

SENATE JOURNAL
ALASKA STATE LEGISLATURE
THIRTIETH LEGISLATURE
SECOND SESSION

Juneau, Alaska

Wednesday

January 24, 2018

Ninth Day

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

The roll showed eighteen members present. Senator Stedman was excused from a call of the Senate. The seat from District E was vacant.

The prayer was offered by the Chaplain, Father Pat Casey, Cathedral of the Nativity of the Blessed Virgin Mary. Senator Hoffman moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

Gracious God, open our ears and hearts to your voice.
Give us the sensitivity to hear you, especially when
you speak to us through people we serve and
circumstances we do not wish to hear. Amain.

Senator Olson led the Senate in the Pledge of Allegiance.

Certification

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

Communications

Letter dated January 17 was received from Craig Stowers, Chief Justice of the Alaska Supreme Court, stating in accordance with AS 24.60.130(b)(3), he has nominated Dennis "Skip" Cook as a public member to the Select Committee on Legislative Ethics:

President Kelly referred the nomination to the Judiciary Committee.

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

Department of Law
Federal Laws and Litigation Report
January 15, 2018
in accordance with AS 44.23.020

Department of Environmental Conservation
Division of Spill Prevention and Response (SPAR)
Notification of Availability of FY2017 Annual Report
in accordance with AS 46.08.060

Department of Natural Resources
Division of Parks and Outdoor Recreation:

2017 Report on Designations of Incompatible Use
January 16, 2018
in accordance with AS 41.21.020

2017 Report on the Number of Camping Permits Issued to
Disabled Veterans, January 16, 2018
in accordance with AS 41.21.026

Department of Revenue:

Alaska Municipal Bond Bank Authority
FY17 Reserve Fund Certification
January 18, 2018
in accordance with AS 44.85.270

Alaska Retirement Management Board
Retirement System Financial Condition Report
January 16, 2018
in accordance with AS 37.10.220

Standing Committee Reports

SCR 14

The State Affairs Committee considered SENATE CONCURRENT RESOLUTION NO. 14, Relating to awarding the Alaska Decoration of Honor to certain members of the military. Signing do pass: Senator Meyer, Chair; Senators Wilson, Giessel, Egan, Coghill.

The following fiscal information was published today:
Fiscal Note No. 1, zero, Legislative Agency

The resolution was referred to the Rules Committee.

Introduction and Reference of Senate Resolutions

SJR 12

SENATE JOINT RESOLUTION NO. 12 BY SENATOR WIELECHOWSKI,

Urging the United States Congress to overturn the Federal Communication Commission's order ending net neutrality.

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

Introduction and Reference of Senate Bills

SB 152

SENATE BILL NO. 152 BY SENATOR MEYER, entitled:

"An Act establishing September 11 of each year as Patriot Day."

was read the first time and referred to the State Affairs Committee.

SB 153

SENATE BILL NO. 153 BY SENATOR WILSON, entitled:

"An Act relating to distillery licenses."

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

SB 154

SENATE BILL NO. 154 BY SENATOR WILSON, entitled:

"An Act relating to contributions from permanent fund dividends to the general fund."

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

SB 155

SENATE BILL NO. 155 BY SENATOR MEYER, entitled:

"An Act relating to the registration and regulation of real estate appraisal management companies; relating to the establishment of fees by the Department of Commerce, Community, and Economic Development; relating to the Board of Certified Real Estate Appraisers; and relating to real estate appraisers."

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

SB 156

SENATE BILL NO. 156 BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to workers' compensation benefits for the rehabilitation and reemployment of injured employees."

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

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Administration
Fiscal Note No. 2, Department of Labor and Workforce
Development

Governor's transmittal letter dated January 23:

Dear President Kelly,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the rehabilitation and reemployment of injured employees in the workers' compensation system. The bill improves the process of determining eligibility and developing reemployment plans for workers who cannot return to their former jobs as a result of a work-related injury, and proposes services to support employers in getting injured workers back on the job quickly.

The reemployment process is meant to provide severely injured workers with new skills to return to the labor market. However, developing workable reemployment plans within statutory constraints has grown increasingly difficult since the reemployment process was last reformed over ten years ago. This bill updates an outdated process with new approaches to provide adequate benefits while controlling costs, and to enhance the system's efficiency and fairness.

This bill would set the maximum cost for a reemployment plan at an amount that accounts for inflation since the last statutory increase in 2000, and provides for annual adjustments of the maximum cost based on the consumer price index. The bill would also increase the limited cash benefit for job dislocation to account for inflation since the benefit was created in 2005. Eligible employees would also have more choices in reemployment goals and plans. The law would no longer require that plans take the shortest amount of time for completion, although statutory time and cost limitations would still apply.

At the same time, the bill would help employers control costs by setting fees for the services of rehabilitation specialists who evaluate eligibility, and develop and monitor plans. The bill would limit the payment of stipend benefits that cover living expenses during the

reemployment process to not more than one year before a plan is approved and not more than two years after a plan is approved. This helps employers control costs and curb abuse of the system by discouraging employees from delaying the reemployment process to receive additional stipend. Finally, the bill would also limit liability for employers for reemployment benefits by establishing a deadline for a worker to request these benefits.

The bill would reduce disputes over an employee's non-cooperation with the process by making participation by employees wholly voluntary. Eligibility evaluations would occur only upon an employee's written request and are bypassed if the employer and employee agree to the employee's eligibility. Also, eligible employees would have more time to choose the job dislocation benefit over continuing to participate in the reemployment process. Even after the period for selecting the job dislocation benefit ends, an employee may choose to stop participating in the reemployment process at any time, ending an employer's ongoing liability for reemployment benefits. The process may be suspended on request if an employee's medical condition changes or the employee has other unusual and extenuating circumstances that prevent the employee from temporarily participating in retraining. Additionally, the bill would permit an employer to controvert and stop paying reemployment benefits if the employee is not willing to participate in the process.

Even though the reemployment process would be voluntary, the bill would encourage employees to return to work because it would not permit employees to settle reemployment benefits with their employers. Instead, employees eligible for reemployment benefits must choose to either complete a reemployment plan or take a job dislocation benefit. This avoids injured employees receiving large lump sums that they often do not use to complete retraining on their own.

The bill would also encourage employees' return to work by allowing the administrator to offer consultation services for employers on early return-to-work policies and programs. Returning injured workers to the job on light duty while they are recovering from their injury maintains their connection to the workforce, and minimizes lost wages and downtime. Moreover, studies have shown that the longer an

injured worker remains off work, the less likely that the worker will return to the labor market. The proposed consultation services are meant to reduce the need for retraining and the overall cost of workers' compensation benefits by returning injured employees to work sooner.

Finally, the bill would make the process more efficient in three different ways. First, the bill would allow the reemployment benefits administrator to reconsider or modify decisions, and rehabilitation specialists to help parties modify plans, changing the cumbersome process under current law that requires parties to ask the Alaska Workers' Compensation Board for such adjustments. However, parties would still be permitted to seek Board review of the administrator's decisions in any matter. Second, because the number of qualified rehabilitation specialists is declining, the bill would provide greater flexibility for the administrator to assign and manage these specialists so that lack of availability does not delay eligibility evaluations and plan development. Third, the bill would extend the deadline for specialists to complete eligibility evaluations to 60 days, eliminating the requirement that they request more time if an evaluation is not completed in 30 days.

This bill would improve the delivery of reemployment benefits to injured workers, ensure reemployment benefits remain adequate, control employers' costs, and encourage the early return to work of injured employees for the benefit of both employees and their employers.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Bill Walker
Governor

SB 157

SENATE BILL NO. 157 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to the Alaska microloan revolving
loan fund and loans from the fund."

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

The following fiscal information was published today:

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

Governor's transmittal letter dated January 23:

Dear President Kelly,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska microloan revolving fund.

The Alaska microloan revolving fund exists to assist state residents with small business venture loans to facilitate entrepreneurial enterprise throughout the state, with a specific policy emphasis on job creation in rural communities.

This bill would improve the program by allowing a loan term for up to 15 years (as opposed to the current six years) and increase the interest rate from one percentage point above the prime rate to two percentage points above the prime rate. Further, the minimum interest rate would be modified to not less than four percent a year (rather than the current six percent a year). The maximum interest rate would remain eight percent a year.

These changes will allow the program to incentivize the startup and expansion of small and micro businesses, growing the small business sector while still protecting the state's financial interests.

I urge your prompt and favorable action on this measure to create a Stronger Alaska.

Sincerely,
/s/
Bill Walker
Governor

SB 158

SENATE BILL NO. 158 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to oil and hazardous substances and waiver of cost recovery for containment and cleanup of certain releases; 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 Environmental Conservation

Governor's transmittal letter dated January 23:

Dear President Kelly,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to cost recovery relief for homeowners.

This bill would offer cost recovery relief to homeowners when they have a release of oil or hazardous substance from equipment used for space heating or electrical power generation. Current statutes require the Department of Environmental Conservation to seek complete cost recovery for cleaning up spilled petroleum or other hazardous substances. This can deter homeowners from reporting or cooperating with the department when they experience a spill at their home, such as a spill from a heating oil tank.

This bill would allow the Department to waive all or a portion of response costs for cleanup for homeowners. Requirements are:

- Release was from piping, tankage, or other equipment solely used to heat an individual's home or residential building with no more than 4 housing units;
- The individual did not willfully or negligently fail to comply with spill prevention, reporting, and response requirements;
- The individual took immediate measures upon discovery of the release and provides reasonable assistance in the clean-up.

Allowing relief from cost recovery would result in more timely and efficient cleanup of these contaminated sites, which protects human health and the environment.

I urge your prompt and favorable action on this bill.

Sincerely,
/s/
Bill Walker
Governor

SB 159

SENATE BILL NO. 159 BY THE SENATE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR, entitled:

"An Act relating to disbursement options under the Public Employees' Retirement System of Alaska and the Teachers' Retirement System of Alaska for participants in the defined contribution plan; and providing for an effective date."

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

The following fiscal information was published today:

Fiscal Note No. 1, zero, Department of Administration

Governor's transmittal letter dated January 23:

Dear President Kelly,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to disbursement options for the defined contribution retirement plans.

In 2005, the state established a defined contribution retirement plan for certain employees of the State, political subdivision, or public organization of the State. The plan applies to qualified members of the public employees' retirement system (AS 39.35), and the teachers'

retirement system (AS 14.25) hired after July 1, 2006. Each plan includes provisions for membership, participation, contributions by members and employers, and distribution of a participant's share.

Currently, the law places statutory restrictions on the forms of distribution. Unfortunately, for plan participants, the statutory options have proven to be inflexible and serve to limit plan participant options. The Division of Retirement and Benefits has found through surveys that plan participants desire further options, including an option for a guaranteed lifetime income product. To meet this need, the Department of Revenue (DOR) and the Department of Administration (DOA) are considering available options and will make those recommended options available for consideration by the Alaska Retirement Management Board in the spring of 2018.

This bill would provide DOA with the ability to put plan options in regulation. Through the regulation process, DOA would have more flexibility to respond to participant needs. This will result in better options for participants, enhance the desirability of public service as a career, and provide a more stable financial future for plan participants.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Bill Walker
Governor

SB 160

SENATE BILL NO. 160 BY SENATOR BEGICH, entitled:

"An Act relating to the regulation of broadband Internet; and making certain actions by broadband Internet service providers unlawful acts or practices under the Alaska Unfair Trade Practices and Consumer Protection Act."

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

Consideration of the Calendar**Second Reading of House Bills****HB 186**

HOUSE BILL NO. 186 "An Act relating to the donation of food; and relating to food banks" was read the second time.

Updated fiscal information was published today:

Fiscal Note No. 2, zero, Department of Environmental Conservation

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

HOUSE BILL NO. 186 was read the third time.

The question being: "Shall HOUSE BILL NO. 186 "An Act relating to the donation of food; and relating to food banks" pass the Senate?" The roll was taken with the following result:

HB 186

Third Reading - Final Passage

YEAS: 18 NAYS: 0 EXCUSED: 1 ABSENT: 0 VACANT: 1

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

Excused: Stedman

and so, HOUSE BILL NO. 186 passed the Senate, was signed by the President and Secretary and returned to the House.

Citations

Honoring - Fairbanks Concert Association 70th Anniversary
Representative(s) Kawasaki, Thompson
Senator(s) Kelly, Begich, Bishop, Coghill, Costello, Egan, Gardner, Giessel, Hoffman, Hughes, MacKinnon, Meyer, Micciche, Olson, Stedman, Stevens, von Imhof, Wielechowski

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

Senator Micciche moved and asked unanimous consent the following citations be made a special order of business. Without objection, it was so ordered.

Special Order of Business

Honoring - Tom Martini, Jeff Evon & The Bethel Search and Rescue
Senator(s) Hoffman, Kelly, Begich, Bishop, Coghill, Costello, Egan, Gardner, Giessel, Hughes, MacKinnon, Meyer, Micciche, Olson, Stedman, Stevens, von Imhof, Wielechowski
Representative(s) Fansler

Honoring - William K. Williams
Representative(s) Ortiz
Senator(s) Stedman, Kelly, Begich, Bishop, Coghill, Costello, Egan, Gardner, Giessel, Hoffman, Hughes, MacKinnon, Meyer, Micciche, Olson, Stevens, von Imhof, Wielechowski

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

Unfinished Business

Senator Hughes moved and asked unanimous consent to be excused from a call of the Senate:

from evening plane time, January 26 through evening plane time, January 28;

from evening plane time, February 9 through evening plane time, February 11;

from afternoon plane time, February 23 through evening plane time, February 25; and

from evening plane time, March 23 through evening plane time, March 25.

Without objection, Senator Hughes was excused.

HB 186

Senators Meyer, Egan, Begich, Olson, Hughes, Bishop, Costello, MacKinnon, Kelly moved and asked unanimous consent to be shown as cross sponsors on HOUSE BILL NO. 186 "An Act relating to the donation of food; and relating to food banks." Without objection, it was so ordered.

SJR 12

Senators Gardner, Begich, Olson moved and asked unanimous consent to be shown as cosponsors on SENATE JOINT RESOLUTION NO. 12 Urging the United States Congress to overturn the Federal Communication Commission's order ending net neutrality. Without objection, it was so ordered.

SB 116

Senator Bishop moved and asked unanimous consent to be shown as a cosponsor on SENATE BILL NO. 116 "An Act relating to the insurance tax education credit, the income tax education credit, the oil or gas producer education credit, the property tax education credit, the mining business education credit, the fisheries business education credit, and the fisheries resource landing tax education credit; providing for an effective date by repealing the effective dates of secs. 3, 5, 7, 10, 14, 16, 18, 21, 23, 25, 28, 30, 32, 35, 37, 39, 42, 44, 46, 49, 51, 53, and 55, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, secs. 15, 17, 19, 21, 23, and 25, ch. 74, SLA 2012, sec. 49, ch. 14, SLA 2014, secs. 37, 40, 43, and 46, ch. 15, SLA 2014, and secs. 26 and 31, ch. 61, SLA 2014; providing for an effective date by amending the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014; and providing for an effective date." Without objection, it was so ordered.

SB 125

Senator Bishop moved and asked unanimous consent to be shown as a cosponsor on SENATE BILL NO. 125 "An Act relating to the financing and issuance of bonds for a liquefied natural gas production system and natural gas distribution system; and providing for an effective date." Without objection, it was so ordered.

Senator Coghill moved and asked unanimous consent to be excused from a call of the Senate from 7:00 a.m. plane time, January 27 through 9:00 p.m. plane time, January 28. Without objection, Senator Coghill was excused.

Announcements

Announcements are at the end of the journal.

Adjournment

Senator Micciche moved and asked unanimous consent the Senate stand in adjournment until 10:00 a.m., January 26, 2018. Without objection, the Senate adjourned at 11:26 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 25 Thursday Beltz 105 (tsbldg) 3:30 PM
 + SB 125 EXTEND BOND AUTH FOR INTERIOR ENERGY PROJ

EDUCATION

Jan 24 Wednesday Butrovich 205 8:00 AM
 += SB 131 EDUCATION FUNDING; BUDGET
 -- Public Testimony <Time Limit May Be Set> --
 + Bills Previously Heard/Scheduled

Jan 25 Thursday Butrovich 205 3:30 PM
 -- Please Note Time Change --
 += SB 131 EDUCATION FUNDING; BUDGET
 -- Public Testimony <Time Limit May Be Set> --
 + Bills Previously Heard/Scheduled

Jan 26 Friday Butrovich 205 8:00 AM
 + Bills Previously Heard/Scheduled

FINANCE

Jan 24 Wednesday Senate Finance 532 9:00 AM
 + SB 143 APPROP: MENTAL HEALTH BUDGET
 Alaska Gasline Development Corporation

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FINANCE (continued)

Jan 25	Thursday	Senate Finance 532	9:00 AM
		- Joint with Senate Resources Committee -	
+		Presentation: Update on the Alaska LNG Project	
		Alaska Gasline Development Corporation	
Jan 26	Friday	Senate Finance 532	9:00 AM
+		Presentation: Deferred Maintenance	
		Adam Bryan, Capital Budget Coordinator	
		Office of Management and Budget	

HEALTH & SOCIAL SERVICES

Jan 24	Wednesday	Butrovich 205	1:30 PM
+	HB 43	NEW DRUGS FOR THE TERMINALLY ILL	
		-- Public Testimony --	
Jan 26	Friday	Butrovich 205	1:30 PM
		No Meeting Scheduled	

JUDICIARY

Jan 24	Wednesday	Beltz 105 (tsbldg)	1:30 PM
		No Meeting Scheduled	
Jan 26	Friday	Beltz 105 (tsbldg)	1:30 PM
		No Meeting Scheduled	

LABOR & COMMERCE

Jan 25	Thursday	Beltz 105 (tsbldg)	1:30 PM
+		How Do We Best Train Alaskans For Jobs?	
		Dept. of Labor & Workforce Development	
		Presentation: Alaska Technical Vocational	
		Education Program (TVEP) Update	
		Greg Cashen, Deputy Commissioner	
		Paloma Harbour, Administrative Services Director	
		Meeting Continued on Next Page	

LABOR & COMMERCE (continued)

Meeting Continued from Previous Page

Allison Biastock, Alaska Workforce Investment Board Director
 Aviation Advisory Board
 Lee Ryan, Ryan Air
 Gideon Garcia, Northern Air Cargo
 Tom George, Aircraft Owner and Pilots Association
 Steve Strait, Board Member
 -- Testimony <Invitation Only> --

RESOURCES

Jan 24 **Wednesday** **Butrovich 205** **3:30 PM**
 +
 Overview:
 Alaska's Oil & Gas Royalty, Unitization Process
 - Department of Natural Resources
 Division of Oil & Gas
 -- Testimony <Invitation Only> --

Jan 25 **Thursday** **Senate Finance 532** **9:00 AM**
 +
 - Joint with the Senate Finance Committee -
 Update on the Alaska LNG Project:
 - Alaska Gasline Development Corporation
 -- Testimony <Invitation Only> --

Jan 26 **Friday** **Butrovich 205** **3:30 PM**
 +
 Overview: Alaska's Oil Production Forecast
 - Department of Natural Resources
 Division of Oil & Gas
 -- Testimony <Invitation Only> --

STATE AFFAIRS

Jan 25 **Thursday** **Butrovich 205** **3:30 PM**
 No Meeting Scheduled

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TRANSPORTATION

Jan 25 Thursday Butrovich 205 1:30 PM
No Meeting Scheduled

JOINT COMMITTEES

LEGISLATIVE COUNCIL

Jan 25 Thursday Beltz 105 (tsbldg) 12:00 PM
-- Location Change --
+ Review of Draft Policy

OTHER MEETINGS

JOINT SESSION

Feb 07 Wednesday House Chamber 11:00 AM
State of the Judiciary Address by the Honorable
Craig Stowers, Chief Justice

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

Feb 26 Monday House Chamber 11:00 AM
Annual Address by the Honorable
Dan Sullivan, U.S. Senator

MISCELLANEOUS MEETINGS

Jan 25 Thursday Butrovich 205 12:00 PM
Lunch & Learn:
Alaska Gasline Development Corporation
Presentation by Frank Richard and President
Keith Meyer
Sponsored by Representative Josephson

MISCELLANEOUS MEETINGS (continued)

Feb 12	Monday	Senate Finance 532	1:00 PM
	School District Legislative Fly-In		
	Informal Q & A Session Regarding Alaska's Public School System		
	All School District Participants of the Fly-In are Encouraged to Attend		