

***From The Desk
Of Representative Paul Seaton
Weekly Legislative Newsletter – May 19, 2003***

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Final Email Newsletter of the Session

This is the last email newsletter my office will be sending out this legislative session, as we are scheduled to adjourn on May 21st. I will be putting out a publication in the local newspapers summarizing what happened in Juneau throughout the session, keep an eye out for it in mid-June. My office in Homer will be open the first week of June; please come visit us at 345 W. Sterling Highway, Suite 102B. The office is next to the Legislative Information Office, in the back of the brown building that houses Point West Video at the intersection of Pioneer Ave. and the Sterling Highway. The phone number at my Homer office is 235-2921, and the fax number is 235-4008. My email address remains the same. Cameron Yourkowski will be my lead staffer in Homer; Lauren Radcliffe will also continue to work for me through the interim. Jane Alberts will be the Homer staff person for Senator Gary Stevens; her office is right next-door. I encourage you to stop in anytime.

Personal Legislation Update

HB 232, establishing the Homer Mercury Classic, passed out of Senate Labor and Commerce and the Senate Finance Committees this week. The bill was amended in Finance to include a section that excludes large organizations that conduct games of skill, like the Iditarod Trail Committee, from the one million dollar cap on generated revenues. This means in a practical sense that the new cap would be 1.5 million dollars if the organization gives out more than \$500,000 in prizes each year. Hopefully, HB 232 will be scheduled on the Senate Floor for consideration before session adjourns. This new amendment means a title change resolution must pass by a two-thirds majority vote. If that happens, the bill will move back to the House for concurrence.

HB 260, offering protection to healthcare providers volunteering their services, passed the House Floor and was held for reconsideration, but should move out of the House with no problem. HB 260 will be considered in Senate committees next session.

HB 118, the fish transporter bill, was heard in the Senate. HB 118 was supported unanimously but was held for reconsideration. I hope this bill will become law this session so that it can be utilized by fisherman this season.

HB 51, prescription drug labeling, is still waiting to be scheduled on the Senate Floor. I anticipate the Senate will pass their bills out, and then schedule remaining House Bills if they have time before session adjourns.

New Legislation: HB 320 and HB 322

As we move towards the end of session I have started next year's work already by introducing two more bills. HB 320 allows for the corporate taxation of the cruise ship industry. HB 322 allows municipalities to hold referendum and initiative elections once a year at the regularly scheduled election time.

HB 320 will be a very difficult bill to move through the legislature. The cruise ship industry has one of the most powerful lobbies nationally. In 1998, the Alaska Supreme Court ruled that foreign transport companies (cruise ships, cargo ships) could be apportioned a corporate income tax with regards to income derived in the state. Unfortunately, the legislature passed a law shortly after the Supreme Court ruling to exempt all transportation companies from such a tax. I campaigned on a cruise ship industry tax. This is an industry that uses our roads, public utilities, medical services, harbors, and other local and state services. It is time this industry paid something, especially in light of the many proposed taxes that would effect all Alaskans.

HB 322 is a bill that came from Alaska's City Clerks. Linda Murphy from Kenai and Mary Calhoun from Homer, both city clerks, stopped by a few weeks back and talked to me about many of the difficulties associated with local elections. Current law states that local municipalities shall hold a special election within 75 days of filing a referendum or initiative petition. This 75 day requirement often forces local governments to hold multiple elections in the same year, costing local taxpayers large sums of money. HB 322 simply allows local governments to gather all filed petitions and hold one election each year during the annual municipal election. This bill is similar to state election procedures in that all initiatives and referendums appear on the ballot at the same time.

Budget Issues

The Governor's office has set a cap on expenditures and draws from the Constitutional Budget Reserve (our state's savings account). The cap on withdrawals from the CBR is set at \$400 million. At that level, state government is still short roughly \$200 million. To make up for this \$200 million shortfall, the governor has asked for a slew of small fee increases, a broad-based tax and continued budget cuts.

Some legislators feel that state government is already threadbare and hardly able to provide necessary services. Cuts have already been made. A few fee increases are being applied, but a broad based tax has yet to be implemented. The Governor and some members of the Ways and Means Committee have committed themselves to a sales tax of 3% in order to provide the state with a way to gain some revenues. As drafted, the sales tax will effect local governments in many ways. Plagued with problems, the sales tax was unable to garner enough votes in the House or the Senate. The Governor's office responded by threatening \$188 million in cuts on top of already existing 5% reductions.

The cuts will be far ranging (see list below). The cuts to education and seniors will be felt deeply. These cuts will hurt our ability to offer enough quality teachers and will take money from Alaskan seniors, many of whom will not be able to sustain their current way of life without the Longevity Bonus.

There are options out there. I introduced a bill to make cruise ships pay a corporate income tax and Rep. Wilson has introduced an income tax bill. Unfortunately, the administration is opposed to an income tax and certain members of the legislature are unwilling to support taxation on any industry related to tourism. I campaigned on an income tax, as it would be a more fair broad-based tax than a

sales tax, an income tax would also be easier to implement. Rep. Wilson's bill can be found on basis and a sponsor substitute will be on line shortly.

The cuts to the operating and capital budgets are extremely disappointing. Too many legislators have made no-tax pledges. I doubt that a solution will be found before the end of session. One of the options put forth is to short fund the budget. When the legislature reunites in January, the legislature could then fund the remaining portion of the fiscal year.

If a broad-based tax is not implemented, here are the Governor's Proposed Budget Reductions.

School bus cost reimbursement= \$4.3 million

School district grants= \$32.1 million

Arts council funding= \$400,000

Public works= \$47.8 million

Longevity bonus= \$44.8 million

Tourism marketing= \$4 million

Commercial fisheries management= \$2 million

Department of Fish and Game administration= \$200,000

Division of Motor Vehicles= \$500,000

Revenue sharing with local governments= \$22.2 million

Municipal bond debt reimbursement= \$4.9 million

State parks= \$300,000

Civil Air Patrol= \$503,000

State administrative services= \$200,000

Dept. of Corrections= \$1 million

Dept. of Community & Economic Development= \$100,000

Health and Social Services grants= \$9 million

Human services matching grants= \$1 million

Independent living programs= \$619,000

University of Alaska= \$6 million

Health insurance= \$6.4 million

Dept. of Natural Resources management= \$200,000

Dept. of Natural Resources facility maintenance= \$100,000

House Bills Passed on the House Floor This Week

HB 203 clarifies the definition of income that is subject to dividends for the state General Fund from the Alaska Industry Development and Export Authority.

HB 210 eliminates the \$25 permit fee for a Chitina Dipnetting Permit.

HJR 22 is a bipartisan effort to protect the American way of life, House Majority Leader Rep. Coghill and Rep. Guttenberg combined their efforts on the resolution that expresses their concerns on how the USA Patriot Act addresses/compromises individual liberties.

HB 313 allows the Dept. of Administration to try an electronic system of acquiring goods and services in a three-year pilot project.

HB 269 establishes a nine-member Safety Code Task Force to review the variety of state safety codes and to resolve any contradictions that may exist.

HB 211 establishes the Alaska Nurse Recruitment Loan Repayment Program as an incentive to attract new nurses to the state and encourage Alaskans to pursue nursing vocations in Alaska.

HB 18 increases the possible award against a parent of a child who is guilty of vandalism.

HB 28 provides a more flexible method to calculate oil and gas royalties so that the State can encourage production of oil and gas fields that might be marginal or not economically feasible under the current system.

HB 216 clarifies that local governments have the right to tax any fuel consumed within their governmental boundaries, but do not have taxing authority for value added products refined for shipment and sale outside the local boundaries.

HB 230 amends state law to remove the restriction against the posting of campaign or political signs within road view or 660 feet (whichever is greater).

HB 295 allows certain state agencies to publish, in a newspaper or other publication, an abbreviated notice of proposed regulatory changes that clearly describes the changes and how an interested person may obtain more detailed information through the Internet or in written form. HB 295 also amends a variety of state statutes to allow agencies the flexibility of sending out individual notices by means other than regular mail.

Other Legislation of Interest

HB 230, an act relating to political signs on private property, passed the House this week. I also heard this bill in the State Affairs Committee. While this bill attempts to provide better constructs for political sign use, the bill allows political signs to be posted in our right-of-ways as long as they are on private property. I opposed the bill and voted against it. The bill addresses concerns about restrictions on our first amendment rights of free political speech; however, posting political signs in road right-of-ways is not supported by many people in District 35.

SB 192, an act relating to Dept. of Labor teachers and training programs, enables current Alaska Vocational Technical Center (AVTEC) instructional staff to remain members of the Teacher's Retirement System (TRS) after AVTEC transfers to the Department of Labor and Workforce Development. It also allows future AVTEC instructional staff to become TRS members. Without this bill, the current teachers at AVTEC would need to transfer to the Public Employees Retirement System (PERS). This bill has passed both legislative bodies and will become law as soon as the Governor signs it. This is an important piece of legislation, especially for AVTEC employees in Seward. We all owe our thanks to Senator Gary Stevens for introducing this bill.

Fisheries Committee

The Fisheries Committee held its final hearing of the session on Friday the 16th of May. We heard two bills: HB 22 and HB 309. HB 22 attempts to license and regulate commercial fishing vessel, IFQ, and limited entry permit brokers. Brokers would be required to hold an occupational license and use escrow accounts or cashiers checks when transferring money. This legislation is in direct response to the recent case in Homer in which a broker stole funds from customers. HB 22 passed out of committee and will be heard next session in the House Resources Committee.

HB 309 changes the current offense for transporting non-indigenous predatory fish into public bodies of fresh water from a misdemeanor to a class C felony. This bill is an attempt to discourage people from introducing destructive game fish, such as pike, into our public waters. The Department of Fish and Game supports the bill but would like to work on the specifics of it over the interim. HB 309 was held in committee until next session.

HJR 25 has been redrafted to express the Alaska State Legislature's support for the North Pacific Fisheries Management Council's Bering Sea/Aleutian Island rationalization plan, and to ask for the reconsideration of the processor quota share component of the plan. HJR 25 was held in committee.

State Affairs Committee

This week we closed out the State Affairs Committee, before closing out the committee, we spent three days working on HB 272, a bill on auto dealers. Originally, the bill was drafted to limit used car dealerships from selling current model cars made for a foreign market. This requirement would impact several used car dealerships. The committee heard days of testimony and drafted a Committee Substitute for the bill that is more fair to all car dealers in the state.

The committee also heard and passed SB 26, a bill allowing members of the armed forces called to active duty to continue to receive state employee benefits.

The committee has been very busy this year. We heard close to a hundred bills. The committee spent a great deal of time working on bills affecting the state. The State Affairs Committee is often the first committee of referral for bills, therefore the committee is given a great deal of responsibility in crafting good committee substitutes that maintain the best interest of the state. I enjoyed serving on this committee; however, the time commitment can be daunting.

Education Committee

Education did not get a chance to meet this week. We may try to get together one more time to hear HCR 19 (see HESS info). Any other legislation sitting in the committee will be looked at after we reconvene in January.

HESS Committee Action

The HESS Committee was able to get together twice last week. We heard and passed House Concurrent Resolution 19, asking for the State Board of Education to require high school students to take Alaskan History. Representative Kapsner introduced this resolution to teach Alaskan students about their State's history. I have concerns about adding another new curriculum requirement and the effects it will have on student's electives.

We also heard and passed an amended version of HB 292, Informed Consent for Abortion. I believe the version of the bill HESS adopted will satisfy many people's concerns. The new bill gives women alternative ways to access the information required to satisfy informed consent while protecting the woman's privacy and the doctor from frivolous litigation. The bill also ensures the information reviewed by the women will be objective and unbiased. I hope women will utilize the informational website established in HB 292. Since these changes have been made, I decided to co-sponsor this legislation. We also met to hear SB 30, which is the companion bill to HB 292. We adopted and passed a committee substitute that incorporates the same changes that the committee made to HB 292. The two bills now move to the House Judiciary Committee.

Bill Access System

All bills can be found on the State's BASIS system. You will find the system to be accessible at the website below.

<http://www.legis.state.ak.us/basis/start.asp>

Live on the Web

Remember that you can hear just about any committee hearing or tune into just about any legislative session-present or past-by going to Gavel to Gavel, TV and public radio broadcasts of the state legislature as it occurs.

Click on the link below to connect to Gavel to Gavel.

<http://www.ktoo.org/gavel/schedule.cfm>

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