

Leadership lacked when it mattered

GREGG ERICKSON
COMMENT

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My retrospective look at the legislative session just concluded starts with a kudo to the 28 attorneys of the Justice Department's Public Integrity Section. Those individuals and the institution they work for played a bigger role than they likely know in making the session more productive than we had reason to expect.

When news broke early in May that federal investigators had conducted electronic surveillance of a suite at Juneau's Baranof Hotel rented by two executives of Veco, an Anchorage-based construction company with close ties to the oil industry, there were just two kinds of people in the Capitol, those who said, "It's about time," and those whose reaction was unprintable in this newspaper. I'm in the "about time" school. The unprintable-reaction folks were trying to recall every conversation that might have been heard by federal listeners. That changed the legislative dynamics in sometimes unexpected ways.

In August 2006 the first FBI searches of legislative offices played a role in passage of a new petroleum profits tax (PPT). The new tax has already captured for the state hundreds of millions in oil profits that would have otherwise slipped away forever. The good guys won, yet this year, as the scandal unfolded some legislators say the new tax is tainted by corruption, and needs to be reconsidered. Statements by Gov. Sarah Palin suggest she might agree.

Palin's Alaska Gasline Incentive Act passed with ease despite oil company opposition. Legislators with close oil industry ties became reluctant to spend limited political capital on the industry's behalf. Also important were Palin's clear focus on what she wanted and her willingness to accommodate lawmakers on details.

Another factor in AGIA's easy passage was a strategic decision by the oil industry to use what influence it had to block another bill, one that would have disallowed tax deductions for costs related to improper pipeline maintenance. Disallowing the deductions would have cost the companies as much as \$100 million in reduced profits. The bill ended the session in the House Finance Committee, where Co-Chair Mike Chenault said there wasn't time to give it a hearing.

A bill setting tough new ethics standards for state officials surfed into law on the anti-corruption wave. How far it will go to changing the legislative culture remains to be seen. Legislative leaders, speaking privately, don't sound optimistic.

The most unpredictable effect of the unfolding scandal flowed from how eager it made legislators to adjourn. That was particularly true in the Senate, where two members of the ruling coalition, including Rules Committee Chair John Cowdery, had their offices searched by the FBI. Legislators feared that indictment of those senators during the session might fracture the majority coalition, making everyone look bad.

Eagerness to adjourn played a key role in the Legislature's failure to resolve intertwined issues of education formula funding, municipal revenue sharing and how to allocate burgeoning costs of public

employee retirement obligations. All, along with bills to deal with an expiring senior benefits program, fell victim to House-Senate differences and the prevailing let's-get-out-of-here-quick attitude.

When the House and Senate are at loggerheads, the governor can tip the balance. Palin's reluctance to exercise that leverage in the session's final days was puzzling. Having achieved victory on AGIA, administration officials seemed to take a couple of days breather to figure out what it should do next. By then the Legislature had adopted one-year Band-Aids for the education, revenue sharing and retirement issues, and adjourned. But legislators also abandoned the senior program, without even a Band-Aid. A little gubernatorial leadership surely could have prevented that.

Department of Health and Social Services Commissioner Karleen Jackson declined to be interviewed, but the department's Sherry Hill, the administration's lobbyist on the senior issue, said they didn't realize how deeply divided the two bodies were until it was too late. "I guess I was a little naive," Hill said.

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