

SENATE JOURNAL
ALASKA STATE LEGISLATURE
THIRTY-FIRST LEGISLATURE
SECOND SPECIAL SESSION

Juneau, Alaska

Monday

July 8, 2019

First Day

Pursuant to art. II, sec. 9 and art. III, sec. 17 of the Alaska Constitution the Senate was called to order by President Giessel at 1:04 p.m.

The roll showed fourteen members present. Senators Micciche, Wilson were excused from a call of the Senate. Senators Costello, Hughes, Reinbold, Shower were absent.

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

Dear Heavenly Father, thank You for Goodness and Peace. Please guide us, Your children. Unite us as Your people, we pray. Unite us as one people who, with joy, serve You and the Greater Good.

Lead us in a way that helps and serves others. When we suffer, grant us strength and understanding of Your will. Help us remember to honor the burdens others carry and recognize that theirs may be greater than our own.

Help us remember that pain shared is pain divided ... and joy shared is joy multiplied.

As is said in *The Epistle of James*, chapter 1, verses 2 and 3:

Consider it pure joy, my brothers and sisters, whenever you face trials of many kinds. Know that the testing of faith produces perseverance.

In Your name,

Amen.

Senator Begich led the Senate in the Pledge of Allegiance.

Certification

Senator Coghill, Acting Majority Leader, moved and asked unanimous consent the journal for the twenty-ninth legislative day of the first special session, Senate Journal Supplement No. 4 and House and Senate Joint Journal Supplement No. 9 be approved as certified by the Secretary. Without objection, it was so ordered.

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 Thirty-First Legislature of the State of Alaska into its second special session in Wasilla, Alaska, at 1:00 p.m., on July 8, 2019, at the recommended venue of Wasilla Middle School, to consider passage of bills on the following subject:

An appropriation bill that transfers the amount authorized under AS 37.13.145 (b) from the earning reserve account (AS 37.13.145) to the dividend fund (AS 43.23.045 (a)) for the payment of permanent fund dividends and for administrative and associated costs for the fiscal year ending June 30, 2020.

Dated this 13th day of June, 2019 at 11:00 a.m.

/s/

Michael J. Dunleavy
Governor

Senator Coghill, Acting Majority Leader, moved and asked unanimous consent the Second Special Session of the Thirty-first Legislature be convened in Juneau. There being no objection, the Second Special Session convened in Juneau.

SB 10

Message was received stating the Governor signed the following bill on June 26 and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE BILL NO. 10 "An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

Chapter 8, SLA 2019
Effective Date: 6/27/19

HB 104

Message was received 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:

CS FOR HOUSE BILL NO. 104(L&C) am S "An Act relating to exemptions from mortgage lender, mortgage broker, and mortgage loan originator licensing requirements; and providing for an effective date."

Chapter 9, SLA 2019
Effective Date: See Chapter

HB 39

Message dated June 28 was received stating:

Dear President Giessel:

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

CONFERENCE CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 39 "An Act making appropriations for the operating and loan program expenses of state government and for certain

programs; capitalizing funds; amending appropriations; making supplemental appropriations and reappropriations; and providing for an effective date."

Chapter No.1, FSSLA 2019
[Effective Date: See Chapter]

For the past several years, the State of Alaska has attempted to operate business as usual under a radically changing revenue picture. Based on Alaska's fiscal reality, fundamental changes to our budgetary process have to be implemented in order to align state expenditures and state revenues. That is what this budget does.

With the state of Alaska now pointed in the right direction, this budget moves us halfway toward a balanced budget. With an overall reduction of \$678.8 million this year, next year we can close the state's remaining deficit of \$730 million. This two-year process will put Alaska in a position of balancing the budget without new taxes or a reduction of the traditional Permanent Fund Dividend.

The budget goals and priorities for my administration have been very clear from the beginning: maintain and protect our reserves, expenditures cannot exceed existing revenues, the budget is built on core functions, and no additional taxes on Alaskans. In short, the budget must be sustainable, predictable, and affordable. The operating budget I transmitted on February 13, 2019 for legislative consideration was designed to meet those goals. I appreciate the work and careful deliberation that went into the final passage of HB 39.

The attached reports summarize the line-item vetoes. In total, 182 items have been vetoed from the operating and mental health budgets totaling \$361.1 million in unrestricted general funds (UGF), \$17.7 million in designated general funds (DGF), \$12.4 million in other funds, and \$22.5 million in Federal funds. With these vetoes, the FY2020 operating budget, including mental health appropriations made in HB 40, is \$4,045.2 UGF, \$855.2 DGF, \$700.4 other funds, and \$2,698.2 Federal funds. Included in the items vetoed in this bill are the appropriations for FY2021 K-12 Foundation and Pupil Transportation funding. Per guidance from the Attorney General

appropriations of future general fund revenues are not valid. These items have been vetoed to prevent an unconstitutional dedication of funds.

Based on the five principles outlined at the time of my initial budget proposal, and a sincere effort to end the cycle of unsustainable deficit spending, my administration worked to make a number of difficult, but necessary decisions, including a veto of the unconstitutional dedication of funds for FY2021 education spending. This budget was thoroughly evaluated, and my policies were applied consistently across the board. No one region, community, or legislative district was singled out or held to any other threshold. It is critical that we get our fiscal house in order and provide a secure and stable future for Alaskans.

This budget focuses on the state's basic responsibilities while understanding our fiscal constraints. This is one step in the right direction – setting Alaska on the path to fiscal certainty while acknowledging additional actions, over multiple years, are needed. With this act, we have eliminated nearly 50 percent of the state's deficit; more work will be needed in the months ahead and during the next legislative session.

I am committed to working with the legislature to address our state's spending, to eliminate our deficit over time, and to move Alaska forward.

Sincerely,

/s/

Michael J. Dunleavy

Governor

HB 40

Message date June 28 was received:

Dear President Giessel:

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

CONFERENCE CS FOR SPONSOR SUBSTITUTE
FOR HOUSE BILL NO. 40 "An Act making
appropriations for the operating and capital expenses
of the state's integrated comprehensive mental health
program; and providing for an effective date."

Chapter No. 2, FSSLA 2019
Effective Date: 7/1/19

My administration worked to identify what items were a priority based on the principles I have established during my time in office. This budget was thoroughly evaluated, and my policies were applied consistently across the board. We must evaluate all programs based on how effective they are in achieving the desired outcome. Going forward, it will be necessary for the Mental Health Trust to assess program needs and utilize the Trust's earnings to fund any increases in financial support.

With this in mind, reductions were made to the Mental Health Capital and Operating budget. These vetoes are in line with the guiding principles I outlined on day one of my administration. Reports are attached detailing vetoes to the mental health operating budget, in addition \$11.7 million in unrestricted general funds (UGF) were vetoed from the mental health capital budget for projects that are not core functions of the state. We must work together to prioritize State funded programs, and programs funded at the local level.

Sincerely,

/s/

Michael J. Dunleavy

Governor

SR 1

Message dated June 13 was received stating the Governor read the following resolution and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE RESOLUTION NO. 1 Establishing a
Senate Special Committee on the Railbelt Electric
System.

Senate Resolve No. 1

Messages from the House

Message dated July 8 was read stating:

The Senate is invited to meet with the House for the purpose of a joint session on Wednesday, July 10, 2019 at 11:30 a.m. for the purpose of voting to override the Governor's vetoes to House Bill 39 (Approp: Operating Budget/Loans/Funds) and HB 40 (Approp: Mental Health Budget).

Senator Coghill, Acting Majority Leader, moved and asked unanimous consent the Senate accept the House invitation to meet in Joint Session. Without objection, it was so ordered.

The Secretary was requested to notify the House.

Communications

Message dated June 24 was received from President Giessel and Speaker Edgmon stating in accordance with art. XV, sec. 20 of the Constitution of the State of Alaska and in the public interest, the Second Special Session of the Thirty-first Legislature will convene in Juneau, Alaska at 1:00 p.m., July 8, 2019, in the Alaska Capitol Building to consider the item under the call issued by Governor Michael J. Dunleavy.

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

Department of Health and Social Services
Office of Substance Misuse and Addiction Prevention
Voluntary Nonopioid Directive
Voluntary Nonopioid Directive Information Sheet

Alaska Vaccine Assessment Program
Annual Report 2018-2019
in accordance with AS 18.09.210

Special Committee Reports

In accordance with Uniform Rule 1(e) President Giessel made the following change to the Committee on Committees:

Committee on Committees

Senator Hoffman replaces Senator Costello

Recess

Senator Coghill, Acting Majority Leader, moved and asked unanimous consent the Senate stand in recess to a Committee on Committees meeting. Without objection, the Senate recessed at 1:11 p.m.

After Recess

The Senate reconvened at 1:18 p.m.

Special Committee Reports (continued)**Committee on Committees Report**

Report dated July 8 was read stating:

Madam President:

Your Committee on Committees has met and submits to the Senate for its consideration the following change to the Committee on Committees reports adopted January 15, 2019 and February 6, 2019:

Rules Committee

Senator Hoffman replaces Senator Costello

Signing the report: Senator Giessel, Chair; Senators von Imhof, Hoffman, Coghill, Begich.

Senator Coghill, Acting Majority Leader, moved and asked unanimous consent to adopt the Committee on Committees report. Without objection, it was so ordered.

Unfinished Business

President Giessel announced Senator Hoffman will serve as majority leader effective July 9.

Announcements

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

Announcements are at the end of the journal.

Enrollment**SB 10**

SENATE BILL NO. 10 "An Act extending the termination date of the Statewide Suicide Prevention Council; 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 1:30 p.m., June 20, 2019.

SB 16

HOUSE CS FOR CS FOR SENATE BILL NO. 16(FIN) am H "An Act relating to certain alcoholic beverage licenses and permits; relating to the bond requirement for certain alcoholic beverage license holders; 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 9:53 a.m., July 1, 2019.

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. 16(FIN) am H, which have been corrected in enrolling:

Page 2, line 1:

Delete "displays of arts and crafts."

Page 2, lines 7 - 31:

Delete all material.

Renumber the following bill sections accordingly.

Page 3, line 27:

Delete "AS 43.60"

Insert "this chapter"

Page 4, line 4:

Delete "board"

Insert "Alcoholic Beverage Control Board"

Page 4, line 11:

Delete "board"

Insert "Alcoholic Beverage Control Board"

An additional memorandum from the Division of Legal and Research Services reporting the following manifest errors in HOUSE CS FOR CS FOR SENATE BILL NO. 16(FIN) am H, which have been corrected in enrolling and require a brief explanation:

In addition to more minor technical errors discovered in enrolling the above bill, bill sections 2 and 3 have been deleted to correct an oversight as a result of an amendment adopted on the House floor (amendment No. 5). The amendment deleted references to a new license under title 04 of the Alaska Statutes that would have authorized the sale of alcoholic beverages at licensed performing arts theaters. Bill sections 2 and 3 were retained in engrossing, which both related to performing arts theater licenses that no longer exist. Bill section 2 added a cross reference to new subsection "(j)" to AS 04.16.049(a)(4) that would have been added by bill section 3 to allow persons under 21 years of age but at least 16 years of age on licensed premises of a performing arts theater. Because amendment number 5 removed all references to a performing arts theater license, bill secs. 2 and 3 have been removed in enrolling for consistency with the amendment.

SB 19

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 19(FIN) am H(brf sup maj fld H) "An Act making appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; amending appropriations; making appropriations to capitalize funds; 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 11:45 a.m., June 17, 2019.

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. 19(FIN) am H(brf sup maj fld H), which have been corrected in enrolling:

Page 21, line 15:

Delete "AS 37.05.146(c)(21)"

Insert "AS 37.05.146(c)(20)"

Page 26, line 25:

Delete "Veterans"

Insert "Veterans"

Page 27, line 30:

Delete "or"

Insert "and"

Adjournment

Senator Coghill, Acting Majority Leader, moved and asked unanimous consent the Senate stand in adjournment until 11:00 a.m., July 9, 2019. Without objection, the Senate adjourned at 1:21 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 09 Tuesday Senate Finance 532 9:00 AM
 + Legislative Finance: Fiscal Overview - Budget & Fiscal Review & Updates by David Teal, Legislative Finance Director

Jul 09 Tuesday Senate Finance 532 1:30 PM
 + Legislative Audit: Constitutional Budget Reserve & Reverse Sweep by Kris Curtis, Legislative Auditor & Megan Wallace, Legislative Legal Services Director

JOINT COMMITTEES

BICAMERAL PERMANENT FUND WORKING GROUP

Jul 08 Monday Senate Finance 532 9:00 AM
 + Presentations from Working Group Teams
 Streamed live on AKL.tv

OTHER MEETINGS

JOINT SESSION

Jul 10 Wednesday House Chamber 11:30 AM
 Consideration of Governor's Vetoes to HB 39 and HB 40