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Sent: Thursday, April 19, 2007 5:46 PM
To: Martha K Rutherford; Todd Palin; Governor Sarah Palin (GOV sponsored); Patrick S Galvin; Tom E Irwin; Balash; Joseph R (GOV)
Subject: State chamber not too bad

Fyi, paul

----- Forwarded Message

From: Wayne Stevens <wstevens@alaskachamber.com>

Date: Thu, 19 Apr 2007 20:45:14 -0400

To: Paul <paulfuhs@earthlink.net>

Subject: April 19, Capital Notes

Alaska State Chamber of Commerce Capital Notes

www.alaskachamber.com <<http://www.alaskachamber.com/>>

Thursday, April 19, 2007

Not on a Fast Track

The legislature is about thirty days from the end of their last 120-day session. To show their respect for the 90-day initiative requirement, many legislators had hoped to finish their work in 90 days or less this year. In fact, outside the Speaker's chambers a running count was kept totaling days passed out of 90. It is safe to say, that the number 90 is no longer visible nor are any legislators talking about leaving early.

In keeping with custom, 30 days out, much work remains for the legislature as a whole. The operating budget just passed the Senate, a conference committee will be next. The capital budget is just starting to be assembled in the Senate, but still needs House approval as well. Ethics reform, another legislative priority, is still being worked-on and needs Senate approval. AGIA, the Governor's gasoline inducement act, is still in Senate Judiciary and House Resources Committee respectively getting a thorough review day after day. Both versions still need to go to each body's Finance Committee before any floor action.

Operating Budget

The OP budget passed the House about two weeks ago and was just recently passed by the Senate.

The House passed an \$8.987 billion budget. Believe it or not, this is actually down from the Governor's amended budget of \$10.4 billion according to Legislative Finance Division. The Senate's version is down from the House by \$70 million at \$8.924 billion. Both budget totals include all funds.

A conference committee will be appointed shortly consisting of members from both bodies to work out the differences between each budget.

Capital Budget

The capital budget is in its beginning stages and legislative members are still collecting back-up information on priority lists for their respective communities. The Senate Finance Committee normally leads the charge on the Capital Budget passing their version of the bill first. The Senate is hearing from each State Dept on their capital needs and is expected pass their version in the next week or so.

Governor Palin has issued a declaration concerning the capital budget that any project submitted by members of the legislature for funding must have matching funds from outside sources. This should keep the capital budget down from previous years, as state funds must have federal or private matching funds for legislator's projects.

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Ethics Reform

An amalgamation bill encompassing many different bills on ethics passed the House about two weeks ago.

The bill, HB 109 is awaiting committee work in the Senate State Affairs committee. Two Senate bills on legislative ethics currently sit in the House Judiciary committee. All three bills have many of the same attributes, yet HB 109 appears to be the lead vehicle on Ethics; however, neither the Senate nor the House has scheduled a hearing for either body's bills. Is this a legislative standoff? Too early to tell, but legislative ethics was the hot topic for the legislature to address after federal indictments and federal subpoenas were issued last year. The hot topic has cooled considerably. Likely, a public initiative will arise if the legislature fails to make substantive changes this year.

AGIA - AK Gasline Inducement Act

One could safely assume that most state residents are aware of the little acronym now famously called AGIA.

The bills SB 104 and HB 177 have been heard in each body roughly 25 times each so far. Of course, the bills are up for a hearing again today, and of course, tomorrow. The bills were both assigned three committee referrals and are only in the second committee of referral in each body. Producers, explorers, leaseholders, pipeline builders, gas consultants, permitting consultants, federal regulators, resident experts, economists and state gasline experts have all provided countless hours of testimony, jargon, acronyms, mathematical computations and reams and reams of paper. The project is expected to cost anywhere between \$25 and 35 billion, which would be the largest oil or gas project in the world. According to testimony from BP and Exxon, the amount of gas projected to be shipped would account for more than 10% of each company's total gas production. Obviously, the size of the project and legal ramifications make the proposed project immense.

Currently, the decline in oil production is expected to occur in the next 10 years creating a huge budget shortfall for the state and an unused oil pipeline. While this is a very important project for the state, it seems the timeframe for accessing the gas markets may be closing. Multiple projects have entered permitting phase across the nation with gas expected to be coming to the U.S. from all over the world. The concern for many is that if the state fails to act quickly, the gasline project may be unwarranted altogether as new supplies of natural gas fill a growing U.S. market. Testimony has suggested that AGIA may be too prescriptive for companies to realistically commit to a gasline project. Proponents of AGIA believe that the bills ultimately force the producers and pipeline builders to the table to build the line. One thing we do know for sure is that time is running out.

Public Retirement will Likely Affect Business

The outstanding liability for PERS/TRS employees has topped well over 10 billion. However, new funding by the state each year will supplement teachers and state employee rates. Remaining are local public employees that are part of the PERS system. This is particularly important to business interests as businesses pay property taxes, which ultimately pays for local municipal employees. Many local municipalities have huge outstanding debts for their retired public employees. If each municipality were forced to make the retirement systems whole this year, local property taxes would go through the roof.

The Ways and Means Committee recently passed out HB 206 consolidating all PERS employers to one common rate with the state picking up 65% of the unfunded liability. The committee forwarded a letter of intent with the bill to the Finance committee that encourages the adoption of a cost share plan more equitable to employers whose rates may not be as high as the consolidated rate (predicted to be 31.86% under the governor's cost share proposal). The rate is set at 22% for each municipality. One issue of concern is that many local municipalities may have less debt for retired employees that would be considerably less than the 22% contribution rate. The finance committee is expected to deal with a hold-harmless provision to address this issue. The bill will be matched up with the Governor's PERS TRS bill, SB 125, which will likely become the vehicle for final passage.

Washington State Container Tax

Washington State Senator Haugen's bill to tax all cargo containers to and from Alaska turned into a study on congestion relief. The bill originally proposed adding a \$50 fee on each 20ft container shipped to and returning to Washington State. Alaska receives nearly 97 percent by weight and 60 percent of the value of all its goods shipped via water from Washington State and would have paid a heavy toll. The cost alone on one 40ft container would have been \$300 to and from Washington State.

In January, the State Chamber alerted the Governor's office and members of the legislature. The State Chamber adopted a resolution at its February Board meeting, the State Legislature passed similar legislation

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while members of the State Chamber and officials from the Governor's office lobbied key member of the Washington State Legislature encouraging a change in direction with regards to taxing Alaskan residents. This issue may arise again in the future as Washington State and California look towards cargo containers for future tax revenues. A special thanks goes out to Shari Gross, of Gross and Associates, Rich Berl kowitz of the Transportation Institute, Scott Pattison, from the Port of Seattle, Caroline Higgins and Renata Benett of TOTE and many others for all of their efforts in educating and lobbying on this issue.

State Chamber Continues to Look After Business

The State Chamber has been busy recently working on Unemployment Insurance, worker's compensation, water discharge primacy, tourism issues with regards to the initiative, Polar Bear ESA listing, Tongass Management Plan, and many other issues as well. Below is list of the bills the Chamber is currently working on or keeping a close eye on. As always, if there is an issue that is important to you and your business or you would like to see where we are at on a particular issue, please don't hesitate to contact our office via email or phone.

Below is our unofficial list of bills. Click on the bill number and if you are connected to the internet the state's bill access system should retrieve the bill information for you.

Bill Number Bill Title Sponsor status

[HB 1 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB1>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB1) INCREASE AMT OF BASE STUDENT ALLOCATION GATTO (H) FIN

[HB 103 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB103>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB103) BOND REQUIREMENT ON APPEAL COGHILL (H) JUD

[HB 12 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB12>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB12) FULL FUNDING OF PERS/TRS HAWKER (H) STA

[HB 125 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB125>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB125) LONG-RANGE FISCAL PLAN WAYS & MEANS (S) FIN

[HB 128 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB128>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB128) OIL & GAS PRODUCTION TAX: EXPENDITURES OLSON (H) RES

[HB 129 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB129>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB129) ACCOUNT: PUB. EMPLOYEE RETIREMENT PAYMENTS SEATON (H) STA

[HB 13 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB13>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB13) RETIREMENT SYSTEM LIABILITY/BONDS HAWKER (H) FIN

[HB 134 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB134>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB134) PROTECTION OF SALMON SPAWNING WATER EDGMON (H) FSH

[HB 146 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB146>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB146) PAYMENT DATE FOR BILLS FOR SERVICES COGHILL (H) L&C

[HB 147 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB147>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB147) TOURISM CONTRACT MATCHING FUNDS HARRIS BY REQUEST (H) FIN

[HB 152 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB152>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB152) ESTABLISHING A RENEWABLE ENERGY FUND HARRIS (H) FIN

[HB 164 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB164>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB164) OCEAN RANGERS & REPORTING VESSEL LOCATION TRANSPORTATION (H) JUD

[HB 167 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB167>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB167) APPROP: TOURISM MARKETING JOHNSON (H) FIN

[HB 17 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB17>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB17) DISTRIBUTION OF BUSINESS LICENSE INFO GATTO (H) L&C

[HB 170 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB170>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB170) INSURANCE LABOR & COMMERCE (H) FIN

[HB 177 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB177>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB177) NATURAL GAS PIPELINE PROJECT RLS BY REQUEST OF THE GOVERNOR (H) RES

[HB 179 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB179>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB179) PUBLIC EMPLOYEE/TEACHER RETIREMENT SYSTEMS KELLY (H) FIN

[HB 2 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB2>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB2) VOCATIONAL EDUC ACCOUNT NEUMAN (H) Rules

[HB 202 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB202>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB202) COMMUNITY REVENUE SHARING COMMUNITY & REGIONAL AFFAIRS (H) FIN

[HB 217 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB217>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB217) TOURISM DISCLOSURES AND NOTICES HOLMES (H) EDT

[HB 222 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB222>](http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB222) PASSENGER

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VESSEL TAX CREDIT RAMRAS (H) CRA

HB 228 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB228> WORKERS' COMP. MEDICAL TREATMENT FEES KELLY (H) L&C

HB 25 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB25> RECREATIONAL LAND USE LIABILITY/ADV. POSS SEATON, WILSON (S) RES

HB 31 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB31> PERSONAL INFORMATION & CONSUMER CREDIT ** SAMUELS, GARA (H) L&C

HB 39 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB39> MOTOR VEHICLE TRANSACTIONS GARA, GRUENBERG (H) TRA

HB 4 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB4> MEDICAL FACILITY CERTIFICATE OF NEED LYNN (H) HES

HB 42 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB42> ALASKA MINIMUM WAGE ** GARA, CRAWFORD (H) L&C

HB 49 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB49> GIFT CARDS ** GATTO, GARDNER (H) FIN

HB 56 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB56> HYDROGEN ENERGY RESEARCH PROGRAM CRAWFORD, DOLL (H) RES

HB 59 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB59> UNEMPLOYMENT COMPENSATION BENEFITS CRAWFORD, GUTTENBERG (H) L&C

HB 61 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB61> TAX CREDIT FOR CONTRIBUTIONS TO VOC ED NEUMAN (H) RULES

HB 63 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB63> ALTERNATIVE ENERGY GRANT FUND THOMAS, GARDNER (H) C&RA

HB 64 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB64> ADMINISTRATIVE BOROUGH/BOROUGH GRANTS THOMAS (H) CRA

HB 65 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB65> PERSONAL INFORMATION & CONSUMER CREDIT COGHILL, GARA (H) L&C

HB 68 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB68> LONG-RANGE FISCAL PLAN ** GRUENBERG, HARRIS (H) W&M

HB 74 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB74> BAN MIXING ZONES IN SPAWNING AREAS ** SEATON, GARA (H) RES

HB 84 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB84> REFUND OF FISH BUSINESS TAX TO MUNIS ** SEATON, WILSON (H) CRA

HB 89 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB89> OIL & GAS PRODUCTION TAX ** GARA, CRAWFORD (H) O&G

HB 98 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HB98> BUDGET: CAPITAL, SUPP. & OTHER APPROP. RLS BY REQUEST OF THE GOVERNOR (H) FIN

HJR 1 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HJR1> CONST. AM: GAS REVENUE ENDOWMENT FUND HAWKER (H) W&M

HJR 5 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=HJR5> CONST. AM: APPROP. LIMIT/MINERAL REVENUE KELLY (H) W&M

SB 1 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB1> INCREASE AMT OF BASE STUDENT ALLOCATION WILKEN (S) FIN

SB 115 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB115> GIFT CARDS STATE AFFAIRS (S) FIN

SB 117 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB117> WORKERS' COMP: DISEASE PRESUMPTION FRENCH (S) L&C

SB 120 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB120> UNEMPLOYMENT COMPENSATION BENEFITS LABOR & COMMERCE (S) L&C

SB 125 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB125> PERS CONTRIBUTIONS; UNFUNDED LIABILITY RLS BY REQUEST OF THE GOVERNOR (S) FIN

SB 143 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB143> APPROP: TOURISM MARKETING MCGUIRE (S) STA

SB 144 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB144> TOURISM CONTRACT MATCHING FUNDS MCGUIRE (S) STA

SB 147 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB147> WORKERS' COMP EMPLOYER LIABILITY FRENCH (S) L&C

SB 2 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB2> NATURAL GAS REVENUE FUND WILKEN (S) RES

SB 21 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB21> PERSONAL

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INFORMATION & CONSUMER CREDIT THERRIault (S) L&C

SB 25 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB25> STATE PLANNING AND BUDGET DYSON (S) FIN

SB 3 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB3> COMMUNITY DIVIDEND PROGRAM WILKEN (S) CRA

SB 44 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB44> APPROP: FIRE ISLAND WIND FARM MCGUIRE (S) RES

SB 47 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB47> SUNSET ALL STATE AGENCIES DYSON (S) STA

SB 48 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB48> BOND REQUIREMENT ON APPEAL HUGGINS (S) JUD

SB 52 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB52> APPROP: K-12 EDU; PERS/TRS LIABILITY RLS BY REQUEST OF THE GOVERNOR (S) FIN

SB 56 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB56> RENTAL SECURITY DEPOSITS & PREPAID RENT DAVIS (S) L&C

SB 65 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB65> MEDICAL FACILITY CERTIFICATE OF NEED HUGGINS (S) HES

SB 72 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB72> COMMUNITY REVENUE SHARING COMMUNITY & REGIONAL AFFAIRS (S) FIN

SB 80 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB80> OIL & GAS PRODUCTION TAX: EXPENDITURES WAGONER (S) RES

SB 96 <http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=SB96> ESTABLISHING A RENEWABLE ENERGY FUND ELLIS (S) RES

State Chamber of Commerce

While there are a number of issues the state chamber is working, if there is an issue that is important to you and your business, please let the folks at the Alaska State Chamber of Commerce know of your concerns.

Alaska State Chamber has been meeting regularly with members of the Legislature. As bills move through the legislature we will continue represent the interests of Alaska's businesses. We do this by testifying in committee, meeting with lawmakers and members of the administration, working with legislative committees, organizing particular business interests for specific bills and providing written material utilized in the legislative process.

Following Legislation?

Any person can follow the legislative process and access new bills, committee substitutes or figure which legislator is on a particular committee in the Legislature's Bill Action and Status Inquiry System (BASIS). You can see what committee a bill is in, when it will be heard, how committee members voted, and much more. You can also view all bills relating to your specific areas of interest by selecting "Subject Summary" from the menu on the right. Just click on the link below and bookmark it for later use.

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

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