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Special session to focus on permanent fund

Lawmakers also to mull tobacco tax, workers' comp laws, transportation bonds

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State lawmakers head back to work today for a \$25,000-a-day special legislative session to deal with the Alaska Permanent Fund, workers' compensation laws, a tobacco tax increase and various bond projects.

Many lawmakers have said the governor's proposed \$1 increase in the tobacco tax is likely to pass, but changes to the workers' compensation system and a proposal to use some of the permanent fund for state government might not come so easily.

Gov. Frank Murkowski pushed proposals during the regular session to change the permanent fund from a trust fund to an endowment and protect the entire fund against inflation.

The so-called percent-of-market-value proposal also would annually make 5 percent of the total value of the fund available for dividends and government.

The state House of Representatives approved a plan this year to use half of the 5 percent for dividends, 45 percent for state government and 5 percent for municipalities. That would send more than \$600 million to dividends, about \$64 million to municipalities and the rest to state government to pay education costs. The POMV proposal was rejected by the Senate in a 5-15 vote.

The POMV plan needs support from two-thirds of the Legislature and majority approval from the public in the November election to be enacted.

Opponents of POMV have argued that it would gradually reduce the amount of dividend checks by hundreds of dollars. But last week Murkowski presented a proposal to guarantee that dividend checks would not drop below \$1,000. The proposal could win and lose votes for Murkowski in both bodies.

House majority leader John Coghill, R-North Pole, who voted in favor of the 50-45-5 split, said he and other lawmakers do not support guaranteed dividends in the constitution.

"I think with constitutionalization of the dividend you're going to lose votes," said Rep. Bruce Weyhrauch, R-Juneau, who opposes guaranteed dividends. He said the proposal probably is not enough to win the necessary two-thirds support for a constitutional amendment.

Supporters of constitutionally guaranteed dividends say it's the only way to get

voter approval.

"I think if you fail to enshrine the dividend, then I think you fail in November," said Sen. Kim Elton, D-Juneau.

Murkowski argues that the state's bond rating could be damaged if the fiscal gap is not fixed soon. He told lawmakers in May that he would call a special session to address permanent fund use if the Legislature did not call its own. Lawmakers did not respond, and some have threatened to skip the special session.

Rep. Kelly Wolf, R-Kenai, announced last week that he would not attend, even if it meant the governor calling out the troopers to force him to attend.

"In my own defiance, I'm going to stand alone and I'm going to tell the governor, 'Hell no, I won't go,'" Wolf said, according to the (Kenai) Peninsula Clarion.

Coghill said a call from House Rules Chairman Norm Rokeberg, R-Anchorage, persuaded Wolf to attend. He will join lawmakers in Juneau on Wednesday, Coghill said.

Municipalities also are weighing in on the POMV proposal.

Kevin Ritchie of the Alaska Municipal League said Alaska cities have some of the highest local taxes in the country but little help from the state. Ritchie said the state has cut revenue sharing for cities, many of which rely on the money for basic services such as police protection, health care and road maintenance.

"The bottom line is communities are hurting and the Legislature is there to help, and we're hoping that they will," he said.

Lawmakers also will discuss changes to the workers' compensation system.

On Friday, Department of Labor Commissioner Greg O'Claray presented a proposal to establish a new system for evaluating workers' compensation claims. The system would create an administrative law judge to hear appeals to rejected workers' compensation claims.

It also eliminates six of seven appeals boards around the state that hear workers' comp appeals. The new system also bypasses Superior Court judges, sending final appeals directly to the state Supreme Court. The state Senate approved a similar workers' compensation proposal this session, but the bill was not taken up by the House.

O'Claray noted that of the \$210 million the state spent in workers' compensation claims and benefits in 2002, \$11 million went to legal fees and costs.

"This system is supposed to be the workers' compensation system, not the lawyer's compensation system or the doctor's compensation system," O'Claray said.

The Legislature also will discuss bond proposals, including renovations to the intersection of Lake Otis Parkway and Tudor Road in Anchorage.