

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
THIRTIETH LEGISLATURE
FIRST SESSION

Juneau, Alaska **Monday** **February 13, 2017**

Twenty-eighth Day

Pursuant to adjournment the House was called to order by Speaker Edgmon at 11:04 a.m.

Roll call showed 37 members present. Representatives LeDoux and Neuman had been excused from a call of the House today.

Representative Tuck moved and asked unanimous consent that Representative Millett be excused from a call of the House today. There being no objection, it was so ordered.

The invocation was offered in Tlingit by the Chaplain, Selina Everson, Former Grand President of Alaska Native Sisterhood. Representative Wilson moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

Dikéex' yei yateeyi haa Eésh
Katooshéex' ee saayí
Wéi dikée kustí, yaa diyéex' haat gagoot
Yaa Lingít aani kaadé
Wéi dikée kustí yáx kugaax toostee
Haa jeet sahá, daasá a eetináx haa yatee
Ka haa lushk'eiyyi, ch'a aadé yéi na.oo
Ch'a waasá aadé yéi too.u^xx'u yáx
Agéit haaw sineiyí kaa
Tlél ayáx oowateeyí kustí nák haa shugagú
Haa gasneix ajeedáx
Ch'as wa.é áwé, yei haa gisanéix

Ee latseení ka ee Saayí toonáx
Yéi áyá yan shoow tuwatán. Amen.

The Pledge of Allegiance was led by Representative Johnston.

CERTIFICATION OF THE JOURNAL

Representative Tuck moved and asked unanimous consent that the journal for the 25th, 26th, and 27th legislative days be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

MESSAGES FROM THE SENATE

A message dated February 10 was received stating the Senate passed the following, and it is transmitted for consideration:

FIRST READING AND REFERENCE OF SENATE BILLS

SB 30

SENATE BILL NO. 30 by the Senate 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.

REPORTS OF STANDING COMMITTEES

HB 48

The Labor & Commerce Committee considered:

HOUSE BILL NO. 48

"An Act relating to the composition of the State Board of Registration for Architects, Engineers, and Land Surveyors; extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

The report was signed by Representative Kito, Chair, with the following individual recommendations:

Do pass (6): Sullivan-Leonard, Josephson, Birch, Knopp, Stutes, Kito

The following fiscal note(s) apply:

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

HB 48 was referred to the Finance Committee.

HB 69

The Labor & Commerce Committee considered:

HOUSE BILL NO. 69

"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."

The report was signed by Representative Kito, Chair, with the following individual recommendations:

Do pass (5): Sullivan-Leonard, Stutes, Birch, Knopp, Kito

No recommendation (1): Josephson

The following fiscal note(s) apply:

1. Fiscal, Dept. of Labor & Workforce Development
2. Zero, Judiciary

HB 69 was referred to the Judiciary Committee.

INTRODUCTION OF CITATIONS

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

Honoring - Bradley G. Reeve
By Representative Westlake

Honoring - Wasilla Centennial
By Representative Sullivan-Leonard; Senator Wilson

Honoring - Robert "Beau" Bassett
By Senator Gardner; Representative Drummond

Honoring - The American Red Cross, 100 Years in Alaska
By Senator Egan

**INTRODUCTION, FIRST READING, AND REFERENCE
OF HOUSE BILLS****HB 116**

HOUSE BILL NO. 116 by Representatives Eastman, Millett, Chenault, Rauscher, Saddler, and Wilson, entitled:

"An Act relating to the art requirements for certain public buildings and facilities and to the funding of works of art."

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

HB 117

HOUSE BILL NO. 117 by the House Transportation Committee, entitled:

"An Act relating to the art requirements for certain state ferries; and providing for an effective date."

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

HB 118

HOUSE BILL NO. 118 by Representative Kawasaki, entitled:

"An Act relating to compensation for wrongful conviction and imprisonment."

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

HB 119

HOUSE BILL NO. 119 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the dividends from the Alaska Industrial Development and Export Authority; relating to the meaning of 'mark-to-market fair value,' 'net income,' 'project or development,' and 'unrestricted net income' for purposes of the Alaska Industrial Development and Export Authority; and providing for an effective date."

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

The following fiscal note(s) apply:

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

The Governor's transmittal letter dated February 10 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Industrial Development and Export Authority (AIDEA) annual dividend payments to the State. The bill is intended to clarify or modify accounting matters that affect the calculation of AIDEA's dividends. The overall intent of the bill is to have AIDEA's dividends better reflect the cash-based realized net income of the funds from which AIDEA's dividends are paid.

Under AS 44.88.088, AIDEA is required to pay a dividend each year of between 25 and 50 percent of the "net income" for each of its statutorily-created funds, but not more than the total "unrestricted net income" of each fund. The terms "net income" and "unrestricted net income" are defined in AS 44.88.088 as meaning the change in net position of each fund as reported in AIDEA's audited financial statements each year, excluding consideration of certain designated items. The bill would modify the excluded items that are not considered in determining the change in the net position of each of AIDEA's funds.

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

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

The bill's amendments directed at GASB Statements No. 31, No. 72, and No. 68 are meant to exclude unrealized "paper" gains or losses AIDEA must record in its financial statements from impacting AIDEA's dividends. Under GASB Statements No. 31 and No. 72,

AIDEA must make accounting entries based on the mark-to-market values of its investments at the close of its fiscal year each year. Given the vagaries of the market, these values can and likely will fluctuate significantly from year to year. Under GASB Statement No. 68, AIDEA must make accounting entries for fluctuating actuarial computations on pension obligations. The accounting entries AIDEA must make to comply with these GASB statements do not reflect the actual results of AIDEA's operations, which should be the basis for its dividend to the State. The accounting required by these GASB statements may cause great fluctuations from year to year in the net income of AIDEA's funds. Removing these accounting adjustments from the dividend calculation would stabilize AIDEA's dividend payment to the State and improve predictability as to the amount of the annual dividends.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Bill Walker
Governor"

HB 120

HOUSE BILL NO. 120 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the Department of Law public advocacy function to participate in matters that come before the Federal Energy Regulatory Commission."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Law

The Governor's transmittal letter dated February 10 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the function of public advocacy for regulatory affairs established in the Department of Law and the Attorney General's authority to participate as a party in proceedings before the Federal Energy Regulatory Commission (FERC).

Alaska Statute 44.23.020(e) requires the Attorney General to "participate as a party in matters that come before the Regulatory Commission of Alaska when the Attorney General determines that participation is in the public interest." All costs associated with the Attorney General's participation in these matters are paid by a regulatory cost charge (RCC). The RCC is a charge collected by utility companies and pipeline carriers from customers and is used to pay for the administrative costs associated with regulating all utilities and pipeline carriers in Alaska. The RCC is authorized by AS 42.05.254 (utility RCC) and AS 42.06.286 (pipeline RCC). Both of these statutes allow the collection of a RCC to "fund operations of the public advocacy function under . . . AS 44.23.020(e) within the Department of Law." *See* AS 42.05.254(a) and AS 42.06.286(a).

The Attorney General also has responsibilities for FERC pipeline matters, most of which are joint matters before the Regulatory Commission of Alaska (RCA) and the FERC. For example, tariff issues for the Trans Alaska Pipeline System (TAPS) are mostly litigated at the FERC administrative level. Decisions issued by FERC are reviewed and generally adopted by the RCA to the extent intrastate tariffs are affected. Because most of this work is done at the FERC, and is not a matter "before the RCA," the RCC funding mechanism is not available to pay the Attorney General's costs for these matters.

By amending AS 44.23.020(e) to expand the Attorney General's public advocacy function to include FERC matters, the Attorney General will be allowed to include this work in the request for RCC funds. These costs, like all other utility and pipeline regulatory costs that come before the RCA, will then be passed on to the regulated entities.

I urge your prompt and favorable action on this bill.

Sincerely,

/s/

Bill Walker
Governor"

HB 121

HOUSE BILL NO. 121 by the House Labor and Commerce Committee, entitled:

"An Act relating to occupational safety and health enforcement penalties; and providing for an effective date."

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

HB 122

HOUSE BILL NO. 122 by Representative Tilton, entitled:

"An Act relating to the introduction of bills."

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

HB 123

HOUSE BILL NO. 123 by Representatives Spohnholz, Tuck, Drummond, and Parish, entitled:

"An Act relating to disclosure of health care services and price information; and providing for an effective date."

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

CONSIDERATION OF THE DAILY CALENDAR

SECOND READING OF HOUSE BILLS

HB 18

The following was read the second time:

HOUSE BILL NO. 18
 "An Act relating to race classics."

with the:	Journal Page
L&C RPT 6DP 1NR	192
FN1: ZERO(REV)	193
FIN REFERRAL WAIVED	230

Representative Tuck moved and asked unanimous consent that HB 18 be considered engrossed, advanced to third reading, and placed on final passage. There being no objection, it was so ordered.

HB 18 was read the third time.

The question being: "Shall HB 18 pass the House?" The roll was taken with the following result:

HB 18
 Third Reading
 Final Passage

YEAS: 36 NAYS: 1 EXCUSED: 3 ABSENT: 0

Yeas: Birch, Chenault, Claman, Drummond, Edgmon, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kawasaki, Kito, Knopp, Kopp, Kreiss-Tomkins, Ortiz, Parish, Pruitt, Rauscher, Reinbold, Saddler, Seaton, Spohnholz, Stutes, Sullivan-Leonard, Talerico, Tarr, Thompson, Tilton, Tuck, Westlake, Wilson, Wool

Nays: Eastman

Excused: LeDoux, Millett, Neuman

And so, HB 18 passed the House and was referred to the Chief Clerk for engrossment.

THIRD READING OF HOUSE RESOLUTIONS

HJR 5

The following, which was advanced to third reading from the February 10 calendar (page 228), was read the third time:

CS FOR HOUSE JOINT RESOLUTION NO. 5(AET)

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.

The Speaker stated that CSHJR 5(AET) would be held in third reading to the February 15 calendar.

LEGISLATIVE CITATIONS

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

Honoring - Bruce Edward Arndt

By Representatives Reinbold, Edgmon, Birch, Chenault, Claman, Drummond, Eastman, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kawasaki, Kito, Kopp, Kreiss-Tomkins, LeDoux, Millett, Neuman, Ortiz, Parish, Pruitt, Rauscher, Saddler, Seaton, Spohnholz, Stutes, Sullivan-Leonard, Talerico, Tarr, Thompson, Tilton, Tuck, Westlake, Wilson, Wool

Honoring - Kodiak Island Pride Basketball Team

By Representatives Stutes, Edgmon, Birch, Chenault, Claman, Drummond, Eastman, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kawasaki, Kito, Kopp, Kreiss-Tomkins, LeDoux, Millett, Neuman, Ortiz, Parish, Pruitt, Rauscher, Saddler, Seaton, Spohnholz, Sullivan-Leonard, Talerico, Tarr, Thompson, Tilton, Tuck, Westlake, Wilson, Wool; Senator Stevens

In Memoriam - Carole Ann Dixon

By Representatives Wilson, Edgmon, Birch, Chenault, Claman, Drummond, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kawasaki, Kito, Kopp, Kreiss-Tomkins, LeDoux, Millett, Neuman, Ortiz, Parish, Pruitt, Rauscher, Saddler, Seaton, Spohnholz, Stutes, Sullivan-Leonard, Talerico, Tarr, Thompson, Tilton, Tuck, Westlake, Wool

In Memoriam - Jennie Suckik Irwin

By Senator Bishop; Representatives Talerico, Edgmon, Birch, Chenault, Claman, Drummond, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kawasaki, Kito, Kopp, Kreiss-Tomkins, LeDoux, Millett, Neuman, Ortiz, Parish, Pruitt, Rauscher, Saddler, Seaton, Spohnholz, Stutes, Sullivan-Leonard, Tarr, Thompson, Tilton, Tuck, Westlake, Wilson, Wool

In Memoriam - Richard Lincoln "Dick" McCready

By Senator Coghill; Representatives Talerico, Edgmon, Birch, Chenault, Claman, Drummond, Eastman, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kawasaki, Kito, Kopp, Kreiss-Tomkins, LeDoux, Millett, Neuman, Ortiz, Parish, Pruitt, Rauscher, Saddler, Seaton, Spohnholz, Stutes, Sullivan-Leonard, Tarr, Thompson, Tilton, Tuck, Westlake, Wilson, Wool

In Memoriam - Marcia Elaine Kozie

By Senator Coghill; Representatives Edgmon, Birch, Chenault, Claman, Drummond, Fansler, Foster, Gara, Grenn, Guttenberg, Johnson, Johnston, Josephson, Kawasaki, Kito, Kopp, Kreiss-Tomkins, LeDoux, Millett, Neuman, Ortiz, Parish, Pruitt, Rauscher, Saddler, Seaton, Spohnholz, Stutes, Sullivan-Leonard, Talerico, Tarr, Thompson, Tilton, Tuck, Westlake, Wilson, Wool

UNFINISHED BUSINESS

The Speaker added a Health & Social Services Committee referral for the following:

Midwives, Board of Certified Direct-Entry

Kathy Roberts – Anchorage

Appointed: 1/23/2016

Reappointed: 3/1/2017

Term Expires: 3/1/2021

Dana Brown – Fairbanks

Appointed: 5/31/2016

Term Expires: 3/1/2020

Kathryn Ostrom – Anchorage

Appointed: 5/31/2016

Term Expires: 3/1/2020

Nursing, Board of

Joseph Lefleur – Ketchikan

Appointed: 3/1/2017

Term Expires: 3/1/2021

The appointments were also referred to the Labor & Commerce Committee (page 146).

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 Drummond – from 8:00 p.m., February 24 to 1:00 a.m., February 26

Representative LeDoux – from 5:00 p.m., February 24 to 8:00 p.m., February 26

Representative Stutes – from 12:30 p.m., February 17 to 2:00 p.m., February 19

HJR 5

Representative Thompson added as a cosponsor to:

CS FOR HOUSE JOINT RESOLUTION NO. 5(AET)

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 21

Representative Wilson 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 22

Representative Wilson added as a cosponsor to:

HOUSE BILL NO. 22

"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."

ENGROSSMENT**HB 18**

HB 18 was engrossed, signed by the Speaker and Chief Clerk, and transmitted to the Senate for consideration.

ANNOUNCEMENTS

House committee schedules are published daily under separate cover.

The following meeting today has been changed as indicated:

Judiciary Committee

CHANGED TO:

15 min. after Finance Subcommittee

ADJOURNMENT

Representative Tuck moved and asked unanimous consent that the House adjourn until 10:30 a.m., February 15. There being no objection, the House adjourned at 12:14 p.m.

Crystaline Jones
Chief Clerk