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Leaders doubtful about session

By TOM MORAN, Staff Writer

Don't expect much out of next week's special legislative session, a group of Fairbanks-area state legislators said Tuesday night.

The half-dozen Republican legislators who gathered for a meeting with Fairbanks North Star Borough Assembly members generally said they don't expect the Legislature will be able to make progress on solving the state's fiscal gap during the session, which will begin Tuesday in Juneau.

They said election-year politics, high oil prices and disagreements about specifics are likely to derail any plans to ask voters to use money from the Alaska Permanent Fund to help balance state budgets, which is the most significant topic likely to be taken up.

"Unless something changes drastically, nothing's going to happen in regards to the dividend change," said Rep. Jim Holm, R-Fairbanks.

Gov. Frank Murkowski ordered the special session after legislators were unable to reach agreement during the four-month regular session on a way to fill the gap between state income and spending, which high oil prices have eliminated this year but which Murkowski estimates will balloon to near \$900 million the year after next. The state House addressed the problem by passing ballot measures asking voters to approve the use of a portion of the \$27.5 billion permanent fund each year to support state services, and also to cap state spending. But both died in the deeply divided Senate.

Such a plan is expected to come up again in the special session, but there was little expectation among the legislators that it would make any more progress.

Senate Finance Committee Chairman Gary Wilken, R-Fairbanks, noted that a key component of the House plan, a proposal to distribute money from the fund via a Percent of Market Value endowment method, only got five "yea" votes in the Senate out of 14 needed to pass. He said to his knowledge Murkowski has not done significant work in trying to craft a compromise on the proposal, and said little has happened that would make people change their votes.

"Really, nothing much has changed that I'm aware of," he said. "If you can't get (14 votes), why are we doing all this?"

Wilken opposed the plan in the Senate and said he will continue to, arguing that voters would surely reject a permanent fund measure in the current economic climate.

Sen. Ralph Seekins, R-Fairbanks, mostly reserved judgement on the session

until he sees Murkowski's detailed plans. But he said his own vote won't be changing: He supports using the POMV method to access the fund like an endowment but won't change his opposition to using it to access fund money to pay for state services. "I'm not going to go down that route," he said.

Even if the Senate somehow comes up with 14 votes on some sort of fund measure, it still has to make it through the House. But support may be lacking there as well, the four House members present said Tuesday.

Rep. Hugh Fate, R-Fairbanks, a member of the House Finance Committee, said he believes there will be less of a desire in the House to pass anything controversial now that campaign season has begun.

"There's a lot of people who want to go back to Juneau one way or another, and they will be voting what their constituents want, or what they perceive their constituents want," he said.

House Finance Committee Co-Chair John Harris, R-Valdez--whose district stretches to Eielson Air Force Base--said he doesn't expect to see anything resolved this year in regard to the fiscal gap. Holm said he's ready to give it a shot, but is "cautiously not optimistic."

House Majority Leader John Coghill, R-North Pole, expressed hope that the Legislature could produce something, suggesting that the time legislators have spent with their constituents may have pushed their votes in either direction. But he also noted that the House was only able to pass its fiscal package this year by a razor-thin margin.

"(It) didn't catch too much traction in the Senate, and, quite frankly, it was a hard sell even in the House," he said.

The special session also will focus on proposals to make changes to state workers' compensation laws, to hike cigarette taxes by \$1 a pack, and bonds for a number of transportation and education projects, all of which failed during the regular session.

Though Tuesday night's assembled legislators mostly gave the bond proposal little chance of becoming law, they generally gave the worker's compensation and tobacco tax proposals fair-to-good chances of passing.

"(That's) probably something we can do," Coghill said of the tobacco tax.

The special session discussion was part of a two-hour meeting between the legislators, assembly members and a number of other local officials on Tuesday night meant to wrap up the regular session, which ended May 11.

The meeting also touched on other issues, including the recent relocation of four Department of Transportation workers out of Fairbanks and a new regulation that could dramatically affect the amount of money available to run assisted living

homes.

It was preceded by a meeting about plans to expand the Golden Valley Electric Association's electric lines farther along the Steese Highway, and to new stretches of the Parks Highway.