

SENATE JOURNAL
ALASKA STATE LEGISLATURE
THIRTIETH LEGISLATURE
FIRST SESSION

Juneau, Alaska

Monday

February 13, 2017

Twenty-eighth Day

Pursuant to adjournment the Senate was called to order by President Kelly at 11:03 a.m.

The roll showed nineteen members present. Senator Olson was excused from a call of the Senate.

The prayer was offered by the Chaplain, Reverend Mark Peterson, Resurrection Lutheran Church. Senator Hoffman moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

I invite you to pray in your own traditions, as I pray in mine: God of all, we start a new week of serving the people of this state of vast distances and resources. May we be filled with resolve to listen to all voices, with wisdom pointed toward a future that sustains our life together. May we continue to practice patience with the differences, seeking to eagerly hear truth amidst the sounds that surround us. Grant us peace in our hearts and minds, calm wisdom in our deliberations and sincere humbleness in our service.

Amen.

Senator Stedman led the Senate in the Pledge of Allegiance.

Certification

Senator Micciche moved and asked unanimous consent that the journals for the twenty-fifth through twenty-seventh legislative days be approved as certified by the Secretary. Without objection, it was so ordered.

Messages from the House

Message dated February 10 was read stating the House passed and transmitted for consideration:

First Reading and Reference of House Bills**HB 80**

CS FOR HOUSE BILL NO. 80(ENE) BY THE HOUSE SPECIAL COMMITTEE ON ENERGY, entitled:

"An Act adopting the Municipal Property Assessed Clean Energy Act; authorizing municipalities to establish programs to impose assessments for energy improvements in regions designated by municipalities; imposing fees; and providing for an effective date."

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

Standing Committee Reports**SB 20**

The Health and Social Services Committee considered SENATE BILL NO. 20 "An Act classifying U-47700 as a schedule IA controlled substance; and providing for an effective date" and recommended it be replaced with

CS FOR SENATE BILL NO. 20(HSS) "An Act classifying U-47700 as a schedule IA controlled substance; classifying tramadol and related substances as schedule IVA controlled substances; and providing for an effective date."

Signing do pass: Senator Wilson, Chair; Senators Begich, von Imhof, Micciche, Giessel.

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Public Safety

Fiscal Note No. 2, zero, Department of Public Safety

Fiscal Note No. 3, zero, Department of Corrections

Fiscal Note No. 4, zero, Department of Law

Fiscal Note No. 5, zero, Department of Health and Social Services

The bill was referred to the Judiciary Committee.

Introduction and Reference of Senate Bills

SB 56

SENATE BILL NO. 56 BY SENATOR GIESSEL, entitled:

"An Act relating to product warranties and services for certain products; relating to certain dealers, distributors, and manufacturers; and establishing an unfair trade practice under the Alaska Unfair Trade Practices and Consumer Protection Act."

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

SB 57

SENATE BILL NO. 57 BY THE SENATE 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 Finance Committee.

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Commerce, Community and Economic Development

Governor's transmittal letter dated February 10:

Dear President Kelly:

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

February 13, 2017

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

SB 58

SENATE BILL NO. 58 BY THE SENATE 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 Resources, Judiciary and Finance Committees.

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Law

Governor's transmittal letter dated February 10:

Dear President Kelly:

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

Consideration of the Calendar**Second Reading of House Resolutions****HJR 6**

CS FOR HOUSE JOINT RESOLUTION NO. 6(RES) am Expressing the Alaska State Legislature's support and appreciation for legislation introduced by the state's congressional delegation that would allow for the construction of a single-lane gravel road through the Izembek National Wildlife Refuge, connecting the community of King Cove with the Cold Bay Airport; and urging the United States Congress to pass the legislation, was read the second time.

Senator Micciche moved and asked unanimous consent that the resolution be advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR HOUSE JOINT RESOLUTION NO. 6(RES) am was read the third time.

Senators Hoffman, Dunleavy, Stedman, Coghill moved and asked unanimous consent to be shown as cross sponsors on the resolution. Without objection, it was so ordered.

The question being: "Shall CS FOR HOUSE JOINT RESOLUTION NO. 6(RES) am Expressing the Alaska State Legislature's support and appreciation for legislation introduced by the state's congressional delegation that would allow for the construction of a single-lane gravel road through the Izembek National Wildlife Refuge, connecting the community of King Cove with the Cold Bay Airport; and urging the United States Congress to pass the legislation, pass the Senate?" The roll was taken with the following result:

CSHJR 6(RES) am
Third Reading - Final Passage

YEAS: 19 NAYS: 0 EXCUSED: 1 ABSENT: 0

Yeas: Begich, Bishop, Coghill, Costello, Dunleavy, Egan, Gardner, Giessel, Hoffman, Hughes, Kelly, MacKinnon, Meyer, Micciche, Stedman, Stevens, von Imhof, Wielechowski, Wilson

Excused: Olson

and so, CS FOR HOUSE JOINT RESOLUTION NO. 6(RES) am passed the Senate, was signed by the President and Secretary and returned to the House.

Citations

Honoring - Kodiak Island Pride Basketball Team

Representative(s) Stutes

Senator(s) Stevens, Kelly, Begich, Bishop, Coghill, Costello, Dunleavy, Egan, Gardner, Giessel, Hoffman, Hughes, MacKinnon, Meyer, Micciche, Olson, Stedman, von Imhof, Wielechowski

Honoring - Bruce Edward Arndt

Representative(s) Reinbold

Senator(s) MacKinnon, Kelly, Begich, Bishop, Coghill, Costello, Dunleavy, Egan, Gardner, Giessel, Hoffman, Hughes, Meyer, Micciche, Olson, Stedman, Stevens, von Imhof, Wielechowski

In Memoriam - Jennie Suckik Irwin

Senator(s) Bishop, Kelly, Begich, Coghill, Costello, Dunleavy, Egan, Gardner, Giessel, Hoffman, Hughes, MacKinnon, Meyer, Micciche, Olson, Stedman, Stevens, von Imhof, Wielechowski, Wilson

Representative(s) Talerico

In Memoriam - Marcia Elaine Kozie

Senator(s) Coghill, Kelly, Begich, Bishop, Costello, Dunleavy, Egan, Gardner, Giessel, Hoffman, Hughes, MacKinnon, Meyer, Micciche, Olson, Stedman, Stevens, von Imhof, Wielechowski, Wilson

In Memoriam - Richard Lincoln "Dick" McCready

Senator(s) Coghill, Bishop, Kelly, Begich, Costello, Dunleavy, Egan, Gardner, Giessel, Hoffman, Hughes, MacKinnon, Meyer, Micciche, Olson, Stedman, Stevens, von Imhof, Wielechowski, Wilson

Representative(s) Talerico

Senator Micciche moved and asked unanimous consent that the citations be adopted. Without objection, the citations were adopted and referred to the Secretary for transmittal.

Unfinished Business**SR 3**

Senator von Imhof moved and asked unanimous consent to be shown as a cosponsor on SENATE RESOLUTION NO. 3 Proclaiming February 2017 as Black History Month. Without objection, it was so ordered.

Senator von Imhof moved and asked unanimous consent to be excused from a call of the Senate from afternoon plane time, February 17 through evening plane time, February 20. Without objection, Senator von Imhof was excused.

Announcements

Announcements are at the end of the journal.

Adjournment

Senator Micciche moved and asked unanimous consent that the Senate stand in adjournment until 11:00 a.m., February 15, 2017. Without objection, the Senate adjourned at 11:53 a.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

COMMUNITY & REGIONAL AFFAIRS

Feb 14	Tuesday	Beltz 105 (tsbldg)	3:30 PM
	No Meeting Scheduled		
Feb 16	Thursday	Beltz 105 (tsbldg)	3:30 PM
	No Meeting Scheduled		

EDUCATION

Feb 13	Monday	Capitol 106	8:00 AM
	School Board Fly-in		
	Norm Wooten, Association of Alaska School Boards		
	Joint Hearing with House Education		
	-- Testimony <Invitation Only> --		
Feb 15	Wednesday	Butrovich 205	8:00 AM
+ SR 3	FEBRUARY 2017: BLACK HISTORY MONTH		
	-- Public Testimony --		
Feb 17	Friday	Butrovich 205	8:00 AM
+	Virtual Education from a Statewide Perspective		
	Florida Virtual Schools		
	Mike Bayba, New York State Distance Learning		
	Consortium		
	-- Testimony <Invitation Only> --		
	Bills Previously Heard/Scheduled		

FINANCE

Feb 13	Monday	Senate Finance 532	9:00 AM
+ SB 9	MILITARY FACILITY ZONES		
+ SB 14	TRANSPORTATION NETWORK COMPANIES		
+	Bills Previously Heard/Scheduled		
Feb 14	Tuesday	Senate Finance 532	9:00 AM
+	Presentation: AGDC		
	Mr. Keith Meyer, President, Alaska Gasline		
	Development Corporation		
+	Bills Previously Heard/Scheduled		
Feb 15	Wednesday	Senate Finance 532	9:00 AM
+ SB 9	MILITARY FACILITY ZONES		
+ SB 14	TRANSPORTATION NETWORK COMPANIES		
+	Bills Previously Heard/Scheduled		
Feb 16	Thursday	Senate Finance 532	9:30 AM
+	University of Alaska		
	FY18 Operating Budget Overview		
+	Bills Previously Heard/Scheduled		
Feb 16	Thursday	Senate Finance 532	1:30 PM
+	Department of Education and Early Development		
	FY18 Operating Budget Overview		
+	Bills Previously Heard/Scheduled		
Feb 17	Friday	Senate Finance 532	8:30 AM
+	Department of Health and Social Services		
	FY18 Operating Budget Overview		
+	Bills Previously Heard/Scheduled		

HEALTH & SOCIAL SERVICES

Feb 13	Monday	Capitol 106	1:30 PM
	-- Location Change --		
+	Joint Presentation with House Health and Social		
	Services Committee		
	Joshua Sonkiss, MD: The Science of Addiction		
	-- Testimony <Invitation Only> --		

HEALTH & SOCIAL SERVICES (continued)

Feb 15	Wednesday	Butrovich 205	1:30 PM
+= SB 36	OPTOMETRY & OPTOMETRISTS		
	-- Testimony <Invitation Only> --		
+	Bills Previously Heard/Scheduled		
Feb 17	Friday	Butrovich 205	1:30 PM
	No Meeting Scheduled		

JUDICIARY

Feb 13	Monday	Beltz 105 (tsbldg)	1:30 PM
	No Meeting Scheduled		
Feb 15	Wednesday	Beltz 105 (tsbldg)	1:30 PM
+	SB 55 OMNIBUS CRIME/CORRECTIONS		
+	SB 5 POLITICAL CONTRIBUTION LIMITS/PROHIBITION		
Feb 17	Friday	Beltz 105 (tsbldg)	1:30 PM
+	SB 54 CRIME AND SENTENCING		

LABOR & COMMERCE

Feb 14	Tuesday	Beltz 105 (tsbldg)	1:30 PM
+	SB 40 OMNIBUS WORKERS' COMPENSATION		
+	SB 29 REPEAL WORKERS' COMP APPEALS COMMISSION		
+	SB 15 E-CIGS: SALE TO AND POSSESSION BY MINOR		
+	Bills Previously Heard/Scheduled		
	-- Public Testimony --		
Feb 16	Thursday	Beltz 105 (tsbldg)	1:30 PM
+	Innovating Alaska		
	Presentations:		
	Robert Tucker - "Innovation is Everybody's Business"		
	University of Alaska - Inventions and Economic Opportunities		
	Global Innovation Award Winners - First Lego League		
+	Bills Previously Heard/Scheduled		
	-- Public Testimony --		

RESOURCES

Feb 13	Monday	Butrovich 205	3:30 PM
+ = SB 6	INDUSTRIAL HEMP PRODUCTION -- Testimony <Invitation Only> --		
+	Overview: The Alaska National Interest Lands Conservation Act Department of Natural Resources Department of Fish & Game +	Bills Previously Heard/Scheduled	
Feb 15	Wednesday	Senate Finance 532	12:00 PM
	-- Please Note Location & Time Change -- Joint Meeting with the House Resources Committee		
+	Overview on Mining in the State of Alaska: Alaska Miners Association The Council of Alaska Producers -- Testimony <Invitation Only> --		
Feb 15	Wednesday	Butrovich 205	3:30 PM
+ = SB 6	INDUSTRIAL HEMP PRODUCTION -- Public Testimony --		
+	Overview: State Legal Efforts Related to the Alaska National Interest Lands Conservation Act Department of Law -- Testimony <Invitation Only> --		
+	Bills Previously Heard/Scheduled		
Feb 17	Friday	Butrovich 205	3:30 PM
	No Meeting Scheduled		

STATE AFFAIRS

Feb 14	Tuesday	Butrovich 205	3:30 PM
+ SB 48	INS. FOR DEPENDS. OF DECEASED FIRE/POLICE		
+ SJR 2	CONST AM: APPROPRIATION LIMIT -- Testimony <Invitation Only> --		
+	Bills Previously Heard/Scheduled		

SENATE JOURNAL

February 13, 2017

249

STATE AFFAIRS (continued)

Feb 16	Thursday	Butrovich 205	3:30 PM
+ = SB 21	PERMANENT FUND: INCOME; POMV; DIVIDENDS		
	-- Testimony <Invitation Only> --		
+ = SB 26	PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS		
	-- Testimony <Invitation Only> --		
+	Bills Previously Heard/Scheduled		

TRANSPORTATION

Feb 14	Tuesday	Butrovich 205	1:30 PM
+ SB 33	NAME STATE FERRIES: M/V TAZLINA & HUBBARD		
+ SB 46	OCT 25: AFR-AMER SOLDIERS AK HWY DAY		
+	Bills Previously Heard/Scheduled		

Feb 16	Thursday	Butrovich 205	1:30 PM
+	Bills Previously Heard/Scheduled		

FINANCE SUBCOMMITTEES

ADMINISTRATION

Feb 22	Wednesday	Senate Finance 532	1:30 PM
	Overview of the Governor's FY18 Budget		

Feb 27	Monday	Senate Finance 532	1:30 PM
	Agenda TBA		

Mar 01	Wednesday	Senate Finance 532	1:30 PM
	Agenda TBA		

Mar 08	Wednesday	Senate Finance 532	1:30 PM
	Tentative FY18 Subcommittee Budget Close-Out		

EDUCATION & EARLY DEVELOPMENT

Feb 21	Tuesday	Butrovich 205	7:30 AM
Overview of the Governor's FY18 Budget			
	Dr. Michael Johnson, Commissioner		
	Sana Efird, Deputy Commissioner		
	Heidi Teshner, Director, Division of Administrative Services		
Feb 28	Tuesday	Butrovich 205	7:30 AM
	Agenda TBA		
Mar 07	Tuesday	Butrovich 205	7:30 AM
	Agenda TBA		
Mar 09	Thursday	Butrovich 205	7:30 AM
	Tentative FY18 Subcommittee Budget Close-Out		

ENVIRONMENTAL CONSERVATION

Feb 16	Thursday	Fahrenkamp 203	1:15 PM
-- MEETING CANCELED --			
+	Governor's FY18 Budget Overview		

HEALTH & SOCIAL SERVICES

Feb 17	Friday	Senate Finance 532	11:00 AM
Budget Overview			
Feb 21	Tuesday	Senate Finance 532	1:30 PM
	Agenda to Follow		
Feb 23	Thursday	Senate Finance 532	1:30 PM
	Agenda to Follow		
Feb 28	Tuesday	Senate Finance 532	1:30 PM
	Agenda to Follow		
Mar 02	Thursday	Senate Finance 532	1:30 PM
	Agenda to Follow		

SENATE JOURNAL

February 13, 2017

251

HEALTH & SOCIAL SERVICES(continued)

Mar 07	Tuesday Agenda to Follow	Senate Finance 532	1:30 PM
Mar 09	Thursday Agenda to Follow	Senate Finance 532	1:30 PM
Mar 14	Tuesday Agenda to Follow	Senate Finance 532	1:30 PM
Mar 16	Thursday If Needed	Senate Finance 532	1:30 PM

JUDICIARY SUBCOMMITTEE

Feb 14	Tuesday +	Butrovich 205 Governor's FY18 Budget Overview	8:00 AM
---------------	---------------------	---	----------------

LAW

Feb 15	Wednesday Overview of the Governor's Proposed FY18 Budget	Butrovich 205	5:30 PM
Feb 27	Monday Agenda TBA	Butrovich 205	5:30 PM
Mar 01	Wednesday Agenda TBA	Butrovich 205	5:30 PM
Mar 08	Wednesday Tentative FY18 Subcommittee Budget Close-Out	Butrovich 205	5:30 PM

UNIVERSITY OF ALASKA

Feb 16	Thursday +	Beltz 105 (tsbldg) -- MEETING CANCELED -- Governor's FY18 Budget Overview	11:15 AM
---------------	----------------------	--	-----------------

SPECIAL COMMITTEES

SPECIAL CMTE ON THE ARCTIC

JOINT COMMITTEES

LEGISLATIVE COUNCIL

Feb 15 Wednesday House Finance 519 7:00 AM
+ FY18 Proposed Budget
+ Subcommittee Assignments

OTHER MEETINGS

JOINT SESSION

Feb 22 **Wednesday** **House Chamber** **11:00 AM**
+ Annual Address by the Honorable
Lisa Murkowski, U.S. Senator

Feb 24 **Friday** **House Chamber** **10:30 AM**
+ Annual Address by the Honorable
Dan Sullivan, U.S. Senator

MISCELLANEOUS MEETING

Feb 23 **Thursday** **Butrovich 205** **12:00 PM**
Lunch & Learn:
Alaska Legal Services Corporation
Presentation By Nicole Nelson, Executive Director
& Jim Sandman, Legal Services Corp. President
Sponsored by Senator Micciche

MISCELLANEOUS MEETING (continued)

Mar 22	Wednesday	Capitol 106	12:00 PM
	Lunch & Learn		
	Alaska Chapter of the American Foundation for		
	Suicide Prevention		
	Sponsored by Senator Hoffman		