council is to provide for planning and coordination of services to victims of domestic violence or sexual assault or to their families and to perpetrators of domestic violence and sexual assault and to provide for crisis intervention and prevention programs. Since domestic violence pervades all sectors of our society, including our military forces, the input of a person with an understanding of the challenges those in the military face would assist the council's work. With this change, we will continue to work together to eliminate domestic violence and sexual assault in this state.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker
Governor"

HB 270

HOUSE BILL NO. 270 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to criminal and civil history requirements for individuals and entities licensed or certified by the Department of Health and Social Services; relating to the centralized registry for certain individuals or entities that are licensed or certified by the Department of Health and Social Services or are eligible to receive payment from certain programs of the department; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, 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 criminal history, civil history, and the centralized registry for certain individuals or entities that are licensed or certified by the Department of Health and Social Services or are eligible to receive payment from certain programs of the Department of Health and Social Services.

In 2005, AS 47.05.310 - AS 47.05.390 were enacted. The purpose of these statutes was to centralize and formalize the process by which the Department of Health and Social Services conducted criminal background checks for entities and individuals who sought to be licensed providers or who are paid, in whole or in part, by the Department of Health and Social Services to provide services to individuals in the care and custody of the Department of Health and Social Services. Additionally, the Department of Health and Social Services was authorized to create a centralized registry so the State could rely on certain civil findings to bar persons from owning, operating, and being an administrator of certain licensed facilities. Over the ensuing years, certain gaps in the statutes were identified, and this legislation is designed to clarify and amend current statutes to fix those gaps. The changes proposed by the bill are simple amendments to ensure proper application and fairness under the system.

In order to protect our vulnerable citizens yet offer appropriate due process and confidentiality protections to individuals, I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Bill Walker
Governor"

HB 271

HOUSE BILL NO. 271 by the House Rules Committee by request of the Governor, entitled:

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"An Act relating to a money services business; relating to transmitting value that substitutes for money; relating to licensing requirements and registration through the Nationwide Multistate Licensing System and Registry; relating to surety bonding requirements; authorizing certain licensees to contract to use subdelegates for reloading funds onto stored-value cards; relating to record retention, reporting requirements, and enforcement provisions; relating to exemptions; relating to money services Internet activities; relating to definitions regarding the transmitting value, currency, and money transmission business activities; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Commerce, Community, & Economic 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 money services businesses and modernizing the statutes to reflect new forms of money, payment systems, and technology.

The bill would modify AS 06.55 related to money services businesses in order to update the aged money services businesses laws to recognize and support new means of money transmission, including the use of other values that substitute for money. Moreover, the proposed revisions would eliminate redundant or outdated references and practices. Due to the number of changes, the Alaska Uniform Money Services Act would become the Alaska Money Services Act.

Currently, AS 06.55 regulates money services businesses, which include money transmitters, issuers of traveler's checks, money orders, or stored value (prepaid cards), sellers or redeemers of traveler's checks, money orders or stored value, and currency exchangers.

A modernization of the existing AS 06.55 would ease access to reloading of prepaid cards to persons in rural Alaska that use these services and provide for the use of the Nationwide Multistate Licensing System and Registry (NMLS). The NMLS allows states to share important information about licensed money services businesses and their activity, and its use eases the application process for a money services business, both for licensing and subsequent filings, which allows the Department of Commerce, Community, and Economic Development (department) to more easily regulate licensees located within and outside of the state.

Additionally, the proposed revisions would allow for more effective examinations of money services businesses doing business in the state. The department would be able to respond quicker to complaints filed by the Alaska public against money services businesses by eliminating a lengthy pre-exam notification. The bill would establish higher bonding limits for licensees. Additionally, the language would clarify that all persons, licensed or not, that engage in money services are subject to daily penalties for violations of the Alaska Money Services Act. This would ensure that the State holds violators accountable and increases protection for consumers.

Since its adoption in 2007, the money services business world has changed dramatically to include new technology and advanced means of transmitting funds between parties, including virtual currencies such as bitcoin. The proposed revisions would provide a new definition for "money transmission" that includes the transmission of other values that substitute for money. This broad definition would allow the department to continue its regulation of emerging payment systems and respond to potential violations of AS 06.55 quickly.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Bill Walker
Governor"

LEGISLATIVE CITATIONS

Representative Millett moved and asked unanimous consent that the House approve the citations on the calendar. There being no objection, the following citations were approved and sent to enrolling:

Honoring - Jason Metrokin

By Senator Meyer; Representatives Lynn, Chenault, Claman, Colver, Drummond, Edgmon, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Herron, Hughes, Johnson, Josephson, Kawasaki, Keller, Kito, Kreiss-Tomkins, LeDoux, Millett, Munoz, Nageak, Neuman, Olson, Ortiz, Pruitt, Reinbold, Saddler, Seaton, Stutes, Talerico, Tarr, Thompson, Tilton, Tuck, Vazquez, Wilson, Wool

In Memoriam - Mildred Post Boesser

By Representatives Kito, Munoz, Chenault, Claman, Colver, Drummond, Edgmon, Foster, Gara, Gruenberg, Guttenberg, Hawker, Herron, Hughes, Johnson, Josephson, Kawasaki, Kreiss-Tomkins, LeDoux, Lynn, Millett, Nageak, Neuman, Olson, Ortiz, Reinbold, Saddler, Seaton, Stutes, Tarr, Thompson, Tuck, Vazquez, Wilson, Wool; Senator Egan

In Memoriam - Michael J. Burns

By Representatives Kito, Munoz, Chenault, Claman, Colver, Drummond, Edgmon, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Herron, Hughes, Johnson, Josephson, Kawasaki, Keller, Kreiss-Tomkins, LeDoux, Lynn, Millett, Nageak, Neuman, Olson, Ortiz, Pruitt, Reinbold, Saddler, Seaton, Stutes, Talerico, Tarr, Thompson, Tilton, Tuck, Vazquez, Wilson, Wool; Senator Egan

In Memoriam - Ann Dooley-Krogseng

By Representatives Chenault, Claman, Colver, Drummond, Edgmon, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Herron, Hughes, Johnson, Josephson, Kawasaki, Keller, Kito, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Ortiz, Pruitt, Reinbold, Saddler, Seaton, Stutes, Talerico, Tarr, Thompson, Tilton, Tuck, Vazquez, Wilson, Wool; Senator Micciche

UNFINISHED BUSINESS

Representative Millett moved and asked unanimous consent that the following member be excused from a call of the House. There being no objection, the member was excused as noted:

Representative Colver – from 7:30 a.m., January 22 to 2:00 p.m.,
January 24

ANNOUNCEMENTS

House committee schedules are published under separate cover.

ADJOURNMENT

Representative Millett moved and asked unanimous consent that the House adjourn until 6:45 p.m., January 21, 2016, for a joint session. There being no objection, the House adjourned at 10:47 a.m.

Crystaline Jones
Chief Clerk