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Address by

The Honorable Dan Sullivan

United States Senator

Before a Joint Session

of the

Second Session of the

Thirtieth Alaska State Legislature

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February 26, 2018

Juneau, Alaska

The following was submitted for publication:

President Kelly. Speaker Edgmon. Members of the House and Senate from the Great State of Alaska, thank you for inviting me to speak to you. Thanks also to each member of the Legislature and your staffs for your service to our state.

It's always great to be back home and see some old friends and new faces. And it's really, really heartening to see healthy faces. On the airplane from Anchorage last night, I saw Senator Shelley Hughes and former Senator Albert Kookesh, dear friends to many of us here. They both looked strong and told me they were winning their fights against cancer. Congratulations!

There's a few people here with me in the gallery today that I'd like to introduce. Everyone knows Connie McKenzie. Amanda Coyne is still helping me instead of writing about you. Matt Shuckerow is my new press secretary. I stole him from Congressman Young—with his permission of course. Renee Reeve, who is no stranger to many of you, is my new state director. Larry Burton is my new chief of staff, who many of you know from his time working for Congressman Young and Senator Stevens. And of course, the most important person in my life, and the love of my life, my wife Julie is here with me.

I always view my address to the Legislature as the most important speech I give all year. I don't have to tell all of you, but being in elected office, we can get caught up in the news of the day—sometimes as a result of an intemperate tweet or two... or three, or four. There's committee hearings, policy papers, and, importantly, constituents to hear from and respond to. The days fly by. I think it's easy to lose track of the point of it all. What's the big picture? So this speech provides an opportunity to reflect on Alaska's past, present, and, most importantly, its future. And what is my general feeling for our future? I know that many Alaskans are seriously struggling from this extended recession. But I'm optimistic. In fact, I'm very optimistic.

As some of you know, my team and I like to read through the archives to get a sense of what the people who fought for the founding of our state were thinking, and what we can learn from them today. History

can be a compass. So, I'd like to take us back to September 10, 1969, during the first lease sale after Prudhoe Bay was discovered. Hundreds of Alaskans sat in the Sydney Laurence Theater in Anchorage and gasped as the bids were called out: \$900 million, setting world records—the equivalent of about \$6 billion today. Remember, back then, the annual state budget was about \$100 million.

It was a big time in Alaska. In the 1969-70 Legislative session here in Juneau, over 800 bills were introduced in the House and more than 600 in the Senate. A lot got done to set up the Alaska we know today. It was also an important time for Alaska in Washington, D.C. Freshman Senator Ted Stevens was working closely with the Secretary of Interior—our own Wally Hickel—and President Nixon, to set the playing field for future federal legislation: The Alaska Native Claims Settlement Act and the Trans-Alaska Pipeline Act, to name a few. Then, like now, there were disagreements. But there was also a buzz of excitement, of possibility that ran between Alaska and D.C. There was promise. There was optimism. Why do I compare today to the late 1960s? Because like today, so much seems to be right around the corner if we are wise enough to seize opportunities. Then, like now, the stars are aligning for a bright future for Alaska. I know there remains principled debate about policy and how we get to the future envisioned by our predecessors. But I think we can agree on a few key pillars of an optimistic vision for Alaska.

What I'd like to do this morning is to discuss some of these and the progress we've been making towards that future.

I. Federal Government as a Partner

First, and foremost, we need a federal government that is a partner in opportunity, not an obstacle. The feds own more than 60 percent of Alaska lands, and at various points in history, have chosen to use this control as a weapon to stifle our opportunities.

Now, I disagree with a number of the statements and tweets made by President Trump, but in terms of a federal government that is finally working to help grow Alaska's economy, we are making significant progress.

About a year ago, Senator Murkowski and I had an Oval Office meeting with the President and his team, including Secretary of Interior Zinke. It was all about Alaska. We brought maps and charts and PowerPoint slides on a whole host of issues—you name it, whaling, fishing, NPRA, ANWR, our military and strategic location, and of course, we also talked about the King Cove Road and how American citizens' lives were regularly in danger because of the lack of a 12-mile road. At one point in the meeting, the President turned to Secretary Zinke: "I want this road approved in two weeks." Well, it took longer than two weeks, but when the approval was recently signed by Secretary Zinke, it was a victory for the whole state, especially for the people of King Cove and Cold Bay who never gave up hope. But it's not just the King Cove Road. It's a whole host of issues where the federal government is now supporting Alaska, from Native Allotments for our brave Vietnam veterans, to promoting NPRA, ANWR and AK LNG.

I watched a state Senate Natural Resources Committee hearing recently where Attorney General Jahna Lindemuth testified about the big cases the state was involved in with the federal government. It was surreal...so much good news! The Chair of the Committee, Senator Cathy Giessel, had a smile on her face during the whole hearing. Senator Bert Stedman talked about hope. Even Senator Click Bishop seemed satisfied. What a difference from my days in front of that Committee, as Attorney General and DNR Commissioner, testifying about the latest lawsuit we filed against the feds and how they were fighting us on everything. No one was smiling or hopeful then! And the feds are also listening to us as we continue to place well-qualified Alaskans into the highest levels of the federal government to protect Alaska's interests, and implement national policies. Former DNR Commissioner Joe Balash is now the U.S. Assistant Secretary of Interior, in charge of all oil, gas and mining activities on federal lands. Chris Oliver is the first Alaskan to permanently head up all federal fisheries for NOAA. Former Alaska State Senate President Drue Pearce is a senior official at the U.S. Department of Transportation. Chris Hladick, Alaska's former Commissioner of Commerce, is now the Region 10 EPA Administrator. And Tara Sweeney, the former co-chair of AFN, was nominated by the President to be the U.S. Assistant Secretary of Interior for Indian Affairs—the first Alaskan to hold this

important position. Consider this: There are six assistant secretaries for the entire Department of Interior. Two of them—one third—will be Alaskans. That's progress!

II. Strong Economy

Second, we want a vibrant economy that brings widespread prosperity to all Alaskans. Last year, I told you that my number one focus would be on our economy. On the federal level, we're making progress here too. In fact, we're on the cusp of an Alaskan comeback.

I was given a mission after my speech last year from Lt. Gov. Mallott and Speaker Edgmon from all of you—a resolution from the Alaska Legislature, that in essence said, at long last, get the 1002 area of ANWR open! Get it done! I said "Roger that." And guess what... we did it. All of us. We got it done. It certainly wasn't a slam dunk. There were about a dozen ANWR-related votes in the past several months, and we had to win each and every one. There were many memorable moments in this effort. When Democratic Senator Joe Manchin of West Virginia kept his word to me and voted the ANWR bill out of Committee, I realized that we might actually have a chance. Then there was Senator John McCain, an American hero and mentor, who hadn't always been an ANWR supporter and is fighting cancer himself. When, after numerous discussions, he arrived on the Senate floor during one of the key ANWR votes in a wheelchair and gave me a big thumbs up, I knew, in my gut that we were almost there. Because we knew the vote would be close in the Senate, the Vice President sat in the presiding officer's chair, in his Constitutional role as President of the Senate, in case we needed him to cast the tie breaking vote—just as Vice President Spiro Agnew did in 1973 for the Trans-Alaska Pipeline bill. I walked up to him while he was sitting in the chair, and he told me how historic this was, and how many times he had voted to open ANWR as a member of the House. Then, I looked up at the gallery, at the many Alaskans who had flown thousands of miles to watch this historic debate, and asked the Vice President for a favor. He looked up and smiled as he gave a big thumbs up to the group of Alaskans in the gallery. They responded with their own waves and fist-pumps. One of these Alaskans was Matthew Rexford, from Kaktovik—a village in ANWR. In testimony a few weeks earlier

before the Senate Energy and Natural Resources Committee, Matthew spoke for our whole state when he said, "The Arctic Iñupiat will not become conservation refugees. We do not approve of efforts to turn our homeland into one giant national park, which literally guarantees us a fate with no economy, no jobs, reduced subsistence and no hope for the future of our people." Matthew was part of a long line of Alaskans—Democrats and Republicans—thousands really, who have worked for decades to lay the groundwork for that night's historic vote to open ANWR. Many are in this body. Today, I want to salute you and them with round of applause.

The Alaska economic comeback is not just about ANWR. Several new discoveries and developments on the North Slope—from fields like Mustang, Greater Moose's Tooth, Nuna, Liberty, Pikka, Putu, Willow, and Point Thomson—and progress on a gasline, all point to the potential for billions of dollars of new investment, significant increases in TAPs throughput and state revenues, and hundreds if not thousands of good-paying jobs. We are on the cusp of becoming—once again—one of the hottest energy players in the world. But we need to seize the opportunity now. At the federal level, we are putting the right policies and personnel in place, but it will largely be up to you to bring the investors here. The decisions you make matter immensely. Just as this body's decision to pass Senate Bill 21 resulted in more investment, more oil and more revenue, even as prices collapsed, the policies you enact here will dictate whether, or if, we will seize this moment of opportunity. Of course, it's not just oil and gas that drives our economy. Our state has the most sustainable and abundant fisheries in the world, supporting tens of thousands of jobs in our state.

As chairman of the Senate Subcommittee in charge of our nation's fisheries, I am working to make sure that Alaska remains the superpower of seafood by increasing market opportunities for our world-class wild products and streamlining federal regulations that often encumber family-owned vessels, as well as the activities of our sport and subsistence fishermen.

III. Healthy Communities

Third, we want to live in healthy communities, with clean air and clean water. A strong economy is worth nothing if it destroys our environment. We are all committed to protecting our state's environment and preserving its natural beauty. To that end, this Legislature has enacted some of the world's most rigorous environmental requirements. But we don't always have control of what washes up on our shores. Every year, millions of tons of waste enters the oceans, mostly from Asia. This pollution, much of it plastics, ends up on our shores or breaks down into tiny pieces that can enter the marine food chain and harm fish and wildlife. Alaska bears the brunt of this crisis because of our extensive shorelines and reliance on our oceans and rivers. Last year, I authored legislation with Democratic Senator Sheldon Whitehouse to tackle this challenge—called the Save our Seas Act. The bill boosts the federal government's domestic and international response to ocean waste, and empowers NOAA to declare severe marine debris emergencies and authorize additional funds to states, like Alaska, for cleanup and response efforts. It also directs the U.S. State Department to undertake negotiations with other countries to address the ocean debris crisis internationally. Our bill passed the Senate and we're working to ensure it passes the House.

We're also making progress on another important oceans issue, particularly here in Southeast, and that's transboundary mining. A few weeks ago, Lt. Gov. Mallott and I traveled to Canada to meet with cabinet officials to request specific action by Canada. I must admit, we were a bit of an odd couple: A Tlingit, Democratic Lt. Gov. and a white, Republican U.S. Senator. I think we confused the Canadians even more when we began most of our meetings by mentioning that we were related...It's true. Our wives—Julie and Toni—are cousins. But our trip to Ottawa showed the Canadian government a powerful unity, which now includes the U.S. State Department whose officials are taking the transboundary mining issue much more seriously than the previous Administration ever did.

Healthy communities also mean access to affordable healthcare—a huge challenge in our state. There are principled differences and much debate on this issue. But even here we've recently made progress.

Thanks to your innovative legislation, the Trump Administration granted Alaska the first 1332 waiver of any state in the country. This has helped decrease premiums in the individual market for the first time in recent memory and will bring approximately \$320 million in federal support to our state. The U.S. Congress recently voted to reauthorize CHIP—the block grant program which covers Alaskan kids in low-income families—for 10 years. And we've fully funded Community Health Centers which are so vital to our state. We delayed the Affordable Care Act's Cadillac Tax, which if it ever kicks in, will devastate Alaska's fragile healthcare market. And we repealed the ACA's individual mandate—which taxed Alaskans for not buying a product they couldn't afford. Not only was this an affront to individual liberty, it was a regressive tax that hit middle and working class families the hardest—close to 70 percent of Alaskans who had to pay this penalty made \$50,000 or less a year. With the individual mandate gone, Obamacare is now truly voluntary. I recognize that healthcare costs are still strangling most Alaskans and that the state's share of Medicaid costs are impacting a growing percentage of the state budget.

I took note when Sen. Peter Micciche said during a recent hearing that we are close to being "swallowed" by the costs of healthcare. I know the Legislature is seriously looking at ways to bring those costs under control and so are we. We came close last year to making the federal formula for Alaska's Medicaid match more equitable, which would have saved the state hundreds of millions of dollars. I am committed to continue to work with all of you on these vital issues.

IV. Safe Communities

Fourth, we want to be safe in our homes, villages, neighborhoods, and schools. We obviously have a lot of work to do in this area. I hear from Alaskans over and over again about cars stolen and houses broken into. Shootings on our streets. In certain communities, it's something that resembles mayhem. We have to do everything we can do to protect our citizens. This also means making sure our kids are safe in their schools. The horrific high school shooting in Florida has scarred the conscious of our nation, and catalyzed an important national discussion on school safety. Regardless of where we stand on

these issues, young Americans across the country who are speaking out—some of whom are friends and families of the victims—deserve to be listened to. I will carefully evaluate proposals on the federal level. However, as Alaskans, we understand how important our 2nd Amendment rights are. We use firearms not only for self-defense, but as a tool to feed our families.

We also have to get at the root causes of the crime-wave sweeping many Alaska communities. The opioid epidemic and gangs related to the drug trade are some. I've been very focused on all aspects of the opioid crisis. Two years ago, we hosted a Wellness Summit at the Mat-Su College, where hundreds of Alaskans gathered to listen, learn, exchange ideas and gain inspiration. It wasn't just a talk-fest: a lot of action-oriented ideas involving federal legislation became reality. We are building on that—the recent two-year federal budget deal dedicates \$6 billion to addressing the opioid crisis—and I am working on an update to the Comprehensive Addiction and Recovery Act (CARA) of 2016 with some of my Senate colleagues. But more needs to be done, and I know Alaskans have ideas. So we are planning another Wellness Summit this summer—this time focused not just on our addiction epidemic, but on combatting the crime-wave that is victimizing so many Alaskans. Stay tuned. We'll need your help and input.

Being safe also means combatting sexual assault and domestic violence—which many of us in this Chamber have been working on together for years. The Choose Respect initiative was one of the most comprehensive state-wide initiatives in the country that set out to tackle this very difficult issue. I've brought many ideas from Choose Respect to the U.S. Senate, including a bill called the POWER Act, which recently passed the Senate and would provide increased legal services to survivors of domestic violence and sexual assault. There's so much more to do. Just like addiction, the scars from these crimes can pass down through the generations. We've known for a long time that Alaska has a big problem. What happened this year is that the rest of the country—from Hollywood to Washington D.C. to the New York media establishment—woke up to the fact that they too have a problem—a big one. I commend the brave women who have come forward with their stories. They are changing Alaska and the world for the better.

V. Frontline of Freedom

Fifth, we want to be the frontline of freedom and defense for America. Given our strategic location, and our large veteran population, Alaska is destined to play this critical role. Our state constitutes three pillars of America's military might. We are the cornerstone of our nation's missile defense, the hub of air combat power for the Asia-Pacific and the Arctic, and a vital expeditionary platform for some of America's best-trained troops. I was with some of those troops in Afghanistan over the holidays—Alaska's very own 4th Brigade of the 25th Infantry Division—the 4-25. Two years ago, this 5,000-member airborne unit was on the verge of being eliminated by the Obama Administration. We reversed this misguided policy. Now, the 4-25 is forward-deployed, defending our freedoms. And we're building on Alaska's three military pillars. Using my seat on the Armed Services Committee, and Senator Murkowski's position on the Appropriations Committee, in the past three years we've secured over \$1 billion for military construction in our state—including \$200 million to build a new missile field at Fort Greely as part of a broader missile defense bill I authored last year. These military investments are critical for America's security, but they will also have the added benefit of providing good-paying jobs for Alaskans. The frontline of freedom in Alaska also includes some unsung heroes who don't get the attention they deserve—the men and women of the United States Coast Guard. The Coast Guard is undergoing a major recapitalization of its fleet. As the Chairman of the Subcommittee in charge of the Coast Guard, I've been working with the Coast Guard's leadership to ensure that this recapitalization will mean more ships, aircraft, and personnel for communities across our great state.

VI. Land of the Future

Finally, we want to be a land of the future—where opportunities are unleashed for our families and our children that we can't begin to fathom today. We are blessed with so many unique advantages relative to other places in the world: Our vast natural resources, including boundless renewable energy; huge deposits of metals and minerals; more shoreline than all the other states combined; the most strategic location from which to take advantage of the Asia-Pacific economic

renaissance; Alaska Native Corporations which drive our economy; and one of the world's largest sovereign wealth funds. We have a great diversity of people and cultures. We have a geography and climate worthy of study by the finest scientific minds. We have the promise of a new Arctic frontier. We have a midnight sun in the summer, and in the winter, electrically charged particles dance in our skies!

We can ski to our office—on world class cross-country ski trails—that produce Olympic Gold Medalists, like Kikkan Randall! And on the weekends, adventure beckons: we climb mountains, snow machine, fish our salmon choked rivers, pick berries on our tundra, and hunt to put food on the table. Alaska has always been a place that celebrates big ideas and big thinkers with a unique combination of frontier and entrepreneurial spirit. Let's never lose that. Cynicism can dampen and extinguish that unique Alaska fire. Whatever we do, or don't do, let's not let that happen to us.

So what are we doing in D.C. to keep that fire burning? Most recently, we've passed historic tax legislation. Middle class Alaskans will see hundreds of dollars more in take home pay each month, which will help our families offset Permanent Fund Dividend cuts. Thousands of Alaskans are also receiving bonuses and increased benefits from companies doing business here because of the tax reform bill. This is real money that will help stretch family budgets in these lean times. The new tax bill also helps our families by incentivizing paid parental leave. Our small businesses will also see reduced tax burdens and will be given the incentive to reinvest their extra money here in Alaska to help get us out of this recession.

As for science, we have so much potential to be a vibrant hub of research, but the federal government needs to be a better partner. One example: I'm a huge supporter of NOAA, yet so much of NOAA staffing, research and infrastructure for Alaska-based missions are not located in our state. I have a commitment from the incoming NOAA Administrator to help us fix this. Bringing those NOAA research and personnel to Alaska, while ensuring a strong university system throughout the state, will help provide a new generation of scientific opportunities for our children. We should always remember that entrepreneurs can live anywhere in the country to start new businesses.

Our unique attributes can attract and keep the best and most adventurous, creative people in the world. We must ensure that our policies welcome those who come North to the Future. Our great land greets them with open arms and we must too, with opportunities in telecom, in server farms and data centers, in carbon fiber, in our fertile soils, in aviation and logistics, in opportunities provided by our cold climate, in tourism, in our unique Native arts and crafts, and in our enormous alternative energy potential.

This morning, I've tried to lay out a vision of what a bright future for Alaska should and could look like. I would love to hear what opportunities you are seeing across our state. One thing I know, and I think you do to: There is no limit to what we can achieve, when we nurture and cultivate our big ideas and our frontier spirit.

VII. Conclusion

Shortly after the Prudhoe Bay lease sale in 1969, a Washington Post reporter wrote about what Alaska's newfound riches might mean for the future of our state. He interviewed tough, independent homesteaders, miners, trappers, fishermen—and women, he wrote, who could "change a flat tire on a one-ton truck in a blizzard." There was tremendous excitement in our state, but also anxiety that with our new found riches, Alaska might end up being like so many places in the Lower 48—wrung out, dull, overcrowded and polluted. We knew then, like we know today, that our future ideal had to involve more than just having money. It was also purpose, a sense of creating a place where both freedom of spirit, adventure, and community were interwoven.

What has happened since 1969? We've done a pretty darn good job of creating a unique place that we love, and is full of opportunity. There are setbacks, of course, but working together, Alaskans have built the best, most unique state in the union. We still have homesteaders and miners and trappers. We still have women who can change a flat tire on a one-ton truck in a blizzard. I'd bet there's even a few in this room. I know that we have serious challenges, but you have my commitment to work through those challenges together and at the same time work to bring the spirit of excitement and creation back to our state.

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I believe that we have a unique opportunity and maybe only a short period of time to once again set the course to realize Alaska's promising future. The moment is now. We must seize it.

Thank you and God bless Alaska.

Please report corrections to the Chief Clerk's office.