

**Highs & Lows of the Legislative Session - Submitted by Wendy Chamberlain****5/16/2011**

The recent Legislative session was filled with highs and lows as the Governor, House and Senate struggled to resolve major issues from oil taxes to spending levels. Much of this year's focus centered on the capital budget and the Senate's desire to protect their large energy projects from possible vetoes by inserting "all or nothing" contingency language. The House viewed this as taking away the Governor's authority and refused to allow the Senate language to remain. In the waning hours the House adjourned leaving the Senate no choice but to accept the House version of the capital budget or have no capital budget. In spite of these challenges it was a very successful session for the Association. A total of 375 bills were introduced this session, only 40 bills passed – 2 of these bills were Alaska Association of Realtors priority bills:

**House bill 130** – ***TITLE: "An Act relating to municipal building code requirements for fire sprinkler systems in certain residential buildings."*** After several challenging years working on this issue we finally have legislation in place preventing municipalities around the state from adopting building codes mandating fire sprinklers in residential homes. Before taking such action, a local governing body must hold at least three public hearings on this issue. Municipalities around the state can see the writing on the wall. The City of Fairbanks recently exempted single family homes and duplexes from the mandate.

**House bill 188** - ***An Act relating to the interest that may be charged by express agreement.*** With the passage of HB 188, buyers and sellers will soon be able to negotiate interest rates on notes of \$25,000 and under, up to 10% interest without exceeding the usury law limited.

**The budget**

The operating budget totals just over \$9 billion for the fiscal year beginning July 1, 2011 with \$5.7 billion of that coming from state general funds. Several important issues were addressed in the operating budget:

Scholarship funding totaled \$9 million, but the split was changed to \$6 million for performance based and \$3 million for needs based. The Governor's original request distributed the funds equally between both programs.

The operating budget includes \$40 million to be split between schools and municipalities to offset higher energy costs; \$1 billion was added to the Statutory Budget Reserve for Savings; \$400 million for Power Cost Equalization and \$60 million for the state ferry replacement fund.

The Capital budget bill totaled just under \$3 billion.

The Legislature spent a great deal of the session listening to testimony on a wide range of energy issues from construction of the Susitna Hydro Project to rural energy needs. There are 75 energy grants in the capital budget including heat recovery, biomass, wood fired boilers, wind, and hydro, geothermal, solar and tidal. The energy projects funding requests total \$400 million.

The big projects include (in millions):

Susitna hydro \$65.7  
 Sitka Blue Lake hydro \$28.5  
 Anchorage to Quartz Creek transmission line repair \$25.0  
 Mt. Spurr geothermal project development \$18.0  
 Battle creek diversion \$15.0  
 Nuvista Light and Power hydro project \$17.4  
 Homer Electric transmission upgrades \$25.0

**Other big ticket items (in millions):**

Port MacKenzie \$37.5  
 Port of Anchorage \$37.7  
 In state gas development \$7.2  
 AGIA reimbursement \$60.0  
 Fairbanks Tanana River bridge \$44  
 Hoonah cruise ship berthing facility \$18.2

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Alaska Tourism Promotion \$12  
Schools – major maintenance – 33 projects \$73.2  
Schools – new construction – 3 schools \$76  
UAA sports Arena \$34  
UAA deferred maintenance \$28  
UAF Main campus \$66  
UAS Banfield dormitory \$5  
Alaska Native Tribal Health Facility \$20  
Norton Sound Long term care facility \$7  
YK Health Prematernal home \$10.5  
Water and Sewer project statewide \$21.8

### **The more controversial issues**

#### Coastal Zone management

One casualty of the abrupt end of the Legislature's special session was renewal of the Alaska Coastal Management Program, now set to expire at the end of June. A compromise measure between the House and Senate failed by one vote in the House before adjournment.

Probably the hottest topic of discussion during the final weeks of session was the state's proposed redistricting plan. The five member redistricting board released a draft plan four days prior to the end of the regular session. The plan, if approved, will redraw the election district boundaries resulting in winners and losers and impacting the balance of power for the next 10 years. As is often the case, the new plan could place incumbents in the same election districts. I will keep you updated on this issue.

I would like to thank Sandy Eherenman, Dave Sommers, Glenda Feekin, Errol Champion, Ruth Blackwell and other members of the Association for all their hard work. It is a delight representing the Association.

Should you have any questions please call me at 907-230-4308 or email me at [wendyc@gci.net](mailto:wendyc@gci.net)

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