

APRIL 2006 Newsletter



2006 Legislative Update

John Harris - Speaker of the House Representing District 12

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Message from John

With less than three weeks remaining in this session, we still have a number of items to dispose of prior to adjournment. First and foremost, the operating and capital budgets have to be adopted. This is the one constitutional duty the legislature must complete. The other items under consideration are the petroleum profits tax, additional education funding, municipal assistance and energy projects.

The operating budget will be on the Senate floor this week and the conference committee to finalize the operating budget will probably be named on Monday. Both the House and Senate versions are about \$100 million below the Governor's request. Education, Medicaid, PERS/TRS and other mandatory increases are the driving factors in budget increases. The basic premise used by the House Majority this session in adopting a budget was not to fund new programs or use general funds to make up for a loss of federal funds. I am still concerned about sustainability of future budgets, particularly if oil prices drop. The capital budget is being developed by both the House and Senate Finance Committee chairs and should be released in the Senate within the next two weeks. The Petroleum Profits Tax (PPT) is a work in progress. As I've stated on numerous occasions, it is my goal to adopt a policy that is equitable and beneficial to Alaskans and industry alike. The bill that I hope we adopt will encourage investment, not be onerous, yet at the same time, provide the state with its fair share of revenues when oil prices are high. The last thing I want to see happen is for the oil industry to not invest in the production of our state's resources. Yet at the same time, I want our state to share in the wealth when oil prices are high. I do not agree with the administration that the oil tax and

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The Gasline contract need to be linked; each of these needs to stand on its own merits. It is impossible to judge one against the other without being given the tools to make that call. If there is linkage, then I believe the administration should release the contract or at least the portions that have been agreed upon so that we can make the call on whether the PPT being proposed is fair to all.



Senator Therriault, Danae & Leon Morgan with Speaker Harris

"It's an honor to serve my constituents"

I support placing more funds into education than the \$90 million proposed by the Governor. There is support within the House to fund a portion of the area cost differential study that was conducted by ISER two years ago, plus additional funds in the base student allocation to ensure that the Anchorage school district benefits. By simply adopting the area cost differential, Anchorage does not receive any additional funding, and without that support, any revision of the foundation funding will not pass.

With PERS/TRS issues, high energy costs, human services grants (non-profit requests) and local tax relief being in the forefront, it is not a matter of whether it is going to be funded but how much. The House Majority has said that municipal assistance is a priority this session and we need to fulfill that commitment. The source of funds will probably be general funds. The municipal assistance funding will be placed within the capital budget. The House and Senate majority caucuses must reach agreement on whether to include this program and amount to be funded.

Last but not least, there are a couple of proposals to fund energy projects throughout portions of the state using Railbelt Energy Funds. However, before any plan is adopted, there must be an agreement among the utilities, legislators and the administration before the expenditure of these funds can be approved.

This is not going to be easy in reaching agreement but discussion of using Railbelt Energy funds are taking place at this time.



Stan Jones and Dr. John Devens of RCAC with Speaker John Harris

As always, please to not hesitate to contact my office if you have any questions or need further information on any issue that may be before us these final three weeks.



Speaker John Harris and the Alaska State Farm Bureau Members