

**SENATE JOURNAL**  
**ALASKA STATE LEGISLATURE**  
**TWENTY-NINTH LEGISLATURE**  
**FIFTH SPECIAL SESSION**

**Juneau, Alaska**

**Monday**

**July 11, 2016**

**First Day**

Pursuant to the June 19 Proclamation of the Governor calling for the convening of the Fifth Special Session of the Twenty-Ninth Alaska Legislature, the Senate was called to order by President pro tempore Coghill at 11:14 a.m. in the Terry Miller Legislative Office Building gymnasium.

The roll showed seventeen members present. Senator Meyer was excused from a call of the Senate. Senators Ellis, Kelly were absent.

The prayer was offered by the Chaplain, Senator Huggins. Senator Hoffman moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

Our Most Precious Heavenly Father,

I ask, number one, for thy forgiveness and blessings as we go forward.

As we look around our nation, and look around the world, and the globe, there is a lot of turmoil. What happened in Dallas is tragic; what happened to a couple or more young men prior to that is tragic. We potentially have a divided nation. Father, you are a uniter. We ask for your blessing to help unite this nation.

In that respect, we ask you to give guidance to this body that we can do what appears to be the best course of action to support Alaskans and support Alaska going forward.

Most appropriately Father, we recognize and we say  
thank you for giving your only begotten son that we  
may be forgiven. Amen.

Senator Gardner led the Senate in the Pledge of Allegiance.

### **Certification**

Senator MacKinnon, Acting Majority Leader, moved and asked unanimous consent that the journal for the twenty-eighth legislative day of the fourth special session be approved as certified by the Secretary. Without objection, it was so ordered.

Senator MacKinnon, Acting Majority Leader, moved and asked unanimous consent Senators Ellis, Kelly be excused from a call of the Senate today. Without objection, Senators Ellis, Kelly were excused.

### **Messages from the Governor**

#### **Executive Proclamation**

Under the authority of Article II, Section 9, and Article III, Section 17, Constitution of the State of Alaska, and in the public interest, I call the Twenty-Ninth Legislature of the State of Alaska into its fifth special session at Juneau, Alaska, on July 11, 2016, at 11:00 a.m. to consider the following subjects:

1. An act relating to the Alaska Permanent Fund and the earnings reserve account for purposes of a sustainable draw; relating to the Alaska Permanent Fund Dividend, and to the Alaska Permanent Fund Corporation;
2. An act relating to a personal income tax, a sales and use tax, the motor fuel tax, the excise tax on alcoholic beverages, the mining license tax and fees, the mining exploration incentive tax credit, the fisheries business tax, the fishery resource landing tax, the annual base fee for entry or interim-use permits, and relating to refunds to local governments and to taxes on tobacco products;

3. An act relating to the oil and gas production tax, tax payments, and credits; relating to oil and gas lease expenditures, and production tax credits for municipal entities, and relating to the interest applicable to delinquent taxes.

Dated June 19, 2016 at 12:26 p.m.

/s/

Bill Walker  
Governor

#### First Supplemental Proclamation

Under the authority of Article II, Section 9, and Article III, Section 17, of the Alaska Constitution, and in the public interest, I am amending my June 19, 2016 proclamation calling the Twenty-Ninth Legislature of the State of Alaska into its fifth special session at Juneau, Alaska, on July 11, 2016, by supplementing the call with the addition of the following subject:

4. An act relating to AS 11.66.130(c), sec. 39, ch. 36, SLA 2016, on sex trafficking in the third degree, and to AS 11.66.135(c), sec. 40, ch. 36, SLA 2016, on sex trafficking in the fourth degree.

This proclamation supplements my proclamation of June 19, 2016.

Dated July 11, 2016 at 7:55 a.m.

/s/

Bill Walker  
Governor

#### **SB 121**

Message was read stating the Governor signed the following bill on June 19 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CS FOR SENATE BILL NO. 121(JUD) am H "An Act relating to a security freeze on the consumer credit report of a minor, incapacitated person, or protected person."

Chapter 22, SLA 2016  
Effective Date: 9/17/16

**SB 123**

Message was read stating the Governor signed the following bill on June 19 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CS FOR SENATE BILL NO. 123(JUD) "An Act relating to the bail forfeiture schedule and the penalty for the use of electronic devices while driving; and providing for an effective date."

Chapter 23, SLA 2016  
Effective Date: 7/1/16

**HB 290**

Message was read stating the Governor signed the following bill on June 20 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HOUSE BILL NO. 290 "An Act extending the termination date of the Real Estate Commission; and providing for an effective date."

Chapter 24, SLA 2016  
Effective Date: 6/21/16

**SB 74**

Message was read stating the Governor signed the following bill on June 21 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL NO. 74(FIN) am H "An Act relating to diagnosis, treatment, and prescription of drugs without a physical examination by a physician; relating to the delivery of services by a licensed audiologist, speech-language pathologist, professional counselor, marriage and family therapist, psychologist, psychological associate, social worker, physical therapist, occupational therapist, and registered speech-language pathologist assistant by audio, video, or data communications; relating to the duties of the State Medical Board; relating to limitations of actions; establishing the Alaska Medical Assistance False Claim and Reporting Act; relating to medical assistance programs administered by the Department of Health and Social Services; relating to the controlled substance prescription database; relating to the duties of the Board of Pharmacy; relating to the duties of the Board of Dental Examiners; relating to the duties of the Board of Nursing; relating to the duties of the Board of Examiners in Optometry; relating to the duties of the Department of Commerce, Community, and Economic Development; relating to the duties of the Department of Corrections; relating to accounting for program receipts; relating to public record status of records related to the Alaska Medical Assistance False Claim and Reporting Act; establishing a telemedicine business registry; relating to verification of eligibility for public assistance programs administered by the Department of Health and Social Services; relating to annual audits of state medical assistance providers; relating to reporting overpayments of medical assistance payments; establishing authority to assess civil penalties for violations of medical assistance program requirements; relating to the duties of the Department of Health and Social Services; establishing medical assistance demonstration projects; relating to Alaska Pioneers' Homes and Alaska Veterans' Homes;

relating to the duties of the Department of Administration; relating to the Alaska Mental Health Trust Authority; relating to feasibility studies for the provision of specified state services; relating to a report by the Board of Pharmacy, Board of Examiners in Optometry, Board of Dental Examiners, Board of Nursing, and State Medical Board; amending Rules 4, 5, 7, 12, 24, 26, 27, 41, 77, 79, and 82, Alaska Rules of Civil Procedure; and providing for an effective date."

Chapter 25, SLA 2016  
Effective Date: See Chapter

**SB 101**

Message was read stating the Governor signed the following bill on June 22 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CS FOR SENATE BILL NO. 101(FIN) "An Act relating to merchandise sold and certain fees charged or collected by the Department of Natural Resources."

Chapter 26, SLA 2016  
Effective Date: 9/20/16

**SB 170**

Message was read stating the Governor signed the following bill on June 22 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CS FOR SENATE BILL NO. 170(RES) "An Act authorizing the Department of Natural Resources, division of geological and geophysical surveys, to collect fees for facilities, equipment, products, and services; relating to accounting for certain program receipts; and providing for an effective date."

Chapter 27, SLA 2016  
Effective Date: See Chapter

**SB 180**

Message was read stating the Governor signed the following bill on June 22 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CS FOR SENATE BILL NO. 180(JUD) "An Act relating to the temporary delegation by a parent or guardian of powers related to a child; relating to adoption; relating to nonprofit organizations that provide certain assistance to parents; relating to the distribution to a parent or guardian in a child protection situation of information on family support services; and providing for an effective date."

Chapter 28, SLA 2016  
Effective Date: See Chapter

**SB 24**

Message was read stating the Governor signed the following bill on June 22 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CS FOR SENATE BILL NO. 24(JUD) am H "An Act relating to the applicability of the Legislative Ethics Act to legislative interns, legislative volunteers, legislative consultants, legislative independent contractors, sole proprietorships, and other legal entities; and excluding contractors and persons who work for contractors from participating in certain benefit plans provided by the state, certain political subdivisions, or certain public organizations based on performing fee-based or contract services."

Chapter 29, SLA 2016  
Effective Date: 9/20/16

**HB 41**

Message was read stating the Governor signed the following bill on June 22 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE CS FOR CS FOR HOUSE BILL  
NO. 41(FIN) "An Act relating to sport fishing  
services, salt water sport fishing operators, and salt  
water sport fishing guides; and providing for an  
effective date."

Chapter 30, SLA 2016  
Effective Date: See Chapter

**HB 308**

Message was read stating the Governor signed the following bill on  
July 1 and transmitted the engrossed and enrolled copies to the  
Lieutenant Governor's Office for permanent filing:

HOUSE BILL NO. 308 am "An Act relating to the  
limitation of liability for the inspection, installation,  
or adjustment of a child safety seat or in providing  
education regarding the installation or adjustment of  
a child safety seat; and relating to child safety devices  
in motor vehicles.

Chapter 31, SLA 2016  
Effective Date: 9/29/16

**SB 165**

Message was read stating the Governor signed the following bill on  
July 6 and transmitted the engrossed and enrolled copies to the  
Lieutenant Governor's Office for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL  
NO. 165(L&C) am H "An Act relating to the  
presence of minors in the licensed premises of  
manufacturers, wholesalers, and retailers of alcoholic  
beverages; relating to the Alcoholic Beverage  
Control Board; relating to background checks for  
persons applying to operate marijuana  
establishments; relating to the offense of minor  
consuming; relating to revocation of a driver's license  
for a minor consuming offense; relating to the effect  
of the revocation of a driver's license for a minor



consuming offense on a motor vehicle liability insurance policy; relating to the membership of the Board of Barbers and Hairdressers; and amending Rule 17, Alaska Rules of Minor Offense Procedure."

Chapter 32, SLA 2016

Effective Date: 10/4/16

**SB 53**

Message was read stating the Governor signed the following bill on July 6 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HOUSE CS FOR SENATE BILL NO. 53(L&C) "An Act relating to advanced practice registered nursing; relating to certified direct-entry midwifery; and providing for an effective date."

Chapter 33, SLA 2016

Effective Date: 7/7/16

**SB 142**

Message was read stating the Governor signed the following bill on July 6 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL NO. 142(L&C) "An Act relating to insurance coverage for anti-cancer medications; and providing for an effective date."

Chapter 34, SLA 2016

Effective Date: 1/1/17

**SB 204**

Message was read stating the Governor signed the following bill on July 6 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE BILL NO. 204 "An Act naming a shooting range in the Knik River Public Use Area the Kenny and Patti Barber Shooting Range."

Chapter 35, SLA 2016  
Effective Date: 10/4/16

**HB 257**

Message dated June 28 was read stating:

Dear President Meyer:

On this date, I have signed, with line item vetoes, the following bill passed by the Fourth Special Session of the Twenty-Ninth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Office of the Lieutenant Governor for permanent filing:

CONFERENCE CS FOR HOUSE BILL NO. 257  
"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date."

Chapter 1, 4SSLA 2016  
Effective Date: See Chapter

As passed by the Legislature, the bill contains operating, capital, and supplemental appropriations for fiscal years 2016 and 2017, totaling \$249.1 million, including \$202.4 million in unrestricted general funds and \$27.6 million in designated general funds. Given our current fiscal restraints, I have made the following change to the bill through line item veto:

Section 9, page 19, lines 3 – 7, is an \$11,000,000 supplemental multi-year appropriation to the Department of Health and Social Services for a pilot program to develop additional substance use disorder services. This appropriation has been reduced by \$5,000,000 and leaves sufficient start-up funding for the pilot program.

While these vetoes do not come close to solving our deficit, they are a necessary step in the process of preserving savings until appropriate revenue measures are available to provide a sustainable balanced budget.

Sincerely,

/s/

Bill Walker  
Governor

**SB 138**

Message dated June 28 was read stating:

Dear President Meyer:

On this date, I have signed, with line item vetoes, the following bill passed by the Fourth Special Session of the Twenty-Ninth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Office of the Lieutenant Governor for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL  
NO. 138(FIN) am H(brf sup maj fld H) "An Act  
making and amending appropriations, including  
capital appropriations, supplemental appropriations,  
reappropriations, and other appropriations; making  
appropriations to capitalize funds; and providing for  
an effective date."

Chapter 2, 4SSLA 2016  
Effective Date: See Chapter

As passed by the Legislature, the bill contains capital appropriations, supplemental appropriations, reappropriations, and other appropriations for fiscal years 2016 and 2017, totaling \$1.67 billion, including \$171.6 million in unrestricted general funds and \$59 million in designated general funds. The bill prioritizes funding for projects that leverage federal and local dollars, energy and housing, maintenance, legal obligations, and critical school replacement. In this difficult fiscal time, any spending must be taken in the context of the fiscal deficit and remaining savings. I commend the Legislature for

limiting capital appropriations; however, given our significant fiscal restraints, I have made the following changes to the bill through line item veto:

Section 1, page 5, line 33, is an appropriation to the Department of Natural Resources for a Snowmobile Trail Development Program of \$250,000. These funds are collected by the Alaska Division of Motor Vehicles through snowmobile registration fees and should stay in the general fund to preserve state savings.

Section 1, page 6, line 33, is an appropriation to the Department of Revenue, Alaska Housing Finance Corporation (AHFC) for Supplemental Housing Development of \$3,000,000. This project has been reduced by \$750,000 to preserve state savings.

Section 26(b), page 42, line 31, is a reappropriation of the unexpended and unobligated balances, not to exceed \$6,600,000 from the AHFC Home Energy Rebate Program to the AHFC Weatherization Program. This reappropriation has been reduced by \$1,650,000 to preserve state savings. Further, the AHFC is in the process of discontinuing the Home Energy Rebate Program and these funds will be returned to the state's savings account.

Section 31, page 48, lines 25 – 29, proposes to reappropriate the unexpended and unobligated balance, estimated to be \$18,852,256, of the appropriation made in Sec. 1, Ch. 16, SLA 2013, page 12, lines 20 – 25 (Anchorage, U-Med district northern access – \$20,000,000) to the University of Alaska for the design and construction of the U-Med district northern access project. This transportation project falls outside of the Department of Transportation and Public Facilities' federal Surface Transportation Program which receives 91 percent federal match for state projects. This project will be suspended to preserve the estimated general fund balance.

In regard to the appropriation to purchase the Wells Fargo building for the Anchorage Legislative Information Office, I will respect the Legislature's appropriation authority and space needs. Although I did not veto the funding, I challenge the Legislature to consider the state's fiscal situation before buying a new building.

While these vetoes do not come close to solving our deficit, they are a necessary step in the process of preserving savings until appropriate revenue measures are available to provide a sustainable balanced budget.

Sincerely,

/s/

Bill Walker  
Governor

**HB 256**

Message dated June 28 was read stating:

Dear President Meyer:

On this date, I have signed, with line item vetoes, the following bill passed during the Fourth Special Session of the Twenty-Ninth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CONFERENCE CS FOR HOUSE BILL NO. 256  
"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations and reappropriations; 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."

Chapter 3, 4SSLA 2016  
Effective Date: See Chapter

As passed by the Legislature, CCS HB 256 contains a total of \$8.41 billion, including \$4.67 billion in unrestricted general funds. CCS HB 256 included unrestricted general fund appropriations for FY 2016 and FY 2017.

Alaska is in a period of fiscal crisis unrivaled in state history. Unrestricted general fund revenue has fallen dramatically in the last two years; FY 2017's projected unrestricted general fund revenue will cover less than 30 percent of the legislatively approved appropriations. The gap between spending and revenue will draw the state's primary savings account below \$3 billion, not leaving enough to cover an additional year's deficit. This significant savings draw is still needed even after substantial reductions to the budget.

Even under optimistic assumptions, neither oil prices nor production are expected to increase sufficiently to make up for these large revenue shortfalls over the next several years. Given this reality, the state must preserve its remaining savings. To that end, I have used my authority to line item veto \$1.29 billion from the three appropriation bills passed (HB 256, HB 257, SB 138) during the Fourth Special Session of the Twenty-Ninth Alaska State Legislature. The majority of the vetoes affect CCS HB 256, \$1.28 billion of the \$1.29 billion total.

In January, at the beginning of the Second Session of the Twenty-Ninth Alaska State Legislature, my administration proposed a long-term, sustainable fiscal plan that was balanced and fair. Because no revenue elements of that plan have been enacted the state now has less than one year of available savings remaining. In order to protect Alaska's future I am compelled to make these difficult veto decisions.

Every decision was weighed in light of the long-term fiscal plan and focused on preserving savings while maintaining balance and fairness. Unfortunately, because the Legislature did not act on new revenue measures, every function, including those that were previously prioritized and protected in the New Sustainable Alaska Plan are being impacted to preserve savings.

I am continuing to reduce the size of government. As part of my deliberations, I asked all executive branch departments except the Department of Public Safety to identify additional reductions. Over the last two years, inclusive of these vetoes (\$19.6 million unrestricted general fund and \$38.6 million total funds), executive branch agencies have reduced their unrestricted state general fund budgets by \$525 million. Eleven of 16 executive branch departments have unrestricted general fund budget reductions of 20 percent or greater. Last January,

I imposed hiring and travel restrictions and those will remain in place. The legislative and judicial branches have seen reductions of 17 percent and five percent respectively. I have not made any vetoes to either branch, but challenge both branches to seek additional reductions.

The New Sustainable Alaska Plan proposed increases to existing taxes, reinstatement of an income tax, changes to the permanent fund dividend calculation, and drawing a sustainable amount of permanent fund earnings as a stable revenue source to address the deficit. To assure the permanent fund earnings reserve balance remains solvent enough to enact this plan, \$666.4 million of the \$1.36 billion permanent fund dividend appropriation was vetoed. The amount remaining after the veto allows for a dividend of \$1,000 per person and is sufficient to meet the draw contained in Permanent Fund Protection Act (SB 128) recently passed by the Senate.

Also in the fiscal plan, I proposed legislation to reduce annual oil and gas tax credits to \$100 million and capitalize a fund to cover all earned credits to date. Although legislation was passed, the reductions are slight and without revenue measures, funding above the minimum is not possible at this time. The line item veto of \$430 million to these credits preserves state savings and covers the FY 2017 statutory minimum level of \$30 million.

I have consistently prioritized K-12 education funding. Unfortunately, I cannot fully insulate education from the state's fiscal challenge. The line item vetoes affecting education have attempted to minimize direct impacts on the classroom. To this end, there are five vetoes that total \$58.3 million, of which only \$6.4 million is vetoed from the \$1.21 billion K-12 foundation formula funding. The other four include: \$6.4 million in pupil transportation; \$4.7 million in funding to schools outside the formula; and a 25 percent reduction in both school debt service reimbursement, \$30.5 million, and the rural schools construction fund, \$10.4 million.

University of Alaska funding has also been vetoed. The \$10 million veto brings the SLA 2016 University of Alaska reduction to \$25.9 million which will be challenging to manage. I commend the Board of Regents' attention to consolidating academic programs and

administrative functions by focusing on the strengths of the three primary university campuses. Given the reality of the state's fiscal situation, the number of community campuses (especially those within driving distance of main campuses) should be reviewed. At a minimum, community campuses should receive local support at a level common in other states. I trust the Board of Regents to determine how best to allocate this reduction to preserve priority university programs important to Alaska's future.

Related to the state's higher education investment, the legislative transfer of \$80 million into the Higher Education Fund is vetoed strictly to preserve savings. The remaining balance after the veto is sufficient to continue the Alaska Performance Scholarship if future appropriations are limited to the scholarship program.

The \$1.28 billion vetoed from this appropriation bill preserves nearly \$600 million of Alaska's Constitutional Budget Reserve and maintains an adequate permanent fund earnings reserve balance to implement the Permanent Fund Protection Act should it pass.

I urge you to pass appropriate revenue measures including the Permanent Fund Protection Act to give Alaskans and investors greater certainty and confidence in Alaska's future. Attached is a comprehensive list of my line-item vetoes.

Sincerely,  
/s/  
Bill Walker  
Governor

**HB 247**

Message was read stating the Governor signed the following bill on June 28 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CONFERENCE CS FOR HOUSE BILL NO. 247  
"An Act relating to the exploration incentive credits; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to interest applicable to delinquent tax; relating to the



oil and gas production tax, tax payments, and credits; relating to tax credit certificates; 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 oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; and providing for an effective date."

Chapter 4, 4SSLA 2016  
Effective Date: See Chapter

**SCR 22**

Message dated June 30 was read stating the Governor read the following resolution and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 22  
Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 137, raising certain fees related to sport fishing, hunting, and trapping; relating to the fish and game fund; providing for the repeal of the sport fishing surcharge and sport fishing facility revenue bonds; replacing the permanent sport fishing, hunting, or trapping identification card for certain residents with an identification card valid for three years; relating to hunting and fishing by proxy; relating to fish and game conservation decals; raising the age of eligibility for a sport fishing, hunting, or trapping license exemption for state residents; and raising the age at which a state resident is required to obtain a license for sport fishing, hunting, or trapping.

Legislative Resolve No. 35

**SCR 26**

Message dated June 30 was read stating the Governor read the following resolution and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 26  
Suspending Rules 24(c), 35, 41(b), and 42(e),  
Uniform Rules of the Alaska State Legislature,  
concerning House Bill No. 234, relating to insurance  
coverage for mental health benefits provided through  
telemedicine.

Legislative Resolve No. 36

**SCR 30**

Message dated June 30 was read stating the Governor read the following resolution and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 30  
Suspending Rules 24(c), 35, 41(b), and 42(e),  
Uniform Rules of the Alaska State Legislature,  
concerning House Bill No. 41, relating to sport  
fishing services, sport fishing operators, and sport  
fishing guides.

Legislative Resolve No. 38

**HCR 19**

Message dated June 30 was read stating the Governor read the following resolution and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HOUSE CONCURRENT RESOLUTION NO. 19  
Suspending Rules 24(c), 35, 41(b), and 42(e),  
Uniform Rules of the Alaska State Legislature,  
concerning Senate Bill No. 9, repealing the authority  
to include certain material from a political party in  
the election pamphlet.

Legislative Resolve No. 39

**Communications**

Disclosure letters received from the Select Committee on Legislative Ethics, in accordance with AS 24.60, will be published in Senate Journal Supplement No. 6 and House and Senate Joint Journal Supplement No. 17.

The following reports are on file in the Office of the Secretary of the Senate:

Department of Health and Social Services  
Division of Public Health  
Alaska Vaccine Assessment Program  
2015 - 2016 Annual Financial Report  
in accordance with AS 18.09.210

Alaska Labor Relations Agency  
2015 Annual Report  
in accordance with AS 23.05.370

**HB 256**

The following was received and is on file in the Office of the Secretary of the Senate:

Updated letter dated June 28 from the Division of Legislative Finance identifying the fiscal notes included in the packet (page 2949) that accompanied CONFERENCE CS FOR HOUSE BILL NO. 256 "An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations and reappropriations; 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" which was adopted by the House and Senate on May 31.

The itemized fiscal notes are as follows:

**HB 137-HUNT/FISH/TRAP: FEES;LICENSES;EXEMPTIONS**  
Fiscal Note No. 5, Department of Fish and Game

HB 247-TAX;CREDITS;INTEREST;REFUNDS;O & G  
Fiscal Note No. 9, HB 256/Fund Capitalization  
[by Conference Committee]

HB 374-REINSURANCE PROGRAM; HEALTH INS. WAIVERS  
Fiscal Note No. 3, Department of Commerce, Community and  
Economic Development

HB 4002-INS. FOR DEPENDS. OF DECEASED FIRE/POLICE  
Fiscal Note No. 2, Department of Administration

SB 53-ADVANCED PRACTICE REGISTERED NURSES  
Fiscal Note No. 4, Department of Commerce, Community and  
Economic Development

SB 69-BD OF CHIROPRACTIC EXAMINERS; PRACTICE  
Fiscal Note No. 2, Department of Commerce, Community and  
Economic Development

SB 74-MEDICAID REFORM;TELEMEDICINE;DRUG DATABAS  
Fiscal Note No. 29, Department of Administration  
Fiscal Note No. 45, Department of Health and Social Services  
Fiscal Note No. 47, Department of Health and Social Services  
Fiscal Note No. 48, Department of Health and Social Services  
Fiscal Note No. 50, Department of Health and Social Services  
Fiscal Note No. 55, Department of Health and Social Services  
Fiscal Note No. 58, Department of Commerce, Community and  
Economic Development  
Fiscal Note No. 59, Department of Law  
Fiscal Note No. 61, Department of Health and Social Services  
[by Conference Committee]  
Fiscal Note No. 62, Department of Health and Social Services  
[by Conference Committee]  
Fiscal Note No. 63, Department of Health and Social Services  
[by Conference Committee]

**SB 91-OMNIBUS CRIM LAW & PROCEDURE; CORRECTIONS**

Fiscal Note No. 26, Department of Health and Social Services  
Fiscal Note No. 33, Alaska Judiciary System  
Fiscal Note No. 36, Department of Corrections  
Fiscal Note No. 38, Department of Corrections  
Fiscal Note No. 39, Department of Corrections

**SB 124-EXTEND SUNSET ON AK COMMISSION ON AGING**

Fiscal Note No. 3, Department of Health and Social Services  
[by Senate Finance Committee]

**SB 145-RECOVERY OF PUB. ASSIST. OVERPAYMENTS**

Fiscal Note No. 3, Department of Health and Social Services

**SB 210-COMMUNITY REVENUE SHARING/ASSISTANCE**

Fiscal Note No. 2, Fund Capitalization  
[by House Finance Committee]

**HB 257**

The following was received and is on file in the Office of the Secretary of the Senate:

Updated letter dated June 28 from the Division of Legislative Finance identifying the fiscal notes included in the packet (page 2943) that accompanied CONFERENCE CS FOR HOUSE BILL NO. 257 "An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date" which was adopted by the House and Senate on May 31.

The itemized fiscal notes are as follows:

**HB 188-PERSON W/DISABILITY SAVINGS ACCOUNTS**

Fiscal Note No. 3, Department of Revenue

**SB 74-MEDICAID REFORM;TELEMEDICINE;DRUG DATABAS**

Fiscal Note No. 47, Department of Health and Social Services  
Fiscal Note No. 50, Department of Health and Social Services  
Fiscal Note No. 55, Department of Health and Social Services  
Fiscal Note No. 63, Department of Health and Social Services  
[by Conference Committee]

**SB 91-OMNIBUS CRIM LAW & PROCEDURE; CORRECTIONS**

Fiscal Note No. 21, Department of Corrections

Fiscal Note No. 24, Department of Corrections

Fiscal Note No. 25, Department of Health and Social Services

Fiscal Note No. 31, Department of Public Safety

**Introduction and Reference of  
Senate Resolutions****SCR 501**SENATE CONCURRENT RESOLUTION NO. 501 BY THE  
SENATE RULES COMMITTEE,

Suspending Rules 47 and 55, Uniform Rules of the  
Alaska State Legislature, relating to the carry-over of  
bills to a special session.

was read the first time.

Senator MacKinnon, Acting Majority Leader, moved and asked  
unanimous consent to take up SENATE CONCURRENT  
RESOLUTION NO. 501. Without objection, the resolution was before  
the Senate on final passage.

The question being: "Shall SENATE CONCURRENT RESOLUTION  
NO. 501 Suspending Rules 47 and 55, Uniform Rules of the Alaska  
State Legislature, relating to the carry-over of bills to a special session,  
pass the Senate?" The roll was taken with the following result:

SCR 501

Final Passage

**YEAS: 17 NAYS: 0 EXCUSED: 3 ABSENT: 0**

Yeas: MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens,  
Stoltze, Wielechowski, Bishop, Costello, Dunleavy, Egan, Gardner,  
Giessel, Hoffman, Huggins, Coghill

Excused: Ellis, Kelly, Meyer

and so, SENATE CONCURRENT RESOLUTION NO. 501 passed  
the Senate and was referred to the Secretary for engrossment.

**Introduction and Reference of Senate Bills****SB 5001**

SENATE BILL NO. 5001 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the Alaska Permanent Fund Corporation, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to management of the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) by the Alaska Permanent Fund Corporation; relating to procurement by the Alaska Permanent Fund Corporation; relating to the mental health trust fund; relating to deposits into the dividend fund; relating to the calculation of permanent fund dividends; relating to unrestricted state revenue available for appropriation; and providing for an effective date."

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

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Administration  
Fiscal Note No. 2, Department of Corrections  
Fiscal Note No. 3, Department of Revenue  
Fiscal Note No. 4, zero, Department of Revenue  
Fiscal Note No. 5, Department of Revenue  
Fiscal Note No. 6, Department of Revenue

Governor's transmittal letter dated July 8:

Dear President Meyer:

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 funding of State services and the protection of the Permanent Fund. The bill would provide for an annual sustainable draw from the Permanent Fund earnings reserve account to the general fund to support State government services. Additionally, the bill would change the manner in which Permanent Fund Dividends are calculated – basing the calculation on the value of the entire Permanent Fund and the value of mineral royalties. Further, the bill includes measures to ensure the value of the Permanent Fund is maintained by saving money into the earnings reserve and the corpus in high revenue years. As a result of the changes in this bill, the Permanent Fund earnings reserve account would generate a predictable and solid return of revenues for State government, and the dividend would continue, but on a more sustainable and predictable basis.

In detail, the bill would make the following changes to allow for sustainable withdrawals from the Permanent Fund to the general fund:

- Amend AS 37.13.145 to provide for an annual appropriation from the earnings reserve account to the general fund to pay for State government services, calculated based on five and one-quarter percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years (hereafter, “POMV draw”).
- Add a new section, AS 37.13.146, to provide for the payment of dividends from the general fund based on an amount equal to 20 percent of the POMV draw and 20 percent of the mineral royalties received by the State. For the next three years, the dividend would be set at \$1,000. Thereafter, the new formula would go into effect, resulting in a dividend of approximately \$1,000 into the future.
- Repeal the annual inflation-proofing transfer from the Permanent Fund earnings reserve account to the principal in AS 37.13.145.
- Add a new section requiring a transfer from the earnings reserve account to the Permanent Fund principal if the balance of the earnings reserve account exceeds the annual draw amount multiplied by four.



- Add a new section reducing the annual draw from the earnings reserve account to the general fund if the State receives more than \$1.2 billion in mineral royalties and oil and gas production taxes in a fiscal year.

The bill also proposes to amend AS 36.30 to exempt the Alaska Permanent Fund Corporation from the State procurement code. The corporation still would be required to adopt regulations to govern procurement and comply with the five percent preference under the code. Additionally, contracts for legal services would continue to require the approval of the Attorney General. The bill also would amend AS 37.10.430 to transfer the management and investment of assets of the constitutional budget reserve fund from the Department of Revenue to the Alaska Permanent Fund Corporation and to modify the investment directives for the budget reserve fund.

Finally, the bill seeks to amend the uncodified law to express the intent of the Legislature that the Legislature reevaluate the use of Permanent Fund earnings as provided for in this bill in three years.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker

Governor

**SB 5002**

SENATE BILL NO. 5002 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the exploration incentive credit; increasing the motor fuel tax; increasing the taxes on cigarettes and tobacco products; taxing electronic smoking products; adding a definition of 'electronic smoking product' and requiring labeling of an electronic smoking product; increasing the excise tax on alcoholic beverages; relating to exemptions from the mining license tax; removing the minimum and maximum restrictions on the annual base fee for the

reissuance or renewal of an entry permit or an interim-use permit; increasing the mining license tax rate; relating to mining license application, renewal, and fees; increasing the 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 Labor and Commerce and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Fish and Game

Fiscal Note No. 2, Department of Revenue

Governor's transmittal letter dated July 8:

Dear President Meyer:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to taxation, including the tax on motor fuel, the tax on tobacco products and taxing electronic smoking products, the excise tax on alcoholic beverages, the mining license tax, the fisheries business tax and fisheries landing tax, and fees for commercial fisheries entry or interim use permits.

This is a necessary measure to address our fiscal situation. My approach is a broad based tax bill to address Alaska's current and projected budget deficits. Our current revenue decrease has made it necessary to update our tax laws because for too long many industries have been under-taxed. My proposed measures, while modest, will make a significant difference to the State's budget shortfall.

The bill would increase outdated tax rates on motor fuels with increases on all types of motor fuel including aviation gasoline, motor fuel used in and on watercraft, and aviation fuel other than gasoline. The tax on a gallon of motor fuel used or transferred within the state would be raised from eight cents a gallon to 16 cents a gallon. Likewise, the tax on aviation gasoline would be raised to seven cents a gallon (the current rate is four and seven-tenths), the tax on marine

fuel would be raised to ten cents a gallon (the current rate is five cents), and the tax on aviation fuel other than gasoline (including jet fuel) would be six and one-half cents a gallon (the current rate is three and two-tenths). The bill would also double the credit for highway fuel used to operate an internal combustion engine off-road, from six cents a gallon to 12 cents a gallon.

The bill would update our cigarette taxes and would allow us for the first time to collect a tax on electronic smoking products. Smoking technology has advanced beyond single use paper-rolled cigarettes to include multiple use electronic smoking products. Therefore, our tobacco tax statutes (AS 43.50 Cigarette Tax Act) should be revised to include this new product. To further update our outdated tobacco tax structure, I propose to amend the additional tax levy on cigarettes – which has not been raised since 2007 – from 62 mills to 112 mills. This equals an increase of five cents per cigarette, or one dollar per standard pack. I also propose increasing the tax rate on tobacco products (other than cigarettes) from 75 percent of the wholesale price to 100 percent of the wholesale price. These reasonable adjustments will bring our tax structure up to date.

The alcoholic beverage tax rates have not been raised for many years. Therefore, 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 each 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 tax on the first 60,000 barrels of beer from small craft breweries, as defined by the federal government, would be increased to 70 cents a gallon. I believe these proposed increases are reasonable, especially considering the high societal cost of alcoholic beverage consumption. Under this bill, the alcoholic beverage industry would bear a fairer share of industry costs to the state, yet still continue as an economically healthy industry.

The bill also would amend AS 43.60.040(a) related to surety bonds for alcoholic beverage taxpayers. Current law requires a \$25,000 surety bond before a license is issued. This amount is out of date as many wholesalers would require a surety bond much greater than that to protect the State's interests. At the same time very small brewers and distillers may 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 of Revenue.

The mining industry is important to the State, but the current Mining License Tax rates are too low to maintain. My proposal makes necessary adjustments to the tax imposed on mining operations, including changing the exemption from paying the mining license tax for new operations from three and one-half years after production begins to a more reasonable two years. This provides a sustainable balance between assisting new mining operations and taxing revenues from those operations. Additionally, the bill would change the way the mineral and coal deposit exploration incentive credits are used by removing the ability to apply the credit against mineral royalty production payments. The bill also would increase the mining license tax rate from seven percent to nine percent for that portion of net income in excess of \$100,000.

Further, 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 three percent to five percent of value, depending on the type of fishery. The bill would increase those tax rates by one percentage point across the board. 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. Some developing fisheries are exempted from the increase.

Finally, the bill eliminates the cap on the annual fees charged by the Commercial Fisheries Entry Commission. This fee, which is tied to a percentage of the value of a fishery, is currently capped at \$3,000 per year, providing a substantial advantage to the largest and most profitable fisheries.

The citizens of our state are ready to pitch in to solve our fiscal crisis. My measures, by involving a broad base of industries, would result in each industry bearing a small share of needed tax changes. Together we can continue to assure Alaska's strong and stable financial future.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor

**SB 5003**

SENATE BILL NO. 5003 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act establishing an individual income tax; and  
providing for an effective date."

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

The following fiscal information was published today:

Fiscal Note No. 1, Department of Revenue

Governor's transmittal letter dated July 8:

Dear President Meyer:

Under the authority of Article III, Section 18, of the Alaska  
Constitution, I am transmitting a bill to establish an individual income  
tax.

This is a necessary measure to address our fiscal situation. The bill  
would establish a personal income tax of six percent of total federal  
tax liability. I have chosen a structure similar to our State's prior  
income tax, which was repealed in 1980. The bill would tax income  
earned by residents and nonresident individuals with income from a  
source in this 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, 2018. In addition, the bill would repeal a set of orphaned individual tax credits from the former income tax.

The citizens of our state are ready to pitch in to solve our fiscal crisis. My measure is part of that solution. Together we can continue to assure Alaska's strong and stable financial future.

I appreciate your consideration of this issue, and urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor

**SB 5004**

SENATE BILL NO. 5004 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act establishing a state sales and use tax; relating to taxes levied by cities and boroughs; providing authority to the Department of Revenue to enter into the Streamlined Sales and Use Tax Agreement; and providing for an effective date."

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

The following fiscal information was published today:  
Fiscal Note No. 1, Department of Revenue

Governor's transmittal letter dated July 8:

Dear President Meyer:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the establishment of a statewide sales and use tax.

This bill would levy a statewide tax of three percent on sales and rents of tangible personal property and on sales of services beginning January 1, 2018. It is critical that a sales tax include a use tax in order to avoid purchases made out of state from being used in this state without paying the tax. Therefore this bill also would levy a tax on the privilege of using tangible personal property acquired on or after January 1, 2018, and either manufactured by the person using the property in this state, or acquired outside this state as the result of a transaction that would have been subject to sales tax in this state.

This bill addresses important components of a workable, fair, and revenue-generating sales tax. First, the bill addresses the needs of municipalities, some of which also impose sales or sales and use taxes by continuing to allow municipalities to collect and enforce their current sales and use taxes through December 31, 2021. After that, the State will assume responsibility for administering a municipal general sales and use tax. Municipalities will receive their share of the tax levied by the municipality. Administration of the statewide sales tax by the Department of Revenue will result in a more efficient and less costly system to administer for both the State and municipalities. Municipalities would continue to be able to levy and collect specific sales or excise taxes on single items of tangible or intangible personal property or services such as bed taxes, car rental taxes, liquor, cigarette, motor fuel, and fish taxes. Further, in order to allow for efficient administration, the tax base, including exemptions, definitions, and sourcing rules shall be identical between the statewide sales and use tax and a general sales and use tax administered by a municipality.

Additionally, my proposal would exempt certain transactions from the statewide tax, including government sales (including sales or use by the federal, state, or municipal body), union dues, intangibles (such as wages, salaries, tips, or commissions), financial services, groceries, isolated or occasional sales, sales for resale, and real property. My proposed exemptions are reasonable and target particular activities or sales for exemption, based on fundamental policy concerns of reducing the tax burden on those least able to pay.

Further, the bill allows for a number of technical provisions needed for a sales and use tax, such as exemption certificates, direct pay permits, sellers' permits and remedies for improper use of a purchase obtained with an exemption certificate.

Last, the bill would be effective January 1, 2018, to allow adequate time for preparation and education about the sales and use tax.

The bill also would provide the Department of Revenue with authority to enter the Streamlined Sales and Use Tax Agreement, an agreement approved by the Streamlined Sales and Use Tax Governing Board, Inc., with the goal of simplifying and modernizing sales and use tax administration in order to reduce the burden of tax compliance for sellers. By considering the Streamlined Sales and Use Tax Agreement, and its usefulness to our state, the Department of Revenue may consider a regulatory action best designed to meet our state's needs.

We must take meaningful and responsible action to close our fiscal gap and put in place revenue measures not tied to volatile natural resource commodity prices. Restructuring the Permanent Fund alone will not close the deficit. A broad-based tax is essential to a comprehensive fiscal plan, and this bill is a step in that direction. It is also an alternative option for the Legislature to consider in lieu of the proposed income tax. I am confident this legislature will see the benefits of comprehensive, broad-based, low-rate statewide sales and use tax and look forward to your prompt and favorable action on this measure. Further, this comprehensive broad-based tax is not targeted at only one group or industry. Instead, we will all contribute together to keep our state on a solid financial footing.

Sincerely,

/s/

Bill Walker  
Governor

**SB 5005**

SENATE BILL NO. 5005 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:



"An Act relating to the oil and gas production tax, tax payments, and credits; relating to oil and gas lease expenditures and production tax credits for municipal entities; relating to the interest applicable to delinquent tax; and providing for an effective date."

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

The following fiscal information was published today:

Fiscal Note No. 1, Department of Revenue

Governor's transmittal letter dated July 8:

Dear President Meyer:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to oil and gas production taxes and tax credit reform.

This bill would build off the substantial work by this Legislature in both regular and special session to put the State on a path for a sustainable fiscal future. While I recognize that Chapter 4, 4SSLA 2016, represents hard won compromises, difficult choices, and significant steps towards a sustainable fiscal future, it is simply not enough. More work must be done to correct the State's unsustainable system of oil and gas production tax credits.

First, in the recent and potentially future oil price climate, oil and gas producers and explorers are incurring losses. This has resulted in large tax credits for use against oil and gas production tax liability and hefty requests for purchase from the oil and gas tax credit fund. This bill would reduce, in 2017, the amount of tax credits available for a company incurring a net operating loss for expenditures incurred north of 68 degrees North latitude ("North Slope"). In 2018, the tax credit would be eliminated for North Slope expenditures.

Second, the bill would increase the minimum tax amount for certain oil and gas produced on the North Slope beginning in 2017. When the price for North Slope oil is above \$55, the bill would provide that the minimum tax amount may not be less than five percent of the gross value at the point of production.

Third, the bill includes provisions designed to promote good governance practices. The bill would also enable the Department of Natural Resources to release seismic data, obtained through oil and gas tax credits, if a lease is terminated or relinquished. Finally, the bill would institute reasonable and time sensitive changes to the interest rate applicable to delinquent taxes.

This bill builds on the Legislature's commendable work on Chapter 4, 4SSLA 2016. I do not lightly suggest these changes. But, the changes in this bill, along with critical changes to the administration of the Permanent Fund, would help protect the State's fiscal future from the volatility of oil prices. I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor

**SB 5006**

SENATE BILL NO. 5006 BY THE SENATE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR, entitled:

"An Act repealing certain elements of the crime of sex trafficking in the third degree; repealing certain elements of the crime of sex trafficking in the fourth degree; and providing for an effective date."

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

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Law

Governor's transmittal letter dated July 11:

Dear President Meyer:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill to address recently enacted provisions related to the crime of sex trafficking.

This year, the Legislature passed, and I signed into law, an important bill to reform our criminal justice system. This bill is now law as chapter 36, SLA 2016. Overall, the new law is a much-needed improvement to our criminal justice system. Among other measures, the bill limits prosecution of prostitution and redefines certain elements of sex trafficking in the third degree and the fourth degree. Two of the changes made by the bill may have the unintended consequence of allowing a person to operate a place of prostitution if the person claims that they themselves also practiced prostitution in the same location. Accordingly, I propose the repeal of those two provisions (sections 39 and 40, chapter 36, SLA 2016) in order to eliminate possible confusion over the effect of the provisions and to allow time for the administration and the Legislature to work together to propose alternate language for consideration in the next regular legislative session to better address the intent behind redefining sex trafficking in the third and fourth degree.

Without this repeal, there would be confusion over what constitutes sex trafficking in the third degree and in the fourth degree. In order to provide protections for persons subject to trafficking, yet not allow a loophole for persons engaged in sex trafficking, sections 39 and 40, chapter 36, SLA 2016 should be repealed. My bill does that, but leaves the other provisions of chapter 36, SLA 2016 in place.

I appreciate your consideration of this issue, and urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker  
Governor

### **Unfinished Business**

Senator Wielechowski moved and asked unanimous consent the Senate request the House to meet in a Joint Session at 5:00 p.m., July 13 for the purpose of considering veto overrides.

President pro tempore Coghill ruled the motion out of order. Citing Uniform Rule 51, Senator Wielechowski appealed the ruling of the Chair.

The question being: "Shall the Senate Uphold the Ruling of the Chair?" The roll was taken with the following result:

Uphold Ruling of the Chair?

**YEAS: 14 NAYS: 3 EXCUSED: 3 ABSENT: 0**

Yeas: MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Costello, Dunleavy, Giessel, Hoffman, Huggins, Coghill

Nays: Wielechowski, Egan, Gardner

Excused: Ellis, Kelly, Meyer

and so, the ruling of the chair was upheld.

**SCR 1**

Memo dated June 8 was received stating President Meyer and Speaker Chenault made the following appointments:

**Task Force on Civics Education**

Senator Stevens, Chair	Representative Keller, Vice Chair
Senator Costello	Representative Pruitt
Senator Gardner	Representative Spohnholz

Public Members:

Dr. Keith Hamilton

Pamela Orme

Norm Wooten

Emma Potter

Dana Fabe

Dr. Forrest Nabors

**Announcements**

Rule 23(d) of the Alaska State Legislature Uniform Rules is currently in effect.

Announcements are at the end of the journal.

**Engrossment****SCR 501**

SENATE CONCURRENT RESOLUTION NO. 501 Suspending Rules 47 and 55, Uniform Rules of the Alaska State Legislature, relating to the carry-over of bills to a special session, was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

**Enrollment****SB 18**

SENATE BILL NO. 18 "An Act exempting a health care sharing ministry from regulation as an insurer" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

**SB 32**

HOUSE CS FOR CS FOR SENATE BILL NO. 32(RES) "An Act relating to the sale of timber on state land; and providing for an effective date" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

**SB 53**

HOUSE CS FOR SENATE BILL NO. 53(L&C) "An Act relating to advanced practice registered nursing; relating to certified direct-entry midwifery; and providing for an effective date" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 2:13 p.m., June 20, 2016.

**SB 72**

CS FOR SENATE BILL NO. 72(L&C) "An Act relating to the discharge of patients from hospitals and to caregivers of patients after discharge from a hospital; and providing for an effective date" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

**SB 91**

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 91(FIN) am H "An Act relating to civil in rem forfeiture actions; relating to criminal law and procedure; relating to controlled substances; relating to victims of criminal offenses; relating to probation; relating to sentencing; relating to treatment program credit for time spent toward service of a sentence of imprisonment; relating to the Violent Crimes Compensation Board; establishing a pretrial services program with pretrial services officers in the Department of Corrections; relating to permanent fund dividends; relating to electronic monitoring; relating to penalties for violations of municipal ordinances; relating to parole; relating to correctional restitution centers; relating to community work service; relating to revocation, termination, suspension, cancellation, or restoration of a driver's license; relating to identification cards and driver's licenses for parolees; relating to the disqualification of persons convicted of certain felony drug offenses from participation in the food stamp and temporary assistance programs; relating to the duties of the commissioner of corrections; amending Rules 32, 32.1, 38, and 43, Alaska Rules of Criminal Procedure; and providing for an effective date" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 2:13 p.m., June 20, 2016.

Memorandum from the Division of Legal and Research Services, Legislative Affairs Agency, reporting the following manifest errors in HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 91(FIN) am H, which have been corrected in enrolling:

Page 5, lines 17 - 18:

Delete "**, adjusted for inflation as provided in AS 11.46.982,**"

Page 5, line 24, following "services":

Insert "**, adjusted for inflation as provided in AS 11.46.982,**"

Page 5, line 25:

Delete "**, adjusted for inflation as provided in AS 11.46.982**"

Page 6, lines 14 - 15:

Delete "**, adjusted for inflation as provided in AS 11.46.982,**"

Page 12, line 30, following "(2)":  
Insert "to"

Page 12, line 31, following "(3)":  
Insert "to"

Page 13, line 1, following "(4)":  
Insert "to"

Page 13, line 2, following "(5)":  
Insert "to"

Page 14, line 8, following "or":  
Insert "in connection with a"

Page 26, line 6:  
Delete "11.71.050(a)(2) **or (4)**"  
Insert "**11.71.050(a)(4)** [11.71.050(a)(2)]"

Page 26, line 11:  
Delete "11.71.050(a)(2) **or (4)**"  
Insert "**11.71.050(a)(4)** [11.71.050(a)(2)]"

Page 26, line 20:  
Delete "11.71.050(a)(2) **or (4)**"  
Insert "**11.71.050(a)(4)** [11.71.050(a)(2)]"

Page 29, line 30:  
Delete "under"  
Insert "in"

Page 30, line 13:  
Delete "under"  
Insert "in"

Page 33, line 6:  
Delete "by"  
Insert "in"

Page 37, line 24:  
Delete "with"

Page 41, line 6:  
Delete "service"  
Insert "services"

Page 44, line 3:  
Delete "upon"  
Insert "on"

Page 44, line 29:  
Delete "AS 11.41.230 - 11.41.250"  
Insert "AS 11.41.230, 11.41.250,"

Page 45, line 9:  
Delete "by"  
Insert "in"

Page 46, line 30:  
Delete "by"  
Insert "in"

Page 46, line 31:  
Delete "by"  
Insert "in"

Page 55, line 7, following "degree":  
Insert "under AS 11.41.230"

Page 72, line 8:  
Delete "department"  
Insert "pretrial services officer"

Page 82, line 17:  
Delete "AS 11.41.110"  
Insert "AS 11.41.410"

Page 88, line 9:  
Delete "and"



July 11, 2016

3073

Insert ","

Page 90, line 25:

Delete "by"  
Insert "in"

Page 90, line 26:

Delete "by"  
Insert "in"

Page 92, line 31:

Delete "**AS 12.55.110(h)**"  
Insert "**AS 33.16.215(f)**"

Page 93, line 18:

Delete "AS 33.16"  
Insert "this chapter"

Page 98, line 10:

Delete "AS 30.30.011(9)"  
Insert "AS 33.30.011(9)"

Page 104, line 5:

Delete "service"  
Insert "services"

Page 111, line 26, following "**AS 36.30**":

Insert "**(State Procurement Code)**"

Page 117, line 19:

Delete "as amended"  
Insert "enacted"

Page 117, line 20:

Delete "as amended"  
Insert "enacted"

Page 118, line 23, following "sec. 77":

Insert "of"

Page 119, line 9:

Delete the first occurrence of "or"

Page 122, line 21:

Delete "29 - 49"

Insert "29, 30, 32 - 49"

Page 122, line 25, following "Sections":

Insert "31,"

**SB 125**

HOUSE CS FOR CS FOR SENATE BILL NO. 125(RES) "An Act relating to the board of directors of the Alaska Gasline Development Corporation; adding legislators as nonvoting members of the board of directors of the Alaska Gasline Development Corporation; and providing for an effective date" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

**SB 126**

CS FOR SENATE BILL NO. 126(L&C) am H "An Act establishing an exemption for the offering and sale of certain securities" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

**SB 127**

SENATE BILL NO. 127 "An Act relating to actions by insurers based on credit history or insurance score; and providing for an exception to consideration by an insurer of credit history or insurance score" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

**SB 142**

HOUSE CS FOR CS FOR SENATE BILL NO. 142(L&C) "An Act relating to insurance coverage for anti-cancer medications; and providing for an effective date" was enrolled, signed by the President

and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 2:13 p.m., June 20, 2016.

**SB 158**

HOUSE CS FOR SENATE BILL NO. 158(L&C) am H "An Act relating to real estate broker licensure; relating to the Real Estate Commission; relating to errors and omissions insurance for real estate licensees; and providing for an effective date" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

**SB 165**

HOUSE CS FOR CS FOR SENATE BILL NO. 165(L&C) am H "An Act relating to the presence of minors in the licensed premises of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to background checks for persons applying to operate marijuana establishments; relating to the offense of minor consuming; relating to revocation of a driver's license for a minor consuming offense; relating to the effect of the revocation of a driver's license for a minor consuming offense on a motor vehicle liability insurance policy; relating to the membership of the Board of Barbers and Hairdressers; and amending Rule 17, Alaska Rules of Minor Offense Procedure" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 2:13 p.m., June 20, 2016.

Memorandum from the Division of Legal and Research Services, Legislative Affairs Agency, reporting the following manifest errors in HOUSE CS FOR CS FOR SENATE BILL NO. 165(L&C) am H, which have been corrected in enrolling:

Page 4, line 26:

Delete "underage"  
Insert "underaged"

Page 6, line 23:

Delete "section"

Insert "title"

Page 10, line 29:

Delete "Alaska"

**SB 193**

HOUSE CS FOR CS FOR SENATE BILL NO. 193(L&C) "An Act extending the exemption from regulation by the Regulatory Commission of Alaska for certain facilities or plants generating energy from renewable energy resources" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:06 a.m., July 1, 2016.

**SB 196**

CONFERENCE CS FOR SENATE BILL NO. 196 "An Act relating to the amount appropriated for power cost equalization; relating to the use of certain unexpended earnings from the power cost equalization endowment fund; and providing for an effective date" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:06 a.m., July 1, 2016.

Memorandum from the Division of Legal and Research Services, Legislative Affairs Agency, reporting the following manifest error in CONFERENCE CS FOR SENATE BILL NO. 196, which has been corrected in enrolling:

Page 2, line 24:

Delete "paragraph"

Insert "subparagraph"

**SB 200**

HOUSE CS FOR CS FOR SENATE BILL NO. 200(EDC) am H "An Act relating to health education and physical activity requirements for students in grades kindergarten through eight" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:06 a.m., July 1, 2016.

**SB 204**

SENATE BILL NO. 204 "An Act naming a shooting range in the Knik River Public Use Area the Kenny and Patti Barber Shooting Range" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 2:13 p.m., June 20, 2016.

**SB 210**

HOUSE CS FOR CS FOR SENATE BILL NO. 210(FIN) "An Act relating to the community revenue sharing program; changing the name of the community revenue sharing program to the community assistance program; and providing for an effective date" was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:06 a.m., July 1, 2016.

**SCR 14**

SENATE CONCURRENT RESOLUTION NO. 14 Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 75, relating to the registration of marijuana establishments by municipalities; relating to the definition of "marijuana"; clarifying standards for personal use of marijuana by persons 21 years of age or older; prohibiting the public consumption of marijuana; authorizing the registration of marijuana clubs; and relating to established villages and to local option elections regarding the operation of marijuana establishments, was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

Legislative Resolve No. 51

**SCR 32**

SENATE CONCURRENT RESOLUTION NO. 32 Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 247, amending the powers of the board of trustees of the Alaska Retirement Management Board to authorize purchase and sale of transferable tax credit certificates issued in conjunction with the production tax on oil and gas; relating to interest applicable to delinquent tax; relating to the oil and gas

production tax, tax payments, and credits; relating to exploration incentive credits; 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 confidential information status and public record status of information in the possession of the Department of Revenue; relating to oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; and establishing a legislative working group to study the fiscal regime and tax structure and rates for oil and gas produced south of 68 degrees North latitude, was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

Legislative Resolve No. 52

**SJR 2**

SENATE JOINT RESOLUTION NO. 2 Proposing an amendment to the Constitution of the State of Alaska relating to contracting state debt for postsecondary student loans, was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 11:00 a.m., July 1, 2016.

Legislative Resolve No. 53

**Adjournment**

Senator MacKinnon, Acting Majority Leader, moved and asked unanimous consent that the Senate stand in adjournment until 11:00 a.m., July 15, 2016. Without objection, the Senate adjourned at 12:02 p.m.

Liz Clark  
Secretary of the Senate

**Announcements**

Americans with Disabilities Act Notice - Persons with disabilities who require special accommodation or alternative communication formats to access committee meetings may contact the appropriate committee office or the Legislative Information Office in their community. Reasonable advance notice is needed to accommodate the request. For further information, call the ADA Coordinator at 465-3854 Voice/465-4980 TDD.

**STANDING COMMITTEES**

+ indicates teleconference  
 = indicates bill previously heard/scheduled

**FINANCE**

**Jul 13      Wednesday      Anch Lio Auditorium      1:30 PM**  
 + SB5005 TAX;CREDITS;PMTS;INTEREST;LEASE;O & G

**LABOR & COMMERCE**

**Jul 18      Monday      Anch Lio Auditorium      9:00 AM**  
 + -- Agenda to be Announced --

**Jul 18      Monday      Anch Lio Auditorium      4:00 PM**  
 + -- Agenda to be Announced --

**Jul 19      Tuesday      Anch Lio Auditorium      9:00 AM**  
 + -- Agenda to be Announced --

**Jul 20      Wednesday      Anch Lio Auditorium      9:00 AM**  
 + -- Agenda to be Announced --

**Jul 20      Wednesday      Anch Lio Auditorium      5:00 PM**  
 + -- Agenda to be Announced --

**Jul 21      Thursday      Anch Lio Auditorium      9:00 AM**  
 + -- Agenda to be Announced --

**Jul 21      Thursday      Anch Lio Auditorium      1:30 PM**  
 + -- Agenda to be Announced --

**LABOR & COMMERCE (continued)**

<b>Jul 22</b>	<b>Friday</b>	<b>Anch Lio Auditorium</b>	<b>9:00 AM</b>
+	-- Agenda to be Announced --		
<b>Jul 22</b>	<b>Friday</b>	<b>Anch Lio Auditorium</b>	<b>1:30 PM</b>
+	-- Agenda to be Announced --		
<b>Jul 22</b>	<b>Friday</b>	<b>Anch Lio Auditorium</b>	<b>5:00 PM</b>
+	-- Agenda to be Announced --		
<b>Jul 23</b>	<b>Saturday</b>	<b>Anch Lio Auditorium</b>	<b>1:30 PM</b>
+	-- Agenda to be Announced --		

**RESOURCES**

<b>Jul 19</b>	<b>Tuesday</b>	<b>Anch Lio Auditorium</b>	<b>1:00 PM</b>
+	Plan of Development for the Prudhoe Bay Unit		
	-- Teleconference <Listen Only> --		
	-- Testimony <Invitation Only> --		

**STATE AFFAIRS**

<b>Jul 13</b>	<b>Wednesday</b>	<b>Wasilla Lio</b>	<b>1:00 PM</b>
+ SB5001	PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS		
	Presentation by Administration:		
	Commissioner Randall Hoffbeck, Dept. of Revenue		
	Dept. of Law - Presenter TBA		
	Exec. Director Angela Rodell, Alaska Permanent		
	Fund Corporation (participating telephonically)		
	Wasilla LIO 600 E. Railroad Ave.		
<b>Jul 13</b>	<b>Wednesday</b>	<b>Wasilla Lio</b>	<b>5:30 PM</b>
+= SB5001	PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS		
	-- Public Testimony --		
	Wasilla LIO 600 E. Railroad Ave.		



**STATE AFFAIRS (continued)**

**Jul 14 Thursday Wasilla Lio 10:00 AM**  
 + SB5001 PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS  
 Additional Discussion/Questions:  
 Commissioner Randall Hoffbeck, Dept. of Revenue  
 Dept. of Law, Presenter TBA  
 Committee Discussion; Amendments  
 Wasilla LIO 600 E. Railroad Ave.

-----

**JOINT COMMITTEES****LEGISLATIVE BUDGET & AUDIT**

**Jul 27 Wednesday Anch Lio Auditorium 10:00 AM**  
 -- Testimony <Invitation Only> --  
 Approval of Minutes  
 Executive Session: Preliminary Audit Reports:  
 - Brd of Certified Direct Entry Midwives (Sunset)  
 - Brd of Regis. for Architects, Engineers, & Land  
 Surveyors (Sunset)  
 - Brd of Veterinary Examiners (Sunset)  
 - Reg. Commission of Alaska FY 15 Annual Report  
 - Dept. of Administration - State Travel Office  
 - University of Alaska - University Travel  
 Executive Session: Department of Education and  
 Early Development Performance Review  
 Other Committee Business

-----

**LEGISLATIVE COUNCIL**

**Jul 11 Monday Bill Ray Center 208 5:00 PM**  
 +  
 Call to Order  
 Approval of Agenda  
 Contract Approvals:  
 Office of Victims Rights Lease Extension  
 Mat-Su Office Space Lease Extension  
 Juneau Storage Lease Extension  
 Fairbanks Office Space RFP - Executive Session  
 Other Committee Business:  
 Juneau Community Foundation Property Transfer  
 Approval  
 Adjournment

**SELECT COMMITTEE ON LEGISLATIVE ETHICS**

- |               |   |                            |                 |
|---------------|---|----------------------------|-----------------|
| <b>Aug 18</b> | <b>Thursday</b>   | <b>Anch Lio Auditorium</b> | <b>8:30 AM</b>  |
| +             | <ol style="list-style-type: none"> <li>1. Call to Order</li> <li>2. Welcome New Public Members</li> <li>3. Approval of Agenda</li> <li>4. Approval of Minutes: 1/25/16 and 1/26/16</li> <li>5. Public Comment</li> <li>6. Election of New Officers</li> <li>7. Chair/Staff Report                     <ol style="list-style-type: none"> <li>a. Informal Advice Staff Report</li> <li>b. Update: Public Member Cmte Appointment Info</li> <li>c. 2016 Ethics Training Report:                             <ol style="list-style-type: none"> <li>AS 24.60.150(a)(3) and (4)</li> </ol> </li> <li>d. 2017 New Ethics Training Update</li> </ol> </li> <li>e. Ethics Disclosures                     <ol style="list-style-type: none"> <li>i. Rep. Tarr Letter</li> <li>ii. Current Disclosure Status</li> </ol> </li> <li>f. Update: Fine payments</li> <li>g. Campaign Year Oversight Activities</li> <li>h. Ethics Website</li> <li>8. Budget FY 16 Year End Rpt. &amp; FY 2017 Budget</li> <li>9. 2015/2016 Legislation Update</li> <li>10. Motion to go into Executive Session</li> <li>11. Executive Session</li> <li>12. Public Session</li> <li>13. Other Business</li> <li>14. Adjourn</li> </ol> |                            |                 |
| <b>Aug 18</b> | <b>Thursday</b>   | <b>Anch Lio Auditorium</b> | <b>12:00 PM</b> |
| +             | <p>Ethics Committee: Senate Subcommittee</p> <ol style="list-style-type: none"> <li>1. Call Meeting Order</li> <li>2. Public Comment</li> <li>3. Motion to go into Executive Session</li> <li>4. Executive Session</li> <li>5. Public Session</li> </ol>  |                            |                 |