

SENATE JOURNAL
ALASKA STATE LEGISLATURE
THIRTY-THIRD LEGISLATURE
FIRST SESSION

Juneau, Alaska

Friday

January 27, 2023

Eleventh Day

Pursuant to adjournment the Senate was called to order by President Stevens at 10:33 a.m.

The roll showed sixteen members present. Senators Gray-Jackson, Stedman, Wielechowski were excused from a call of the Senate. Senator Shower was absent.

The prayer was offered by the Chaplain, Major Shane Halverson, Salvation Army. Senator Hoffman moved and asked unanimous consent the prayer be spread. Without objection, it was so ordered.

Great and merciful God, when Moses found himself overwhelmed from making all the decisions and judgements in the fast-growing nation of Israel, he decided to appoint leaders from the elders of each of the tribes to help the nation run more effectively and successfully. In a similar way, you gave wisdom to the authors of the United States to split our country into separate states, with each state electing leaders to govern.

Lord, grant your wisdom to our leaders, our state legislators, that they may make laws and enact changes that will keep our citizens safe and allow them to flourish. We pray for our legislators. May they surround themselves with people from all cultural backgrounds and walks of life. Surround them with people of high moral and spiritual character.

Lord, they hear many voices day after day, may they hear your voice above all others. Lord, inspire them and speak through them so they may communicate to us with power and conviction. In Jesus' Name, Amen.

Senator Giessel led the Senate in the Pledge of Allegiance.

Certification

Senator Giessel moved and asked unanimous consent the journals for the ninth and tenth legislative days be approved as certified by the Secretary. Without objection, it was so ordered.

Messages from the Governor

Letter dated January 26 was read stating in accordance with Article VII, Section 3 of the Alaska Constitution and AS 14.40.150, I submit the following University of Alaska Regent for confirmation:

Paula Harrison – Anchorage

Appointed: 2/6/2023

Term Expires: 2/6/2031

The appointment was referred to the Education Committee.

The resume for this appointment has been submitted to the Office of the Senate Secretary.

Messages from the House

Message dated January 26 was read stating:

The House of Representatives respectfully invites the Senate to a Joint Session of the Thirty-third Alaska Legislature at 11:00 a.m. on Wednesday, February 22 for the purpose of hearing U.S. Senator Lisa Murkowski's annual address in the House Chambers.

Senator Giessel 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.

Senator Hughes moved and asked unanimous consent Senator Shower be excused from a call of the Senate today. Without objection, Senator Shower was excused.

Communications

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

Department of Revenue

Investment Earnings Report
Alaska Marine Highway System Fund
Alaska Marine Highway Vessel Replacement Fund
January 23, 2023
in accordance with AS 19.65.070 and AS 37.05.550

Alaska Mental Health Trust Authority

Trust Grant Investments FY 2022
2022 Annual Report
in accordance with AS 47.30.046

Department of Administration

Alaska State Officers Compensation Commission
Final Findings and Recommendations
January 24, 2023
in accordance with AS 39.23.540

President Stevens referred the report to the Finance Committee.

The following reports dated January 23, from the Commissioner of the Department of Administration, were received in accordance with AS 23.40.215:

Monetary terms for the collective bargaining agreement reached with the Inlandboatmen's Union of the Pacific.

Monetary terms for the collective bargaining agreement reached with the Teacher's Education Association of Mt. Edgecumbe.

President Stevens referred the reports to the Finance Committee.

Letter dated January 24 from Daniel E. Winfree, Chief Justice of the Alaska Supreme Court, stating in accordance with AS 24.60.131(b), the following public member has been nominated for appointment to the Select Committee on Legislative Ethics:

Deborah Fancher

President Stevens stated the nomination would be held on the Secretary's desk.

Special Committee Reports

Committee on Committees Report

Report dated January 27 was read stating:

Mr. President:

Your Committee on Committees has met and submits to the Senate for its consideration the following change to the Committee on Committees report adopted January 17, 2023:

Judiciary Committee

Senator Tobin replaces Senator Olson as a member

Signing the report: Senator Stevens, Chair; Senators Giessel, Hoffman, Bishop.

Senator Giessel moved and asked unanimous consent the Committee on Committees Report be adopted.

The question being: "Shall the Committee on Committees Report be adopted?" The roll was taken with the following result:

Adopt Committee on Committees Report?

YEAS: 16 NAYS: 0 EXCUSED: 4 ABSENT: 0

Yeas: Bishop, Bjorkman, Claman, Dunbar, Giessel, Hoffman, Hughes, Kaufman, Kawasaki, Kiehl, Merrick, Myers, Olson, Stevens, Tobin, Wilson

Excused: Gray-Jackson, Shower, Stedman, Wielechowski

and so, the Committee on Committees Report was adopted.

Introduction and Reference of Senate Bills

SB 47

SENATE BILL NO. 47 was not introduced.

SB 48

SENATE BILL NO. 48 BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR, entitled:

"An Act authorizing the Department of Natural Resources to lease land for carbon management purposes; establishing a carbon offset program for state land; authorizing the sale of carbon offset credits; and providing for an effective date."

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

The following fiscal information was published today:

Fiscal Note No. 1, Department of Natural Resources

Fiscal Note No. 2, Department of Natural Resources

Fiscal Note No. 3, Department of Natural Resources

Governor's transmittal letter dated January 26:

Dear President Stevens:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill related to carbon management and establishing carbon offset projects on state lands.

There is increasing global interest in carbon offset programs as companies and governments attempt to meet greenhouse gas emissions targets and net zero goals. Participation in this growing industry presents an economic opportunity for Alaska because of our abundant state land and waters. This bill capitalizes on the carbon market opportunity by establishing a statewide carbon offset program within the Department of Natural Resources (DNR). The proposed carbon offset program has the potential to generate additional revenue for the State of Alaska through biologic carbon storage projects that can mitigate a portion of the carbon dioxide emitted by activities around the state, nation, and world.

The bill would allow the state to participate in the evolving carbon market in two ways. First, DNR would be authorized to lease state lands to private parties for carbon management purposes. These projects include greenhouse gas mitigation measures or non-geologic carbon sequestration projects that generate revenue as established in a lease agreement.

Second, it would establish a carbon offset program authorizing DNR to implement carbon offset projects on state lands, including state forest lands. The bill identifies the criteria to be used to establish the program, provides administrative direction for the department, requires a public decision process for carbon offset projects on state lands, and allows for the sale of carbon offset credits. Revenue from carbon offset sales will be placed in a new carbon offset revenue fund to provide funding for the administration and implementation of the program, and excess funding can be drawn from the fund for general state expenses in the future.

This bill presents a strong economic opportunity for the state. I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Mike Dunleavy
Governor

SB 49

SENATE BILL NO. 49 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the geologic storage of carbon
dioxide; and providing for an effective date."

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

The following fiscal information was published today:

Fiscal Note No. 1, Department of Natural Resources

Fiscal Note No. 2, Department of Commerce, Community, and
Economic Development

Fiscal Note No. 3, indeterminate, Department of Revenue

Fiscal Note No. 4, indeterminate, Department of Environmental
Conservation

Governor's transmittal letter dated January 26:

Dear President Stevens:

Under the authority of Article III, Section 18, of the Alaska
Constitution, I am transmitting a bill relating to carbon capture,
utilization, and storage (CCUS) and providing for an effective date.

This bill is a key component of the state's efforts to monetize its
immense carbon storage potential and maximize utilization of
resources. CCUS projects capture carbon dioxide emitted from point

sources or the atmosphere and inject it deep underground into geologic formations for utilization in industrial processes, such as enhanced oil recovery, or for permanent sequestration.

Industry interest in CCUS is growing around the country and the world, driven by regulatory requirements, corporate objectives, and government financing and tax incentives. Alaska's participation in the industry could bring new industrial activity into the state, provide new revenue through CCUS exploration licensing, leasing, and permitting programs, and burnish the state's credentials for environmentally responsible resource development. Alaska is uniquely positioned for success in the CCUS industry, having large, state-owned subsurface acreage positions with highly prospective geologic formations ideal for the underground storage of carbon dioxide.

This omnibus CCUS bill establishes a CCUS leasing and regulatory program for the state. The bill creates a framework for the Department of Natural Resources (DNR) and the Alaska Oil and Gas Conservation Commission (AOGCC) to permit and regulate carbon storage facilities on lands within the state. The bill establishes an exploration licensing and leasing program, along with a pathway for the conversion of enhanced oil recovery operations to sequestration operations. The bill also establishes a mechanism by which the state will assume title to sequestered carbon dioxide following storage facility closure, and an industry-funded trust fund to cover possible long-term liabilities.

The bill provides DNR with the authority to grant carbon storage exploration licenses, and then leases, for the underground storage of carbon dioxide on state land. Generally, a license would have a five-year term with mandatory work commitments including an annual fee of at least \$20 per acre and annual reporting requirements. The bill contains minimum annual rent requirements, a per-ton injection charge for stored carbon dioxide, and requirements for bonding or other financial security. Due to the mineral nature of pore space leased for carbon storage, twenty-five percent of lease payments would be deposited into the Alaska Permanent Fund. Carbon storage lessees would be required to file for approval of a plan of development with the commissioner of DNR in a process similar to current oil and gas

lessees. The bill requires carbon storage licenses and leases to include covenants to prevent unreasonable interference with the rights of existing mineral lessees and to indemnify the state for any unreasonable interference.

The bill amends statutes for pipeline rights-of-way leasing on state land to include pipelines for the transportation of carbon dioxide. This allows the state to administer pipeline infrastructure for transportation of captured carbon dioxide to geological storage facilities.

The bill provides the AOGCC with the authority to seek primacy from the United States Environmental Protection Agency for permitting over Class VI underground injection wells. States with primacy over these wells are anticipated to enjoy a competitive advantage in this burgeoning industry due to quicker well permitting. The bill also grants AOGCC statewide regulatory authority over carbon storage facilities to maintain reservoir integrity, protect property rights, and ensure public health and safety. AOGCC would charge application fees to cover the anticipated costs of processing applications. Once carbon dioxide is being injected into a permitted carbon storage facility, the facility operator would pay AOGCC a fee for each ton of carbon dioxide injected to cover anticipated expenses during the operation of the carbon storage facility. Also, AOGCC would set a surcharge based on carbon dioxide injected to address the expenses the state will incur post-closure. The surcharge payments would be deposited into the carbon storage closure trust fund created in the bill. DNR would assume title and management of the facilities and stored carbon post-closure.

This bill has an immediate effective date to allow the state to capitalize on these new opportunities as soon as possible.

This bill is part of my long-term fiscal solution and plan to attract investment to Alaska. The public will benefit from new potential sources of revenue for the state and boroughs, which can be directed to funding programs to benefit Alaskans. The private sector will benefit from new opportunities for industries associated with the capture, transportation, use, and geological storage of carbon dioxide. The state

will benefit from an inclusive carbon management strategy that can alleviate investor concerns over Arctic energy and infrastructure projects and strengthen Alaska's resource development opportunities.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Mike Dunleavy
Governor

Consideration of the Calendar

Citations

In Memoriam - Tony Strong
Senator(s) Kiehl
Representative(s) Hannan, Story

Senator Giessel moved and asked unanimous consent the citation be adopted. Without objection, the citation was adopted and referred to the Secretary for transmittal.

Unfinished Business

SB 39

Senator Tobin moved and asked unanimous consent to be shown as a cosponsor on SENATE BILL NO. 39 "An Act relating to disclosure of information regarding employee compensation by employers, employees, and applicants for employment." Without objection, it was so ordered.

SB 38

Senators Kaufman, Merrick, Olson moved and asked unanimous consent to be shown as cosponsors on SENATE BILL NO. 38 "An Act establishing the crime of interference with emergency communications." Without objection, it was so ordered.

Announcements

Announcements are at the end of the journal.

Adjournment

Senator Giessel moved and asked unanimous consent the Senate stand in adjournment until 11:00 a.m., January 30, 2023. Without objection, the Senate adjourned at 10:51 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

Jan 31	Tuesday	Beltz 105 (tsbldg)	1:30 PM
	Presentation: Alaska Municipal League Overview by Nils Andreassen, Executive Director of Alaska Municipal League **Streamed live on AKL.tv**		
Feb 02	Thursday	Beltz 105 (tsbldg)	1:30 PM
	Overview: Department of Public Safety by Commissioner-Designee Jim Cockrell Overview: Department of Corrections by Commissioner-Designee Jen Winkelman **Streamed live on AKL.tv**		

EDUCATION

Jan 27	Friday	Beltz 105 (tsbldg)	3:30 PM
	-- Teleconferenced -- + Presentation: Public Education - A Rural Perspective by Kenai Peninsula Borough School District Superintendent Clayton Holland Northwest Arctic Borough School District Superintendent Terri Walker Presentation: How much does Alaska spend on K-12 Education? by		

(Continued on Next Page)

EDUCATION (continued)**(Continued from Previous Page)**

Dayna Jean DeFeo, Director of the Center for
Alaska Education Policy Research (CAEPR),
Institute of Social and Economic Research
Matthew Berman, Professor of Economics,
Institute of Social and Economic Research
Streamed live on AKL.tv

Jan 30 Monday Beltz 105 (tsbldg) 3:30 PM

Presentation: Challenges Facing Public
Education in Alaska by
Dillingham City School District Superintendent
Amy Brower
Sandy Thompson Wallace, President of APEA/AFT
-- Public Testimony --
Public testimony on the issue of public
education funding in Alaska.
Bills Previously Heard/Scheduled
Streamed live on AKL.tv

Feb 01 Wednesday Beltz 105 (tsbldg) 3:30 PM

Presentation: Cost Estimates for a Base Student
Allocation Increase by
Alexei Painter, Director of the Legislative
Finance Division
-- Public Testimony --
Public testimony on the issue of education
funding in Alaska.
SENATE BILL: INCREASE BSA
<Pending Introduction & Referral>
Bills Previously Heard/Scheduled
Streamed live on AKL.tv

Feb 03 Friday Beltz 105 (tsbldg) 3:30 PM

+ SB 14 RIP FOR PUBLIC EMPLOYEES/TEACHERS
-- Testimony <Invitation Only> --
SENATE BILL: INCREASE BSA
<Pending Introduction & Referral>
Bills Previously Heard/Scheduled
Streamed live on AKL.tv

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FINANCE

Jan 27	Friday	Senate Finance 532	9:00 AM
	-- Teleconferenced --		
+	Deferred Maintenance		
	- Office of Management & Budget		
	- Department of Transportation		
	- University of Alaska		
Jan 30	Monday	Senate Finance 532	9:00 AM
+= SB 40	APPROP: OPERATING BUDGET/LOANS/FUND; SUPP		
+= SB 41	APPROP: CAPITAL/SUPPLEMENTAL		
+ SB 42	APPROP: MENTAL HEALTH BUDGET		
	Legislative Finance Overview of Proposed FY24		
	Budget by Alexei Painter, Director of Legislative Finance		
	Bills Previously Heard/Scheduled		
Jan 31	Tuesday	Senate Finance 532	9:00 AM
	Administration Response to Prior Meetings		
	- Department of Revenue		
	- Department of Natural Resources		
	- Office of Management & Budget		
	Bills Previously Heard/Scheduled		
Feb 01	Wednesday	Senate Finance 532	9:00 AM
	State Debt Summary & Credit Review		
	- Ryan Williams, State Debt Manager		
	Bills Previously Heard/Scheduled		
Feb 02	Thursday	Senate Finance 532	9:00 AM
	Order of Operations - Alaska's Oil Tax Regime		
	- Dan Stickel, Chief Economist - Dept. of Revenue		
	Bills Previously Heard/Scheduled		
Feb 03	Friday	Senate Finance 532	9:00 AM
	No Meeting Scheduled		

HEALTH & SOCIAL SERVICES

Jan 31	Tuesday	Butrovich 205	3:30 PM
	Presentation: Department of Health by Commissioner-designee Heidi Hedberg Deputy Commissioner Emily Ricci Assistant Commissioner Josie Stern Deputy Director Heather Carpenter		
Feb 02	Thursday	Butrovich 205	3:30 PM
	No Meeting Scheduled		

JUDICIARY

Jan 27	Friday	Butrovich 205	1:30 PM
+ SB 37	CRIME COUNTERFEIT/NONFUNCTIONING AIRBAG -- Invited & Public Testimony -- Bills Previously Heard/Scheduled		
Jan 30	Monday	Butrovich 205	1:30 PM
+= SB 38	INTERFERENCE WITH EMERGENCY SERVICES Bills Previously Heard/Scheduled		
Feb 01	Wednesday	Butrovich 205	1:30 PM
	Bills Previously Heard/Scheduled		
Feb 03	Friday	Butrovich 205	1:30 PM
	No Meeting Scheduled		

LABOR & COMMERCE

Jan 27	Friday	Beltz 105 (tsbldg)	1:30 PM
+	-- Teleconferenced -- Workforce Overview from the Vocational/Technical Education Perspective Presentation: AVTEC-Alaska Vocational Technical Center by Cathy LeCompte, Director Presentation: NACTEC by Doug Walrath, Director Additional Presenters TBA **Streamed live on AKL.tv** -- Testimony <Invitation Only> --		

LABOR & COMMERCE (continued)

Jan 30	Monday	Beltz 105 (tsbldg)	1:30 PM
	-- Testimony <Invitation Only> -- Workforce Overview from the Nonprofit Perspective Presentation: by Laurie Wolf, President /CEO The Foraker Group **Streamed live on AKL.tv**		
Feb 01	Wednesday	Beltz 105 (tsbldg)	1:30 PM
	No Meeting Scheduled		
Feb 03	Friday	Beltz 105 (tsbldg)	1:30 PM
	No Meeting Scheduled		

RESOURCES

Jan 27	Friday	Butrovich 205	3:30 PM
	-- Teleconferenced -- Presentation: Yukon and Kuskokwim Fisheries Collapse Update by Alaska Department of Fish and Game Commissioner Doug Vincent-Lang -- Testimony <Invitation Only> -- + SB 10 HUNTING/TRAPPING/FISHING: DISABLED VETS -- Testimony <Invitation Only> -- John Sturgeon, President of Safari Club International Alaska Troy Eck, Commander Alaska VFW **Streamed live on AKL.tv**		
Jan 30	Monday	Butrovich 205	3:30 PM
	Presentation: Cook Inlet Gas Update by John Boyle, Commissioner-Designee, Department of Natural Resources John Crowther, Deputy Commissioner, Department of Natural Resources Derek Nottingham, Director, DNR Division of Oil and Gas -- Testimony <Invitation Only> -- Bills Previously Heard/Scheduled **Streamed live on AKL.tv**		

RESOURCES (continued)

Feb 01	Wednesday	Butrovich 205	3:30 PM
	Presentation: Alaska Utilities Panel by Brad Janorschke, General Manager of Homer Electric Association Arthur Miller, Chief Executive Officer of Chugach Electric Association Tony Izzo, Chief Executive Officer of Matanuska Electric Association John Burns, President and Chief Executive Officer of Golden Valley Electric Association Presentation: Alaska Gasline Development Corporation Overview by Frank Richards, President of Alaska Gasline Development Corporation -- Testimony <Invitation Only> -- Bills Previously Heard/Scheduled **Streamed live on AKL.tv**		
Feb 03	Friday	Butrovich 205	3:30 PM
	No Meeting Scheduled		

STATE AFFAIRS

Jan 31	Tuesday	Beltz 105 (tsbldg)	3:30 PM
+ SB 26	LICENSE PLATES: FALLEN PEACE OFFICERS -- Invited & Public Testimony --		
Feb 02	Thursday	Beltz 105 (tsbldg)	3:30 PM
+ SB 12	ADDRESS CONFIDENTIALITY PROGRAM -- Invited & Public Testimony -- Bills Previously Heard/Scheduled		

TRANSPORTATION

Jan 31	Tuesday	Butrovich 205	1:30 PM
	-- Teleconference <Listen Only> -- Presentation: Federal & State Funding to DOT&PF Overview Department of Transportation and Public Facilities -- Testimony <Invitation Only> -- **Streamed live on AKL.tv**		
Feb 02	Thursday	Butrovich 205	1:30 PM
	-- Teleconference <Listen Only> -- Presentation: Overview of Alaska Marine Highway by Department of Transportation and Public Facilities -- Testimony <Invitation Only> -- **Streamed live on AKL.tv**		

OTHER MEETINGS**COMMITTEE ON COMMITTEES**

Jan 27	Friday	Butrovich 205	10:15 AM
	Committee Assignments		

JOINT SESSION

Feb 01	Wednesday	House Chamber	11:00 AM
	State of the Judiciary Address by Chief Justice Daniel E. Winfree		
Feb 07	Tuesday	House Chamber	11:00 AM
	U.S. Senator Dan Sullivan's Annual Address		
Feb 22	Wednesday	House Chamber	11:00 AM
	Annual Address by Lisa Murkowski, U.S. Senator		

MISCELLANEOUS MEETINGS

Feb 01	Wednesday Lunch & Learn Presentation: Learn about the impact, needs and services for seniors in Alaska by Marge Stoneking, Associate Director - AARP Alaska	Butrovich 205	12:00 PM
Feb 03	Friday -- Rescheduled to 02/06/2023 -- Lunch & Learn Presentation: University of Alaska Ted Stevens Internship Program Sponsored by Senator Kiehl	Butrovich 205	12:00 PM
Feb 06	Monday -- Rescheduled from 02/03/2023 -- Lunch & Learn Presentation: University of Alaska Ted Stevens Internship Program Sponsored by Senator Kiehl	Butrovich 205	12:00 PM