

STATE CAPITOL
PO Box 110001
Juneau, Alaska 99811-0001
907-465-3500
fax: 907-465-3532



550 West 7th Avenue #1700
Anchorage, Alaska 99501
907-269-7450
fax 907-269-7463
www.Gov.Alaska.Gov
Governor@Alaska.Gov

Governor Sean Parnell
STATE OF ALASKA

May 12, 2011

The Honorable Lyman Hoffman
Alaska State Senate
State Capitol, Room 518
Juneau, AK 99801

Dear Senator Hoffman,

I am writing to suggest a path forward to a viable and well-balanced Alaska Coastal Management Program (ACMP). Before doing so, let's retrace some steps.

The original bill introduced in the House, at my request, would have extended the existing ACMP beyond its current June 30, 2011 sunset date. In the spirit of providing greater local input I agreed to discuss a substitute bill. Going into those negotiations, the Administration made clear the program must meet certain principals that could not be compromised. These principles are too important to the viability of the program and to the State's interests in not creating unnecessary barriers or expense to responsible resource development. These four principles are:

- ACMP must maintain a predictable process;
- ACMP must be maintained as a strong State program, where community input is valued;
- ACMP standards and enforceable policies must be objective, and must not duplicate or redefine existing authorities; and
- Coastal resource districts should be afforded a meaningful role for input on projects, but should not possess a "veto" decision over projects.

We went into these negotiations while the bill was in the House with the understanding that, if a compromise bill could be reached, it would be endorsed by the Senate. A team of my cabinet members worked diligently with representatives from local communities, Legislators, and stakeholders from the resource development community and reached a compromise. This bill, CS HB-106(FIN), was described by Attorney General John Burns as a finely crafted balance of interests, but a balance that retains the four principles we started with, and allows the coastal resource districts, local governments, State agencies, and stakeholders to move forward.

North Slope Borough Mayor Itta also described the House Finance CS as a workable compromise he supported:

I do have concerns with this bill. But this bill echoes these two pursuits [strong economic foundation and preserving the qualities of Alaska life]. It helps bring local communities to the table, whereas for the past few years they have felt like they were pushed to the back of the room as big projects were planned for their

communities...Again, I want to thank Governor Parnell for committing his administration to the task of finding a solution to this, and I support moving the measure that is embodied in the Finance CS of this bill from the committee.

Similarly, the Resource Development Council provided written testimony to the House Finance Committee stating:

We would like to applaud the Departments of Natural Resources, Environmental Conservation, and Law, Legislators, and local governments for their efforts to try to enhance local input while trying to maintain a predictable process that does not allow district policy involvement in areas already regulated by State or federal law...Further, we urge all members of the Alaska House of Representatives and Alaska Senate to support this legislation on the floor.

Mike Satre, Executive Director of the Council of Alaska Producers, also speaking on behalf of the Alaska Miners Association, provided this testimony:

The committee substitute that you have before you has struck a fine balance between the protection of our important coastal areas and still allowing us to responsibly develop our resources. This CS allows local districts to address subsistence areas, it allows them to formulate approvable plans with clear, performance-based enforceable policies, and most importantly, it allows them meaningful input...It looks like we will now have a program that will work for the State of Alaska, industry, and the local coastal districts. We wholeheartedly support this CS before you tonight. Thank you.

Reflecting the significance of the compromise required as compared to the current ACMP, Marilyn Crockett, Executive Director of the Alaska Oil and Gas Association (AOGA), noted AOGA's neutral position on the House Finance Committee Substitute.

This range of statements reflects the give and take associated with the compromises reached and the balance of Alaskan interests achieved. Everybody's ox was equally gored, but each believed the House version enhanced local community input while providing predictability and certainty for the job creators in our state.

As you know, the Alaska House of Representatives agreed and passed the coastal zone management improvements by a vote of 40-0. Certainly, some members were more enthusiastic than others in supporting the bill, but all recognized the need to strike a balance. I stated my support then for the bill and I continue to support the House version, CS HB-106(FIN), as a workable compromise.

The Administration's goal going into negotiations was to have an ACMP that serves the interests of all Alaskans. We also recognized that balancing these interests would not satisfy every concern, on either side. But we believed a program that met these four principals would serve Alaska well. We thought we were done negotiating at that point. We were ready to welcome a new ACMP program, reinvigorated with the new Alaska Coastal Policy Board. We were surprised to learn that Senate Finance wanted to open up a new round of negotiations on many issues. Our negotiating team met with you and your staff and tried to reach an understanding on those issues. The

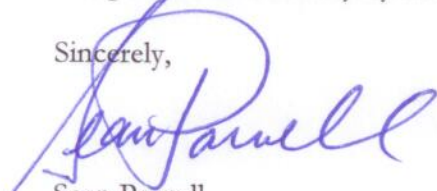
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compromises discussed last week took us to the limit of what we would be willing to consider. This was made clear by our negotiating team. And, I made these limits clear to you in multiple personal conversations.

Now, Senate Finance is trying to move the goal post again, putting Version H of HB 106 on the table, a version containing new terms that had never been negotiated and which are clearly incompatible with the principles cited above. Removing the definitions of "local knowledge" and "scientific evidence" creates uncertainty and unpredictability, and risks arbitrary policy standards. Setting multiple review dates in addition to comments during rulemaking and the regular sunset audit all set up an adversarial life for a board that should be able to work more cooperatively. Finally, tying the Governor's hands on removal of board members leaves State regulatory powers for statewide assets in a board with no statewide accountability. These are but a few of the issues we have identified with the version now adopted by the Senate Finance Committee.

We are at the end of the 30 day special session and no consensus has emerged around an alternative to the unanimously House passed CS HB-106(FIN). Yet, I do not believe we have to be at an impasse and see ACMP expire. There is still a path forward that will achieve a continuing and viable ACMP that serves Alaskans well. The Senate can still pass CS HB-106(FIN) Version T, the bill that was passed unanimously by the House several weeks ago.

Sincerely,



Sean Parnell
Governor

cc: Alaska House of Representatives
Alaska State Senate
The Honorable John Burns, Attorney General, State of Alaska
The Honorable Larry Hartig, Commissioner, Department of Environmental Conservation
The Honorable Dan Sullivan, Commissioner, Department of Natural Resources