



Donny's Ulu News

2003 SESSION REPORT

Representing the Diverse Population of District T

Wednesday, June 4, 2003

Dear Friends and District Residents,

This is my end of session report to you to give some sense of what has occurred in Juneau these last five months that affect you and the district. Because of my membership, much of my individual efforts focused on the issues that came before the Finance and Transportation Committees.

Generally, it can be said that the plans and proposals of Governor Murkowski and his new administration dominated the session. Ordinarily a new administration is treated to a "honey moon" period by the legislature. This was particularly true this year as the majority Republican organizations in the house and senate accommodated most of the governor's wishes.

There were two themes to the administration's legislative initiatives. The first is to stimulate new resource exploration and development that will spur the economy and provide revenues to the state in the near future. The stimulation would be through a variety of measures that either streamlined the state's permitting functions, offered tax credit incentives, restricted court intervention, or direct involvement, such as funding for mining and oil/gas development roads. Of course, federal action that allows the gas line to be built or opens up ANWR would be an important adjunct.

The permit streamlining was accomplished principally through the consolidation of review activities in the Department of Natural Resources (DNR). A large part of the Habitat Division in the Department of Fish and Game went to DNR by executive order and the Coastal Zone Management Program was radically restructured and also placed in DNR. The Department of Environmental Conservation remains somewhat untouched, but definitely secondary to DNR's lead agency role.

There were a number of tax incentives enacted to entice the discovery of new oil and gas fields and to keep marginal production in some Cook Inlet areas operating. Tax incentives were also passed for the ailing commercial fishing industry. At this point, the tax credit would be for investments in value-added processing equipment and fish waste processing ventures.

The second theme was the control of state deficit spending for the time period necessary before revenues from any new resource developments stimulated above may be expected to fill the budget gap. On the 45th day of the session, the governor proposed substantial cuts to the operating budget and new revenue measures to keep the draw from the state's savings

account (CBR) down to an estimated \$400 million. In this way, the governor relies on the \$2 billion CBR to provide the 4-5 year deficit cushion before any new developments take hold and return additional revenue to the state.

The proposed budget adjustments were extensive and, in some cases, breath-taking. Elimination of the longevity bonus program, large reductions in education funding and municipal revenue sharing, substantial increases in motor fuel taxes and charitable gaming fees were some of the more prominent recommendations. A plan to restructure programs and some eligibility requirements in the Department of Health and Social Services was also directed to control costs of helping the sick and the needy.

In the end, the legislature could not adopt some of the more controversial revenue or reduction recommendations. For a brief period, there was some interest in imposing a statewide sales tax that would generate \$200 million to make up the difference. The implication from the governor's office was either enact the tax or expect line item vetoes in both the capital and operating budgets totaling \$150-160 million. A majority of the legislature was reluctant to approve such a tax with such short notice to the public. Indeed, the implications for many businesses and communities was unclear.

Consequently, the final result of this session also remains unclear. While I can speak to some successes in funding programs and projects, the veto sword hangs over all that was appropriated. This sword falls some time before July 1. It is most unlikely that the legislature will meet to over ride the governor's vetoes with the required 3/4 votes.

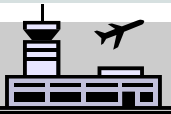
In closing, I want to credit the good work and cooperation of Representative Foster in advancing the district's issues and concerns.

It was gratifying to meet with many of you during the session and talk about the issues we face. My guest book shows 79 visitors from 21 communities in the district. In addition, I had the opportunity to travel back to the district for the Kotlik fisheries meeting, the Bering Straits Mayors meeting, and the Northwest Arctic and North Slope Boroughs' economic summit.

Later during this summer and early fall, I plan to fly into as many of your communities as time and weather allows.

I hope to see you then!

Best wishes, Donny



Capital Budget

Listed Below are the projects funded in the Capital Budget for Senate District T, House District 39

Nome Water Transmission Line Analysis	\$105,000
Nome Water and Sewer Expansion Phase 5	\$1,000,000
Golovin Water and Sewer Project	\$1,991,500
Stebbins Water and Sewer Core Facilities	\$2,990,000
St. Michael Water & Sewer Improvements	\$2,800,000
Nunam Iqua Water System Improvements	\$2,426,000
Hooper Bay Pump Station	\$2,350,000
Mt. Village Wastewater Treatment	\$2,792,400
White Mountain Water Treatment	\$510,000
Pitka's Point Water and Sewer Project	\$2,407,600
Diomedea Water Treatment Plant Improve.	\$1,600,000
Wales Razorback Water Transmission Line	\$240,000
Golovin Water Source Feasibility Study	\$124,000
Unalakleet Sanitation Facilities Master Plan	\$100,000
Nome Youth Detention Facility Construction	\$3,150,000
Chevak: Snow Removal Equipment Building	\$200,000
Elim: Airport Rehabilitation	\$1,171,252
Nome Airport Right of Way Acquisition	\$15,000,000
Scammon Bay Airport Snow Removal Equip.	\$100,000
Hooper Bay Airport Master Plan	\$275,000
Nome: Glacier Creek Road New Alignment	\$2,700,000
Nunam Iqua Sanitation Road	\$2,100,000
Hooper Bay Old Town Roads	\$1,400,000
Municipal Capital Matching Grant	
Brevig Mission Post Office Bldg Construction	\$25,000
Elim City Building Renovation	\$25,000
Emmonak Heavy Equipment Purchases	\$25,000
Gambell Renovation and Repairs of City Bldg	\$64,854
Kotlik Heavy Equipment Repair and Purchase	\$25,000
Nome Swimming Pool Renovation	\$87,054
Pilot Station Heavy Equipment Purchase	\$55,439
St. Mary's Teen Center Repairs and Equip.	\$25,026
St. Michael Community Facilities and Equip.	\$25,000
Savoonga Heavy Equipment & Road Upgrades	\$25,000
TOTAL	\$47,915,125



Senator Hoffman with Senator Olson Enjoying the NAB Picnic

Senate Transportation Committee

I have enjoyed my first year on the Senate Transportation Committee. It gives me many opportunities to share my rural transportation experiences with my colleagues and state policy makers. It also gives me the opportunity to become knowledgeable about all aspects of the state's transportation systems. Bush Alaska, for example, has a vested interest in what happens at the Anchorage and Fairbanks airports because much of rural air travel begins or ends at these two major airports. Their costs are reflected in our airfares and freight costs.

For that reason, we should be concerned if there are gross construction cost overruns or operational cost inefficiencies

at these airports; it's not just an Anchorage or Fairbanks problem.

There are other issues developing that have large implications for rural transportation. Port and road projects selected for economic development opportunities are a new direction of this administration. Another prospect is a federal initiative for village road construction through the Denali Commission.



Sen. Olson with his Taylorcraft

MY LEGISLATIVE PRIORITY: EDUCATION



Sen. Olson with the District's 2003 Close-up Program

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I am very pleased with the district's positive response to my legislative newsletters.

To subscribe to my newsletter, "Donny's Ulu News," and receive frequent updates from my office, please visit the following website:

<http://olson.akdemocrats.org>

Or, send a request directly to my email:

Senator_Donny_Olson@legis.state.ak.us

Please pass this message to your friends, family, and neighbors!

Longevity Bonus Program

The longevity bonus program warrants a special report because it became embroiled in political confusion and misdirected attempts to reduce the sudden impact for 18,000 of Alaska's senior citizens. Once the governor targeted the program for total elimination, the initial response in senate finance committee was to at least make it needs based. This would preserve the bonus benefits for 4,000 of our most vulnerable elders for their lifetimes. An alternative proposal advanced by several senior citizen groups would instead phase out the program over five years with all recipients taking a 20% cut each year. Although other Democrats and I voted no, this latter plan passed the senate.

In the house, the five-year phase out hit a snag when supposedly the

governor would only agree to a two-year phase out. On the house floor, an attempt to amend the proposal back to the needs based safety net failed and the subsequent vote on the five-year plan also failed. Thus, all options to preserve part of the bonus program as well as the initial proposal to totally eliminate it were rejected.

For the legislature then, we have fully funded the program and resisted all efforts to change it. However, the future of the bonus program for this year still remains in the hands of the governor and his veto pen. If the funding is left alone, the bonus checks will come as usual. If reduced, the checks will stop when the money runs out. If zeroed out, the checks will stop July 1.



EDUCATION

My legislative priority this session was to sustain a high quality of education in the face of declining revenues. The legislature attempted to increase funding for education despite the governor's proposed cuts. In Senate Finance, we increased the University's funding by \$6 million and increased the Learning Opportunity Grants to the school districts by \$32 million above the governor's request. Furthermore, with the passage of SB 202, these grant funds were added to the Foundation Formula, which favors rural school districts.

On the negative side, I was unable to stop the governor's proposal to eliminate the 4-year-old kindergarten programs, HB 154. Of the \$4 million being spent statewide for this program, over \$3 million was going to our school districts.

On a more prospective side is the Congressional delegation's promises of new federal funding for alternative educational opportunities in rural schools through the No Child Left Behind program.

Four Bills Enacted

I am pleased to report that I had four pieces of legislation enacted during this session. This was the most legislation passed by a minority member and was amongst the top of all legislators.

I introduced **SB 54** on behalf of the **Air Carriers Association** to sustain the existing statutory basis for determining flight crew pay schedules. A recent court decision introduced some uncertainty about the current interpretation of state law that exempts flight crews from the overtime requirements of a standard 8 hour day, 40 hour week. Both federal and state exemptions have allowed flight crews to be paid on a basis more fitting and appropriate to their work schedule and work conditions. SB 54 explicitly provides the exemption thus resolving the court's uncertainty. I am certain that a court imposition of the 8 hour day, 40 week standard would have severely affect the smaller commuter airlines and hence the costs of their services to the traveling public.

SB 43 will extend the termination date for the **State Medical Board** for another 4 years. The termination date is called a sunset provision that forces the legislature to periodically review and assess the board's performance. I think it is important for the board to continue its work, particularly the licensing function. This is especially important for rural Alaska where health care facilities and services are growing dramatically. I am also pleased with presence of a Physician's Assistant on the board. I feel that the PA perspective on rural health care is an important contribution to the board's deliberations.



Sen. Olson & Speaker of the Yukon Legislative Assembly

SJR 17 will extend an agreement between the **Alaskan and Yukon governments** to work cooperatively on matters of mutual concern. It also resolves to continue the long-standing tradition of legislative exchanges between the two governments. Alaska and the Yukon Territory share many trans boundary, resource development, and fishing & game matters. In the event that the route for the North Slope gas pipeline is to be through Canada, agreements through the Alaska-Yukon Intergovernmental Relations Accord will be critical for the project's success.

I introduced **SB 160** to **save Alaskan lives**. This legislation would provide faster treatment to Alaskans who suffer a cardiac arrest by increasing the availability of automated external defibrillators (AEDs). Businesses and municipalities are interested in making AEDs more accessible in the workplace and in locations where large groups gather for the life safety of their employees and the public. SB 160 extends the Good Samaritan immunity to owners and operators of public and private facilities that provide AEDs. With SB 160 becoming law, I encourage businesses, cities, fire departments, and other organizations to apply to the Rural AED Grant Program for the purchase and placement of AEDs in their communities. This grant program is in the Health and Social Services Department and was funded at approximately \$12,500,000 for this year.

Additional Legislative Highlights

- **The Iditarod Trail Committee** reached the \$1,000,000 limit on prizes that can be awarded in a year and requested my help to increase this value. In finance, **I added a provision to HB 232** (about a mercury classic in Homer) **that increased the limit for the Iditarod to \$1,500,000.** This bill passed on the last day of the session.
- The Capital Budget includes funding for the **Arctic Winter Games** this year in Canada. Early in the session, **I introduced SB 57** with 7 co-sponsors in order to bring attention to importance and value of the games in forming closer ties with our Arctic neighbors. I believe this special appropriation bill and its sponsorship helped to secure the capital budget funding.
- **HB 112**, introduced by the Governor, relates to AIDEA funding, in which the house added an extension of property tax exemptions for the Red Dog Mine. In the Senate Finance Committee, the chairman persistently attempted to include the port facilities and road in a full value determination of private property in the Northwest Arctic Borough that neither Cominco nor the Borough wanted. **With the help of other Finance members, I successfully defeated these efforts.**
- **Senate Concurrent Resolution 1** puts the legislature on record as supporting the design and construction of several economic development roads throughout the state. **I added the Rock Creek Road project** to the list that eventually passed and sent to the Governor and the Congressional Delegation.
- **I supported HB 58 by Rep. Foster**, which allows the reinstatement of certain Native corporations. Native corporations that have been involuntarily dissolved by the state for failure to report and other omissions would have a one-time window under which they could be re-established without jeopardizing their property and assets. This could be very important for the Savoonga Native Corporation in our district.
- **HB 269** establishes a task force to straighten out the conflict and confusion among the state's building codes. Senate **President Therriault responded to my request that a person from a regional housing authority be represented in its membership.** This would ensure that a perspective on rural construction methods, materials and appropriate technology would be represented in all task force discussions.
- **HB 79 extended the ARDOR program**, which provides grant money for economic development planning for different regions throughout the state. **My office has worked with the Lower Yukon Region over the last two sessions to reorganize their ARDOR.** This funding is significant in establishing their regional planning organization. Economic planning is also timely since the federal government is providing sizable funds for fisheries economic disaster relief and the legislature is continuing to focus on ideas that will aid our commercial fishing industry.



- **Visiting Constituents!**

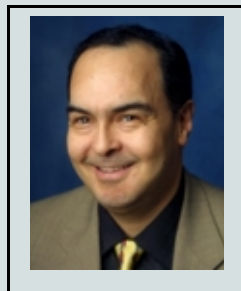
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We have greatly enjoyed working for District T

Senator Olson with Staff

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