

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
THIRTIETH LEGISLATURE
FIRST SESSION

Juneau, Alaska **Wednesday** **January 18, 2017**

Second Day

Pursuant to adjournment the House was called to order by Speaker Edgmon at 10:41 a.m.

Roll call showed 39 members present. Representative Parish was absent and his presence was noted later.

The invocation was offered by the Chaplain, the Most Reverend Edward J. Burns, Bishop of the Catholic Diocese of Juneau. Representative Wilson moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

Good and gracious God, in the beginning you created the heavens and the earth; you are the Alpha and the Omega; all that we have comes from your almighty hand - we thank you and we praise you for the blessings you have bestowed upon us. As the members of the House of Representatives of the State of Alaska embark on this legislative session, we ask that you bless them with your gifts of wisdom, strength, courage, and grace. May they seek to do your will in serving the common good of your people.

Bless them for the service they offer to the great state of Alaska. We are grateful for the sacrifice they make by serving in public office. Bless, too, their loved ones and all who are dear to them.

May these legislators know your presence in their lives. Give them a sense of peace and fulfillment in serving others. And may this legislative session bear much fruit and advance the needs of the state that are right and just. We ask all this in your Holy Name. Amen.

The Pledge of Allegiance was led by Representative Chenault.

CERTIFICATION OF THE JOURNAL

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

MESSAGES FROM THE GOVERNOR

A revised finance plan dated December 22, 2016, regarding the 2015 Bering Sea Storm Disaster with an accompanying letter dated December 21, 2016, were received pursuant to AS 26.23.020. The revised finance plan and letter were copied to the Finance Committee Co-chairs and are on file in the Chief Clerk's office.

MESSAGES FROM THE SENATE

A message dated January 17 was read stating the Senate accepted the invitation to meet in joint session in the House Chamber at 7:00 p.m., January 18 to hear the Governor's State of the State Address.

A message dated January 17 was read stating the Senate ratified the following members to the Select Committee on Legislative Ethics:

Senator Coghill
Senator Egan
Senator Stevens, Alternate to Senator Coghill
Senator Gardner, Alternate to Senator Egan

The House members of the committee are Representatives Tuck and Eastman and Representatives Parish and Reinbold, alternates (page 16).

COMMUNICATIONS

The following were received:

Alaska Criminal Justice Commission
Alcohol-Related Offenses in Title 28 of the Alaska Statutes Report
December 1, 2016
<http://www.ajc.state.ak.us/alaska-criminal-justice-commission>
(as required by Chapter No. 36, SLA 2016)

Alaska Criminal Justice Commission
Recommendations
December 20, 2016
(as required by AS 44.19.645-646)

Alaska Criminal Justice Commission
Social Impact Bonds Report
December 15, 2016
<http://www.ajc.state.ak.us/alaska-criminal-justice-commission>
(as required by Chapter No. 36, SLA 2016)

Alaska Criminal Justice Commission
Victim Restitution
December 1, 2016
<http://www.ajc.state.ak.us/alaska-criminal-justice-commission>
(as required by Chapter No. 36, SLA 2016)

Alaska Energy Authority
Alaska Affordable Energy Strategy:
A Framework for Consumer Energy
Sustainability Outside of the Railbelt
December 30, 2016
www.akenergyauthority.org
(as required by Chapter No. 2, 4SSLA 2016)

Alaska Energy Authority
Response to Intent Language in FY17 Operating Budget
December 28, 2016
www.akenergyauthority.org
(as required by Chapter No. 3, 4SSLA 2016)

Alaska Energy Authority
Susitna-Watana Hydro Project
2016 Report
www.susitna-watanahydro.org
(as required by AS 44.83.085)

Alaska Housing Finance Corporation
2016 Annual Report
<http://reporttoalaskans.us/2016/>
(as required by AS 18.56.200)

Alaska Industrial Development & Export Authority
Interior Energy Project
Quarterly Report to the Alaska State Legislature
January 10, 2017
<http://www.interiorenergyproject.com/>
(as required by Chapter No. 39, SLA 2015)

Dept. of Health & Social Services
Alaska Medicaid Management Information System
December 15, 2016
(as required by AS 47.07.076)

Dept. of Health & Social Services
Annual Medicaid Reform Report
November 15, 2016
(as required by AS 47.05.270)

Dept. of Health & Social Services
Dept. of Law
Fraud, Abuse, and Waste,
Payment and Eligibility Errors for FY 16
Joint Legislative Report
November 2016
(as required by Chapter No. 25, SLA 2016)

Dept. of Transportation & Public Facilities
Alaska Sustainable Energy Act
Annual Report
2016 Progress Report
January 2017
(as required by AS 44.42.067)

The following audit reports were received from the Division of Legislative Audit, Legislative Budget & Audit Committee, as required by AS 24.20.311:

2016 Annual Report, Unabridged
2016 Annual Report, Condensed

Alaska Commission on Postsecondary Education
Alaska Student Loan Corporation
Performance Review
September 9, 2016

Dept. of Commerce, Community, & Economic Development
Alaska Regional Development Organizations
August 9, 2016

Dept. of Health and Social Services
Alaska Health Care Commission
October 17, 2016

Dept. of Public Safety
Alaska Scientific Crime Detection Laboratory, Select Issues
November 7, 2016

INTRODUCTION, FIRST READING, AND REFERENCE OF HOUSE RESOLUTIONS

HJR 1

(Profile released January 9, 2017)

HOUSE JOINT RESOLUTION NO. 1 by Representatives Josephson,
Kawasaki, Gara, and Drummond:

Proposing an amendment to the Constitution of the State of
Alaska relating to marriage.

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

HJR 2

(Profile released January 9, 2017)

HOUSE JOINT RESOLUTION NO. 2 by Representative Rauscher:

Proposing an amendment to the Constitution of the State of Alaska relating to an appropriation limit.

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

HJR 3

(Profile released January 9, 2017)

HOUSE JOINT RESOLUTION NO. 3 by Representatives Claman, Wilson, and Wool:

Proposing amendments to the Constitution of the State of Alaska relating to the duration of regular sessions of the legislature.

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

HJR 4

HOUSE JOINT RESOLUTION NO. 4 by Representatives Talerico, Saddler, Pruitt, and Grenn:

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.

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

HJR 5

HOUSE JOINT RESOLUTION NO. 5 by Representatives Westlake, Grenn, and Tuck:

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.

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

HJR 6

HOUSE JOINT RESOLUTION NO. 6 by Representatives Edgmon and Pruitt:

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 first time and referred to the Resources Committee.

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

HB 1

(Prefile released January 9, 2017)

HOUSE BILL NO. 1 by Representatives Tuck and Drummond, entitled:

"An Act relating to absentee voting, voting, and voter registration; relating to early voting locations at which persons may vote absentee ballots; and providing for an effective date."

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

HB 2

(Profile released January 9, 2017)

HOUSE BILL NO. 2 by Representatives Tuck and LeDoux, entitled:

"An Act relating to a voluntary preference for veterans by private employers."

was read the first time and referred to the House Special Committee on Military & Veterans' Affairs and the Labor & Commerce Committee.

HB 3

(Profile released January 9, 2017)

HOUSE BILL NO. 3 by Representatives Tuck and LeDoux, entitled:

"An Act relating to the employment rights of employees in the state who are members of the National Guard of another state, territory, or district of the United States."

was read the first time and referred to the House Special Committee on Military & Veterans' Affairs and the State Affairs Committee.

HB 4

(Profile released January 9, 2017)

HOUSE BILL NO. 4 by Representatives Thompson and Saddler, entitled:

"An Act relating to military facility zones."

was read the first time and referred to the House Special Committee on Military & Veterans' Affairs and the Community & Regional Affairs Committee.

HB 5

(Profile released January 9, 2017)

HOUSE BILL NO. 5 by Representative Millett, entitled:

"An Act relating to major medical insurance coverage under the Public Employees' Retirement System of Alaska for certain surviving spouses and dependent children of peace officers and firefighters; and providing for an effective date."

was read the first time.

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 5 by Representatives Millett, Kawasaki, Kito, Gara, and Drummond, entitled:

"An Act relating to payment of health benefit premiums for a surviving spouse and dependent child of certain peace officers and firefighters who die in the line of duty; and providing for an effective date."

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

HB 6

(Profile released January 9, 2017)

HOUSE BILL NO. 6 by Representative Rauscher, entitled:

"An Act establishing the Jonesville Public Use Area."

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

HB 7

(Profile released January 9, 2017)

HOUSE BILL NO. 7 by Representatives Kreiss-Tomkins and Kawasaki, entitled:

"An Act relating to the exhibition of marked ballots."

was read the first time and referred to the State Affairs and Community & Regional Affairs Committees.

HB 8

(Profile released January 9, 2017)

HOUSE BILL NO. 8 by Representative Edgmon, entitled:

"An Act relating to protective orders."

was read the first time and referred to the Community & Regional Affairs and Judiciary Committees.

HB 9

(Prefile released January 9, 2017)

HOUSE BILL NO. 9 by Representative Saddler, entitled:

"An Act relating to the Board of Pharmacy; relating to the licensing and inspection of certain facilities located outside the state; relating to drug supply chain security; and creating a position of executive administrator for the Board of Pharmacy."

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

HB 10

(Prefile released January 9, 2017)

HOUSE BILL NO. 10 by Representatives Wilson and LeDoux, entitled:

"An Act relating to the duties of the Department of Health and Social Services; relating to child-in-need-of-aid proceedings; relating to child protection; and amending Rules 6(a), 6(b)(2) and (3), 10(c)(2) and (3), 10(e)(2), 10.1, 15(f)(2), 17(c), 17(d)(2), 17.1(b), 17.1(d)(3), 17.2(a), 17.2(e), 17.2(f), 17.3, 18(c), and 19.1(c), Alaska Child in Need of Aid Rules of Procedure, and repealing Rules 17.1(a), 17.1(c), and 17.1(d)(2), Alaska Child in Need of Aid Rules of Procedure."

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

**The presence of Representative Parish was noted.

HB 11

(Prefile released January 9, 2017)

HOUSE BILL NO. 11 by Representatives Kawasaki and Tuck, entitled:

"An Act relating to retirement incentives for members of the defined benefit retirement plan of the teachers' retirement system and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date."

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

HB 12

(Prefile released January 9, 2017)

HOUSE BILL NO. 12 by Representative Wilson, entitled:

"An Act relating to the authority of the Department of Health and Social Services to take custody of a child and to remove a child from the child's home."

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

HB 13

(Prefile released January 9, 2017)

HOUSE BILL NO. 13 by Representatives Josephson and Gara, entitled:

"An Act prohibiting the expenditure of state or municipal assets to create a registry based on race or religion."

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

HB 14

(Prefile released January 9, 2017)

HOUSE BILL NO. 14 by Representative Josephson, entitled:

"An Act relating to the Bristol Bay Fisheries Reserve; and providing for an effective date."

was read the first time and referred to the House Special Committee on Fisheries and the Resources Committee.

HB 15

(Prefile released January 9, 2017)

HOUSE BILL NO. 15 by Representatives Josephson and Drummond, entitled:

"An Act relating to marriage, adoption, birth certificates, state custody of a minor, divorce, dissolution, and legal separation; replacing the terms 'husband' and 'wife' in certain statutes relating to loans, trusts, spousal immunity and confidential marital communications, probate and nonprobate transfers, life and health insurance, workers' compensation, and property ownership; and making conforming amendments."

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

HB 16

(Prefile released January 9, 2017)

HOUSE BILL NO. 16 by Representatives Thompson, Saddler, Tarr, Gara, and Wool, entitled:

"An Act relating to training regarding disabilities for police officers, probation officers, parole officers, correctional officers, and village public safety officers; relating to guidelines for drivers when encountering or being stopped by a peace officer; relating to driver's license examinations; and relating to a voluntary disability designation on a state identification card and a driver's license."

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

HB 17

(Prefile released January 9, 2017)

HOUSE BILL NO. 17 by Representative Josephson, entitled:

"An Act establishing a fish and game conservation program in the Department of Fish and Game; and establishing a fish and wildlife conservation program account within the fish and game fund."

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

HB 18

(Prefile released January 9, 2017)

HOUSE BILL NO. 18 by Representatives Ortiz and Claman, entitled:

"An Act relating to race classics."

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

HB 19

(Prefile released January 9, 2017)

HOUSE BILL NO. 19 by Representative Drummond, entitled:

"An Act limiting the application of neonicotinoid pesticides."

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

HB 20

(Prefile released January 9, 2017)

HOUSE BILL NO. 20 by Representative Claman, entitled:

"An Act relating to marriage solemnization; and authorizing elected public officials in the state to solemnize marriages."

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

HB 21

(Prefile released January 9, 2017)

HOUSE BILL NO. 21 by Representative Eastman, entitled:

"An Act making a special appropriation from the earnings reserve account for the payment of permanent fund dividends; and providing for an effective date."

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

HB 22

(Prefile released January 9, 2017)

HOUSE BILL NO. 22 by Representatives Eastman and Sullivan-Leonard, entitled:

"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."

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

HB 23

(Prefile released January 9, 2017)

HOUSE BILL NO. 23 by Representatives Josephson, Kawasaki, Kito, Tuck, Wool, and LeDoux, entitled:

"An Act relating to major medical insurance coverage under the Public Employees' Retirement System of Alaska for certain surviving spouses and dependent children of peace officers and firefighters; and providing for an effective date."

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

HB 24

(Prefile released January 9, 2017)

HOUSE BILL NO. 24 by Representatives Millett and Kito, entitled:

"An Act classifying U-47700 as a schedule IA controlled substance; and providing for an effective date."

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

HB 25

(Prefile released January 9, 2017)

HOUSE BILL NO. 25 by Representative Claman, entitled:

"An Act relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date."

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

HB 26

(Prefile released January 9, 2017)

HOUSE BILL NO. 26 by Representative Tarr, entitled:

"An Act relating to breaks for employees who are nursing mothers."

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

HB 27

(Prefile released January 9, 2017)

HOUSE BILL NO. 27 by Representative Tarr, entitled:

"An Act relating to chemicals that are of high concern for children and to the manufacture and sale of products containing certain flame retardant chemicals; relating to an interstate chemicals clearinghouse; adding an unlawful act to the Alaska Unfair Trade Practices and Consumer Protection Act; and providing for an effective date."

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

HB 28

(Prefile released January 9, 2017)

HOUSE BILL NO. 28 by Representative Tarr, entitled:

"An Act relating to the disclosure of the ingredients in cosmetics; and providing for an effective date."

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

HB 29

(Prefile released January 9, 2017)

HOUSE BILL NO. 29 by Representatives Tarr, Gara, and Tuck, entitled:

"An Act prohibiting the sale of a genetically modified fish or fish product."

was read the first time and referred to the House Special Committee on Fisheries and the Resources Committee.

HB 30

(Prefile released January 9, 2017)

HOUSE BILL NO. 30 by Representative Tarr, entitled:

"An Act relating to the payment of sick leave by employers; and providing for an effective date."

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

HB 31

(Prefile released January 9, 2017)

HOUSE BILL NO. 31 by Representatives Tarr, Gara, Tuck, and LeDoux, entitled:

"An Act requiring the Department of Public Safety to develop a tracking system and collection and processing protocol for sexual assault examination kits; requiring law enforcement agencies to send sexual assault examination kits for testing within 18 months after collection; requiring an inventory and reports on untested sexual assault examination kits; and providing for an effective date."

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

HB 32

(Prefile released January 9, 2017)

HOUSE BILL NO. 32 by Representatives Tarr, Kawasaki, and Tuck, entitled:

"An Act relating to the labeling of food; relating to the misbranding of food; requiring labeling of food produced with genetic engineering; and providing for an effective date."

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

HB 33

(Prefile released January 9, 2017)

HOUSE BILL NO. 33 by Representatives Foster, Kito, and Tuck, entitled:

"An Act establishing May 31 of each year as Katie John Day."

was read the first time and referred to the Community & Regional Affairs Committee.

HB 34

(Prefile released January 13, 2017)

HOUSE BILL NO. 34 by Representative Tarr, entitled:

"An Act relating to sales of alcoholic beverages near a school or church."

was read the first time and referred to the Community & Regional Affairs and Labor & Commerce Committees.

HB 35

(Prefile released January 13, 2017)

HOUSE BILL NO. 35 by Representative Gara, entitled:

"An Act creating the safer Alaska streets and communities fund; and providing for an effective date."

was read the first time and referred to the Community & Regional Affairs and Finance Committees.

HB 36

(Prefile released January 13, 2017)

HOUSE BILL NO. 36 by Representative Gara, entitled:

"An Act bearing the short title of the 'Corporate Tax Loophole Elimination Act'; establishing a tax on the income attributable to a shareholder, member, or owner of a qualified entity; relating to exemptions from the tax on corporations; repealing tax credits applied against the tax on certain individuals; and providing for an effective date."

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

HB 37

(Prefile released January 13, 2017)

HOUSE BILL NO. 37 by Representatives Josephson, Gara, and Tuck, entitled:

"An Act relating to accrual of service in the Public Employees' Retirement System of Alaska by a peace officer or firefighter while the peace officer or firefighter is unable to work and is receiving workers' compensation benefits; and requiring the state to make certain contributions under the defined contribution retirement plan of the Public Employees' Retirement System of Alaska for a peace officer or firefighter who is unable to work and is receiving workers' compensation benefits."

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

HB 38

(Prefile released January 13, 2017)

HOUSE BILL NO. 38 by Representative Josephson, entitled:

"An Act relating to the calculation and payment of workers' compensation benefits in the case of permanent partial impairment; relating to the calculation and payment of workers' compensation death benefits payable to a child of an employee where there is no surviving spouse; relating to the calculation and payment of workers' compensation death benefits for an employee without a surviving spouse or child; relating to notice of workers' compensation death benefits; and providing for an effective date."

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

HB 39

(Prefile released January 13, 2017)

HOUSE BILL NO. 39 by Representative Josephson, entitled:

"An Act relating to game management and to regulations of the Board of Game."

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

HB 40

(Prefile released January 13, 2017)

HOUSE BILL NO. 40 by Representative Josephson, entitled:

"An Act prohibiting and providing penalties and civil remedies for trapping within 200 feet of certain public facilities, areas, and trails; and providing for an effective date."

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

HB 41

(Prefile released January 13, 2017)

HOUSE BILL NO. 41 by Representatives Gara and Tuck, entitled:

"An Act relating to joint prime sponsorship of bills."

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

HB 42

(Prefile released January 13, 2017)

HOUSE BILL NO. 42 by Representatives Wilson and LeDoux, entitled:

"An Act relating to seizure of property; relating to forfeiture to the state; relating to criminal law; amending Rules 3, 4, 11, 12, 16, 32, 32.2, 32.3, 39, 39.1, and 42, Alaska Rules of Criminal Procedure, Rules 501, 801, and 803, Alaska Rules of Evidence, and Rules 202, 209, and 217, Alaska Rules of Appellate Procedure; and providing for an effective date."

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

HB 43

(Prefile released January 13, 2017)

HOUSE BILL NO. 43 by Representatives Grenn, Kawasaki, Gara, and Drummond, entitled:

"An Act relating to prescribing, dispensing, and administering an investigational drug, biological product, or device by physicians for patients who are terminally ill; providing immunity related to manufacturing, distributing, or providing investigational drugs, biological products, or devices; and relating to licensed health care facility requirements."

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

HB 44

(Prefile released January 13, 2017)

HOUSE BILL NO. 44 by Representatives Grenn, LeDoux, Kawasaki, Tuck, and Stutes, entitled:

"An Act requiring a legislator to abstain from taking or withholding official action or exerting official influence that could benefit or harm an employer or to request to be excused from voting in an instance where the legislator may have a financial conflict of interest; and providing for an effective date."

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

HB 45

(Prefile released January 13, 2017)

HOUSE BILL NO. 45 by Representative Tarr, entitled:

"An Act relating to an annual report concerning the payment of equal pay for comparable work; increasing the minimum wage; and providing for an effective date."

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

HB 46

(Profile released January 13, 2017)

HOUSE BILL NO. 46 by Representative Tarr, entitled:

"An Act relating to the state and municipal procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; relating to the sale of milk, milk products, raw milk, and raw milk products; and providing for an effective date."

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

HB 47

(Profile released January 13, 2017)

HOUSE BILL NO. 47 by Representative Foster, entitled:

"An Act requiring certain municipalities with a population that decreased by more than 25 percent between 2000 and 2010 that participate in the defined benefit retirement plan of the Public Employees' Retirement System of Alaska to contribute to the system an amount calculated by applying a rate of 22 percent of the total of all base salaries paid by the municipality to employees of the municipality who are active members of the system during a payroll period; authorizing the administrator of the defined benefit retirement plan of the Public Employees' Retirement System of Alaska to reduce the rate of interest payable by certain municipalities that are delinquent in transmitting employee and employer contributions to the retirement plan; and providing for an effective date."

was read the first time and referred to the Community & Regional Affairs and Finance Committees.

HB 48

HOUSE BILL NO. 48 by Representative Kito, entitled:

"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."

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

HB 49

HOUSE BILL NO. 49 by Representative Kito, entitled:

"An Act extending the termination date of the Board of Certified Direct-Entry Midwives; and providing for an effective date."

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

HB 50

HOUSE BILL NO. 50 by Representative Kito, entitled:

"An Act relating to the procurement of architectural, engineering, or land surveying services for state-funded contracts."

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

HB 51

HOUSE BILL NO. 51 by Representative Stutes, entitled:

"An Act relating to the regulation of wastewater discharge from small commercial passenger vessels in state waters; and providing for an effective date."

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

HB 52

HOUSE BILL NO. 52 by Representatives Kawasaki, Fansler, and Tuck, entitled:

"An Act relating to providing a pre-elementary program within a school district; and providing for the certification of early childhood education plans."

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

HB 53

HOUSE BILL NO. 53 by Representative Drummond, entitled:

"An Act relating to flame retardants and to the manufacture, distribution, and sale of products containing flame retardants; and providing for an effective date."

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

HB 54

HOUSE BILL NO. 54 by Representative Drummond, entitled:

"An Act relating to the voluntary termination of life by terminally ill individuals; and providing for an effective date."

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

HB 55

HOUSE BILL NO. 55 by Representative Neuman, entitled:

"An Act directing the governor to provide notice to the legislature regarding certain information related to regulations; and providing for an effective date."

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

HB 56

HOUSE BILL NO. 56 by Representative Ortiz, entitled:

"An Act relating to limitations on certain commercial fishing loans made by the Department of Commerce, Community, and Economic Development."

was read the first time and referred to the House Special Committee on Fisheries and the Finance Committee.

HB 57

HOUSE BILL NO. 57 by the House Rules Committee by request of the Governor, entitled:

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations and reappropriations, and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

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

The Governor's transmittal letter dated January 17 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the State's operating budget for Fiscal Year (FY) 2018.

The FY 2018 budget shares many commonalities with the plan I submitted last year. The budget continues to reduce State spending for operating agencies through program reductions, efficiency measures such as the new Shared Services Division, provisions to increase unrestricted general fund revenue through sustainable use of the Permanent Fund Earnings Reserve, and tax increases.

This year's agency operating budget is \$3.75 billion in unrestricted general funds. This represents an unrestricted general fund reduction of \$123.0 million from FY 2017 and \$747.7 million from FY 2015. While continuing to reduce total spending, the budget maintains key

services such as education and support to local communities. It maximizes federal funding opportunities to support Alaskans and the Alaskan economy. The budget reduces the draw on the Constitutional Budget Reserve by \$2 billion, from the estimated \$2.9 billion to \$892 million.

My administration included language in the FY 2018 budget and is introducing separate legislation for the Permanent Fund Protection Act and motor fuels tax, and stands ready to assist the Legislature in developing other broad based tax legislation in order to cover the cost of necessary government services.

My administration looks forward to working with the Legislature on the FY 2018 budget and related revenue measures to provide a long term balanced budget.

Sincerely,

/s/

Bill Walker
Governor"

HB 58

HOUSE BILL NO. 58 by the House Rules Committee by request of the Governor, entitled:

"An Act making appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

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

The Governor's transmittal letter dated January 17 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the State's capital budget for Fiscal Year (FY) 2018.

The proposed capital bill totals \$1.4 billion, of which \$1.2 billion will be supported by federal funds, and \$106.1 million with unrestricted general funds. The budget meets minimum capital funding needs including housing support and matching funds for transportation, water, and sewer.

The largest component of the capital budget is the State's transportation program, totaling \$1.2 billion, including \$22 million of savings from the vessel replacement fund to match \$222.0 million in federal receipts to replace the Alaska Marine Highway System's oldest vessel, the *M/V Tustumena*. Outside of the transportation program, this budget includes only minimal matching funds for energy, sewer, and water projects, limited deferred maintenance, mostly through re-appropriations, and limited named recipient's grants, including the Alaska Travel Industry Association for tourism marketing. Without a full fiscal plan, the capital budget will remain unsustainably low, running the risk of allowing our public assets such as schools, ports, and roads to deteriorate.

My administration looks forward to working with the Legislature to finalize a capital budget and is interested in collectively looking at a disciplined approach to using General Obligation Bonds for existing capital requirements.

Thank you for your consideration of this bill.

Sincerely,
/s/
Bill Walker
Governor"

HB 59

HOUSE BILL NO. 59 by the House Rules Committee by request of the Governor, entitled:

"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."

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

A letter dated January 13 with accompanying spreadsheets, to the Alaska Mental Health Trust Authority from Pat Pitney, Director, Office of Management and Budget, was attached (as required by AS 37.14.003) and is on file in the Chief Clerk's office.

The Governor's transmittal letter dated January 17 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the State's comprehensive mental health program for Fiscal Year (FY) 2018. As required by statute, it includes both operating and capital appropriations. Also as required, the enclosed report outlines the differences between the recommendations of the Alaska Mental Health Trust Authority (Trust) and my proposed budget.

The total FY 2018 mental health budget of \$229.4 million represents a \$9.1 million reduction from FY 2017. The FY 2018 budget includes \$16.7 million of the Trust's \$16.9 million operating budget recommendations and \$12.1 million of the Trust's \$15.2 million capital budget recommendations. These amounts are in addition to \$200.6 million of annual base funding. The mental health operating budget reflects reductions to grant programs, reform to the Medicaid program, increases to criminal justice recidivism reduction programs, and salary and health benefit adjustments. Reports comparing Trust recommendations to those included in the FY 2018 Governor's operating and capital mental health budgets are available at https://www.omb.alaska.gov/ombfiles/18_budget/PDFs/Mental_Health_Budget_Reports_01-10-17.pdf.

The State's fiscal situation requires that all areas of government maximize efficiencies. The Trust's encouragement and support of Medicaid and criminal justice reform have had a positive impact on the State. Moving forward, a comprehensive fiscal plan to address State revenue will help ensure the sustainability of programs to support Alaska's mental health beneficiaries. We look forward to working with the Legislature on the FY 2018 budget bills and revenue solutions.

Thank you for your consideration of this bill.

Sincerely,

/s/

Bill Walker
Governor"

HB 60

HOUSE BILL NO. 60 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the motor fuel tax; relating to the disposition of revenue from the motor fuel tax; relating to a transportation maintenance fund; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Transportation & Public Facilities
2. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated January 17 follows:

"Dear Speaker Edgmon:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the taxation of motor fuels.

The bill would raise the tax rates on the categories of motor fuel currently taxed under AS 43.40.010 (motor fuel tax) by increasing the currently outdated tax rates on motor fuels, including all motor fuel sold or transferred within the state, aviation gasoline, aviation fuel other than gasoline and motor fuel used in and on watercraft. The tax increase would be phased in, with a first increase effective July 1, 2017, and the second increase effective July 1, 2018. The two-part implementation approach in the bill will assist in easing the transition to a more practical tax base.

While the proposed tax increase may appear to represent a significant increase, the tax rates on motor fuel sold or transferred within the state have not been raised in many years; for example, the tax on highway fuel has remained at eight cents a gallon since 1970. This bill would bring Alaska's tax rate on highway fuel very close to the current national average of 25 cents a gallon.

Further, this bill would establish as AS 43.40.040 the transportation maintenance fund in the general fund. Included in this fund would be the existing special highway fuel tax account (AS 43.40.010(g)), the special nonpublic highway use account (AS 43.40.010(j)), and the special watercraft fuel tax account (AS 43.40.010(f)) for revenue generated by the tax. This approach clarifies how motor fuels taxes are accounted for in order to allow the Legislature to appropriate funds for the purposes set out in each account in the transportation maintenance fund, including the direct capital, operating, or maintenance costs of water and harbor, and highway infrastructure.

Thank you for your consideration of this measure.

Sincerely,

/s/

Bill Walker
Governor"

HB 61

HOUSE BILL NO. 61 by the House Rules Committee by request of the Governor, entitled:

"An Act relating to the Alaska Permanent Fund Corporation, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to the mental health trust fund; relating to deposits into the dividend fund; relating to the calculation of permanent fund dividends; relating to unrestricted state revenue available for appropriation; and providing for an effective date."

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

The following fiscal note(s) apply:

1. Zero, Dept. of Administration
2. Zero, Dept. of Administration/Fund Capitalization
3. Zero, Dept. of Revenue
4. Fiscal, Dept. of Corrections
5. Fiscal, Dept. of Revenue
6. Fiscal, Dept. of Revenue/Earnings Reserve Account

The Governor's transmittal letter dated January 17 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 permanent fund and the funding structure for State government.

This bill would establish a new financial model to enable sustainable funding of State services and the protection of the Permanent Fund. The bill would provide for an annual sustainable draw, subject to appropriation, from the Permanent Fund earnings reserve account to the general fund to support State government services. Additionally, the bill would provide that the Legislature may make appropriations for Permanent Fund dividends based on the value of the entire Permanent Fund and the value of mineral royalties. As a result of the changes in this bill, the Permanent Fund earnings reserve account would generate a predictable and solid return of revenues for State government, and the dividend would continue, but on a more sustainable and predictable basis.

In detail, the bill would make the following changes to allow for sustainable withdrawals from the Permanent Fund to the general fund:

- Amend AS 37.13.145 to provide for an annual appropriation from the earnings reserve account to the general fund to pay for State government services, calculated based on five and one-quarter percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years (hereafter, "POMV draw").

- Add a new section, AS 37.13.146, to provide that the Legislature may appropriate for the payment of dividends from the general fund based on an amount equal to 20 percent of the POMV draw and 20 percent of the mineral royalties received by the State. For the next two years, the dividend would be set at \$1,000. Thereafter, the new formula would go into effect, resulting in a dividend of approximately \$1,000 into the future.
- Change the inflation-proofing mechanism by providing that the Legislature may appropriate any amount in the earnings reserve that exceeds the annual POMV draw multiplied by four to Permanent Fund principal. This will ensure that a sufficient amount of funds remains in the earnings reserve account for the POMV draw, while also continuing to build up the principal of the Permanent Fund over time.
- Add a new section reducing the annual draw from the earnings reserve account to the general fund if the State receives more than \$1.2 billion in mineral royalties and oil and gas production taxes in a fiscal year.

Finally, the bill seeks to amend the uncodified law to express the intent of the Legislature that the Legislature reevaluate the use of Permanent Fund earnings as provided for in this bill in three years. Upon becoming law, the bill would become effective immediately.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Bill Walker
Governor"

HB 62

HOUSE BILL NO. 62 by Representative Pruitt, entitled:

"An Act relating to the adoption of regulations; and providing for an effective date."

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

HB 63

HOUSE BILL NO. 63 by Representative Pruitt, entitled:

"An Act transferring duties among departments in the executive branch of state government; relating to the duties of departments and commissioners in the executive branch; relating to the duties of the Office of the Governor; relating to state boards and commissions; and providing for an effective date."

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

UNFINISHED BUSINESS

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 Pruitt – from 5:00 a.m., January 19 to 10:00 a.m., January 23

Representative Johnston – from 12:30 p.m., January 20 to 10:15 a.m., January 23

Pursuant to AS 44.19.642 the Speaker appointed Representative Claman to the Alaska Criminal Justice Commission

A letter dated November 16, 2016, was received from Senator Stevens, Chair, Legislative Task Force on Civics Education, appointing David Block to replace Pamela Orme.

Representative Tuck moved and asked unanimous consent that the House recess until 6:45 p.m., for the Governor's State of the State Address; and so, the House recessed at 11:40 a.m.

AFTER RECESS

The Speaker called the House back to order at 6:52 p.m.

JOINT SESSION IN THE HOUSE

In accordance with Uniform Rule 51, Speaker Edgmon turned the gavel over to President Kelly who called the joint session to order at 7:00 p.m.

The purpose of the joint session was to hear the State of the State Address by the Honorable Bill Walker, Governor.

Senator Micciche moved and asked unanimous consent that the roll call of the Senate be waived and all members be shown as present. There being no objection, it was so ordered.

Representative Tuck moved and asked unanimous consent that the roll call of the House be waived and all members be shown as present. There being no objection, it was so ordered.

President Kelly appointed Representative Westlake and Senator Begich to escort the Governor to the joint session.

The Senate Sergeant-at-Arms announced the Governor's entrance into the House Chamber.

Governor Walker was escorted to the rostrum and welcomed by President Kelly.

Governor Walker delivered his address, and it is published in House and Senate Joint Journal Supplement No. 1.

Governor Walker received a standing ovation.

Senator Micciche moved and asked unanimous consent that the joint session adjourn. There being no objection, President Kelly adjourned the joint session at 7:50 p.m.

The Speaker ordered the House at ease to allow members of the Senate to leave the Chamber.

IN THE HOUSE

The Speaker called the House back to order at 7:53 p.m.

ANNOUNCEMENTS

House committee schedules are published daily under separate cover.

ADJOURNMENT

Representative Tuck moved and asked unanimous consent that the House adjourn until 10:30 a.m., January 20. There being no objection, the House adjourned at 7:53 p.m.

Crystaline Jones
Chief Clerk