

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
THIRTIETH LEGISLATURE
FIRST SESSION

Juneau, Alaska

Friday

January 20, 2017

Fourth Day

Pursuant to adjournment the House was called to order by Speaker Edgmon at 10:38 a.m.

Roll call showed 38 members present. Representative Pruitt had been excused from a call of the House today.

Representative Tuck moved and asked unanimous consent that Representative Reinbold be excused from a call of the House from today to 9:30 p.m., January 22.

The invocation was offered by the Chaplain, the Reverend Michael Galbraith of St. Paul the Apostle Catholic Church. Representative Wilson moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

Loving and gracious God, we give you thanks for giving us another day. We ask today that you bless the members of this assembly to be the best and most faithful servants of the people they serve. Purify their intentions that they will say what they believe and act consistent with their words.

Endow them with wisdom and courage that is borne of loyalty to all that is noble and worthy: loyalty to their families, loyalty to their constituents, loyalty to the constitution, and loyalty to our state and nation. Help them to be honest with themselves so that they will be concerned not only with how their words and deeds are weighed by others, but also with

how their words and deeds affect the lives of those in need and those who look to them for support, help, strength, and leadership.

Remove fear and confusion, wipe away distrust by bestowing upon them good judgement and leadership. Strengthen the resolve and empathy of all members that they may serve your people with renewed clarity of vision and refined purpose that will soon unify the state of Alaska in self-discipline, compassion, and confidence.

May all that is done this day in the people's House be for your greater honor and glory. Amen.

The Pledge of Allegiance was led by Representative Birch.

CERTIFICATION OF THE JOURNAL

Representative Tuck moved and asked unanimous consent that the journal for the second and third legislative days and House and Senate Joint Journal Supplement No. 1 be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

COMMUNICATIONS

The following was received:

Dept. of Revenue
Alaska Marine Highway System Fund
Alaska Marine Highway Vessel Replacement Fund
Investment Earnings Reports
January 17, 2017
(as required by AS 19.65.070 and 37.05.550)

INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE RESOLUTIONS

HCR 1

HOUSE CONCURRENT RESOLUTION NO. 1 by Representatives Grenn, Tuck, and Kreiss-Tomkins:

Proposing an amendment to the Uniform Rules of the Alaska State Legislature relating to voting and abstention from voting.

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

INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE BILLS

HB 64

HOUSE BILL NO. 64 by Representative Drummond, entitled:

"An Act relating to the establishment of the Task Force on Reading Proficiency and Reading Instruction for All Students and on the Effects of Dyslexia on Some Students."

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

HB 65

HOUSE BILL NO. 65 by Representative Rauscher, entitled:

"An Act increasing the amount of the 2016 permanent fund dividend and directing the Department of Revenue to pay a supplemental dividend to eligible individuals; and providing for an effective date."

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

HB 66

HOUSE BILL NO. 66 by Representative Rauscher, entitled:

"An Act making a special appropriation from the earnings reserve account for the payment of permanent fund dividends; and providing for an effective date."

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

HB 67

HOUSE BILL NO. 67 by Representatives Eastman and Rauscher, entitled:

"An Act prohibiting the Department of Health and Social Services from requesting, accepting, or attempting to renew or extend a waiver of work requirements or time limits for an able-bodied adult, without dependents, in the food stamp program."

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

HB 68

HOUSE BILL NO. 68 by Representatives Eastman and Rauscher, entitled:

"An Act relating to disqualification from the food stamp program for refusal to cooperate with the child support services agency or for past due child support payments; relating to the duties of the Department of Health and Social Services; and relating to the duties of the child support services agency."

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

HB 69

HOUSE BILL NO. 69 by the House Rules Committee by request of the Governor, entitled:

"An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Workers' Compensation Appeals Commission; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules 202(a), 204(a) - (c), 210(e), 601(b), and 603(a), Alaska Rules of Appellate Procedure; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Labor & Workforce Development

The Governor's transmittal letter dated January 19 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill that would repeal the Workers' Compensation Appeals Commission (Commission). Established in 2005, the Commission has jurisdiction over appeals from decisions and orders of the Alaska Workers' Compensation Board (Board). The Commission was created to streamline the appeals process for injured employees and their employers; however, it has instead created unnecessary costs and delays, and has not streamlined the appeals process.

The bill would reinstate superior court jurisdiction as the first level for review of decisions and orders of the Board. No changes are made to Board procedure, only to the forum for review of a Board decision. Moreover, no changes are made to the longstanding standards governing stays of payments and attorney fee awards under AS 23.30.145(c) in a workers' compensation benefits appeal. The superior court would apply the same standards of review used by the Commission and by the superior court when it had jurisdiction. Also consistent with longstanding practice, a cost bond on appeal would be waived for an employee appealing a denial of workers' compensation benefits. However, in terms of attorney fee awards in appeals of civil penalty orders against employers for a failure to insure for workers' compensation liability, the bill's repeal of the Commission's fee provision, AS 23.30.008(d), would result in overruling *State of Alaska, Division of Workers' Compensation v. Titan Enterprises, LLC*, 338 P.3d 316 (Alaska 2014). Instead, Rule 508(e)(4), Alaska Rules of Appellate Procedure, would govern attorney fee awards in civil penalty appeals. This change means that a prevailing party in an appeal of a civil penalty order – the employer or the Division of Workers' Compensation – could receive 20 percent of its actual attorney fees, instead of fully compensatory and reasonable fees that a prevailing injured employee would receive in a benefits appeal.

The bill would amend the Alaska Rules of Appellate Procedure to remove references to the repealed Commission that would no longer have subject matter jurisdiction over these appeals, to reinstate the standard for stays that the superior court applied when it previously reviewed these appeals, and to change the name of the agency issuing the final administrative decision from the Commission to the Board. Legislative amendment of the court rules will ensure a smooth transition for workers' compensation appeals after the repeal of the Commission.

Also, to facilitate a smooth transition, the bill would require that new appeals and petitions for review of a board decision be filed with the superior court beginning on June 1, 2017, but would retain the Commission's jurisdiction over pending matters through December 1, 2017. If the Commission does not conclude pending matters on or before December 1, 2017, the bill provides that the matters would be transferred to the superior court for further proceedings.

In the spirit of streamlining government processes and protecting citizen rights, the bill would protect the right to challenge a decision of the Alaska Workers' Compensation Board, but without the unnecessary and inefficient step of appearing before the Workers' Compensation Appeals Commission.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Bill Walker
Governor"

HB 70

HOUSE BILL NO. 70 by the House Rules Committee by request of the Governor, entitled:

"An Act approving and ratifying the sale of royalty oil by the State of Alaska to Petro Star Inc.; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Dept. of Natural Resources

The Governor's transmittal letter dated January 19 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to approval and ratification of the sale of royalty oil by the State of Alaska to Petro Star Inc.

The Commissioner of Natural Resources has determined that it is in the best interest of the State to take royalty oil in-kind from lessees on the North Slope. Under two proposed contracts, the Department of Natural Resources (Department) will sell North Slope royalty oil to Petro Star Inc. for a combined period of five years. The first contract does not require legislative approval as an agreement lasting one year or less and entered into with the objective to relieve market conditions under AS 38.06.055(b). The Department proposes to deliver between 18,800 to 23,500 barrels per day (bpd) under the first contract. The Department estimates that the one-year contract will begin delivery of royalty oil on January 1, 2017, and continue until December 31, 2017.

The second contract, which requires legislative approval, will have a term of four years, beginning on January 1, 2018, and ending on December 31, 2021. The bill would approve and ratify the "Agreement for the Sale of Royalty Oil Between and Among the State of Alaska, and Petro Star Inc. and Arctic Slope Regional Corporation." The agreement provides for the sale of 16,400 to 20,500 bpd of the royalty oil in the first year; from 13,200 to 16,500 bpd in the second year; from 10,800 to 13,500 bpd in the third year; and from 8,400 to 10,500 bpd in the fourth year. The royalty oil would be sold to Petro Star Inc. at a price in the agreement calculated to equal or exceed the value that the State would obtain for the royalty oil if it was taken in-value. The agreement includes provisions to support employment of state residents and in-state processing. Arctic Slope Regional Corporation guarantees the performance of Petro Star Inc., its wholly-owned subsidiary, for all of Petro Star Inc.'s obligations under the contract.

The bill is the culmination of diligent analysis and public process that are imperative for responsible resource stewardship. The Department and the Alaska Royalty Oil and Gas Development Advisory Board (Board) considered the fiscal, economic, societal, and environmental impacts and benefits of the agreement. The Department issued a Final Best Interest Finding and Determination on the agreement that included analysis of the factors for the sale of royalty oil in AS 38.05.183. The Department did not receive any comments from the public on the sale during the public comment period that ended on August 29, 2016. Additionally, the Board held a public hearing on the sale. In accordance with AS 38.06.050, the Board voted to approve a written recommendation and report on August 31, 2016, recommending legislative approval of the agreement.

The bill would allow the State to obtain the maximum value for its royalty oil. I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker
Governor"

HB 71

HOUSE BILL NO. 71 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to compensation, merit increases, and pay increments for certain public officials, officers, and employees not covered by collective bargaining agreements; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Fiscal, Office of the Governor/Various Depts.

The Governor's transmittal letter dated January 19 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to pay for nonunion state employees, public officials, and legislators.

The bill would freeze salaries by prohibiting the payment of general salary increases and eliminating the payment of merit step increases and pay increments, between July 1, 2017, and June 30, 2019, for partially exempt, exempt, and other nonunion employees in the Executive Branch, Legislative Branch, and employees of the University of Alaska. Additionally, the bill would give the Governor the authority to waive any portion of the Governor's salary during the period July 1, 2017, through July 1, 2019. The bill would not apply to persons who are members of a collective bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations Act).

This two-year freeze in employee pay will allow time for the State to responsibly address the serious budget deficit.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Bill Walker
Governor"

HB 72

HOUSE BILL NO. 72 by Representative Thompson, entitled:

"An Act relating to biometric information."

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

UNFINISHED BUSINESS**HB 51**

The Speaker removed the Resources Committee referral and added a Transportation Committee referral for the following:

HOUSE BILL NO. 51

"An Act relating to the regulation of wastewater discharge from small commercial passenger vessels in state waters; and providing for an effective date."

HB 51 was referred to the Transportation Committee with a further referral to the Finance Committee. The bill was reprinted today.

HJR 4

The Speaker added a House Special Committee on Arctic Policy, Economic Development, & Tourism referral to precede the Resources Committee referral for the following:

HOUSE JOINT RESOLUTION NO. 4

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development; urging the United States Department of the Interior to recognize the private property rights of owners of land in and adjacent to the Arctic National Wildlife Refuge; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

HJR 4 was referred to the House Special Committee on Arctic Policy, Economic Development, & Tourism. The bill was reprinted today.

HJR 5

The Speaker added a House Special Committee on Arctic Policy, Economic Development, & Tourism referral to precede the Resources Committee referral for the following:

HOUSE JOINT RESOLUTION NO. 5

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development; urging the United States Department of the Interior to recognize the private property rights of owners of land in and adjacent to the Arctic National Wildlife Refuge; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

HJR 5 was referred to the House Special Committee on Arctic Policy, Economic Development, & Tourism. The bill was reprinted today.

HCR 1

The Speaker reversed the referrals for the following:

HOUSE CONCURRENT RESOLUTION NO. 1

Proposing an amendment to the Uniform Rules of the Alaska State Legislature relating to voting and abstention from voting.

HCR 1 will be referred to the Judiciary Committee with a further referral to the State Affairs Committee.

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

Representative Claman – from noon, January 21 to 10:30 a.m., January 23

Representative Kreiss-Tomkins – from 8:45 p.m., tonight to 8:00 a.m., January 23

Representative Reinbold – from noon, January 26 to 10:00 p.m., January 29

HJR 4

Representative Rauscher added as a cosponsor to:

HOUSE JOINT RESOLUTION NO. 4

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development; urging the United States Department of the Interior to recognize the private property rights of owners of land in and adjacent to the Arctic National Wildlife Refuge; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

HJR 5

Representative Rauscher added as a cosponsor to:

HOUSE JOINT RESOLUTION NO. 5

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development; urging the United States Department of the Interior to recognize the private property rights of owners of land in and adjacent to the Arctic National Wildlife Refuge; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

HB 10

Representative Rauscher added as a cosponsor to:

HOUSE BILL NO. 10

"An Act relating to the duties of the Department of Health and Social Services; relating to child-in-need-of-aid proceedings; relating to child protection; and amending Rules 6(a), 6(b)(2) and (3), 10(c)(2) and (3), 10(e)(2), 10.1, 15(f)(2), 17(c), 17(d)(2), 17.1(b), 17.1(d)(3), 17.2(a), 17.2(e), 17.2(f), 17.3, 18(c), and 19.1(c), Alaska Child in Need of Aid Rules of Procedure, and repealing Rules 17.1(a), 17.1(c), and 17.1(d)(2), Alaska Child in Need of Aid Rules of Procedure."

HB 12

Representative Rauscher added as a cosponsor to:

HOUSE BILL NO. 12

"An Act relating to the authority of the Department of Health and Social Services to take custody of a child and to remove a child from the child's home."

HB 16

Representatives Millett, Stutes, Foster, Wilson, Johnson, Claman, and Guttenberg added as cosponsors to:

HOUSE BILL NO. 16

"An Act relating to training regarding disabilities for police officers, probation officers, parole officers, correctional officers,

and village public safety officers; relating to guidelines for drivers when encountering or being stopped by a peace officer; relating to driver's license examinations; and relating to a voluntary disability designation on a state identification card and a driver's license."

HB 21

Representative Sullivan-Leonard added as a cosponsor to:

HOUSE BILL NO. 21

"An Act making a special appropriation from the earnings reserve account for the payment of permanent fund dividends; and providing for an effective date."

HB 33

Representative Claman added as a cosponsor to:

HOUSE BILL NO. 33

"An Act establishing May 31 of each year as Katie John Day."

HB 42

Representative Kreiss-Tomkins added as a cosponsor to:

HOUSE BILL NO. 42

"An Act relating to seizure of property; relating to forfeiture to the state; relating to criminal law; amending Rules 3, 4, 11, 12, 16, 32, 32.2, 32.3, 39, 39.1, and 42, Alaska Rules of Criminal Procedure, Rules 501, 801, and 803, Alaska Rules of Evidence, and Rules 202, 209, and 217, Alaska Rules of Appellate Procedure; and providing for an effective date."

ANNOUNCEMENTS

House committee schedules are published daily under separate cover.

The following meeting today has been changed as indicated:

Legislative Council

CHANGED TO:

upon adjournment

ADJOURNMENT

Representative Tuck moved and asked unanimous consent that the House adjourn until 11:00 a.m., January 23. There being no objection, the House adjourned at 11:40 a.m.

Crystaline Jones
Chief Clerk