

HOUSE FINANCE COMMITTEE
February 09, 2001
1:40 PM

TAPE HFC 01 - 23, Side A
TAPE HFC 01 - 23, Side B

CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 1:40 PM.

MEMBERS PRESENT

Representative Con Bunde, Vice-Chair
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Eldon Mulder, Co-Chair
Representative Bill Williams, Co-Chair
Representative Eric Croft
Representative John Davies
Representative Carl Moses

ALSO PRESENT

Ken Taylor, Director, Division of Habitat and Restoration, Department of Fish and Game; Kelly Hepler, Director, Division of Sport Fish, Department of Fish and Game; Wayne Regelin, Director, Division of Wildlife Conservation, Department of Fish and Game;

PRESENT VIA TELECONFERENCE

Pat Galvin, Director, Governmental Coordination, Office of the Governor; Kelly Johnson, Legal Council, US Senate Committee on Energy and Natural Resources; Brian Malnek, Staff Director, US Senate Committee on Energy and Natural Resources

GENERAL SUBJECT(S):

Overview: Conservation and Reinvestment Act (CARA) Funding

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	TAPE HFC 00 - 23 SIDE A	
000	Co-Chair Mulder	Gave a brief overview of CARA and noted that the testimony would cover funding levels and program specifics.
	KELLY JOHNSON, LEGAL COUNCIL, US SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES	Noted that Senator Murkowski and Representative Young introduced the Conservation and Reinvestment Act in Congress. The Act proposed the dedication of revenues for outer Continental Shelf (OCS) development to a variety of conservation, recreation and wildlife programs for 15 years. The proposal would have distributed approximately \$3 billion dollars to state and local communities. It included \$450 million dollars for federal land acquisitions.
348	Ms. Johnson	Through the appropriation process, additional programs were included in CARA. Under the lands legacy proposal \$1.6 billion dollars were included; a large portion of this funding is for federal programs. It is one year funding. A new conservation-spending category was created in the Budget Enforcement Act. This funding does not come into play until FY02.
	Ms. Johnson	Discussed the FY01 appropriation. The funding was broken down into three departments: Commerce, Interior and Forest Service. There was approximately \$150 million dollars for coastal impacted systems in the Commerce Department. The National Oceanic and Atmospheric Administration (NOAH) will administer this funding. Alaska will receive approximately \$13 million dollars of the coastal impact assistance funding.
465	Ms. Johnson	Funding for lands legacy programs was contained in the budgets for the Department of Interior and the US Forest Service. There was \$90 million for stateside land and water conservation grants and \$100 million for state wildlife grants and \$30 million dollars for urban parks.
554	Ms. Johnson	Alaska received approximately \$800 thousand dollars for the stateside program of the land and water conservation fund. Alaska also received \$1 million dollars for state historic

		preservation. These funds have been distributed.
597	Ms. Johnson	There was \$50 million dollars for state wildlife grants, of which \$2.5 million dollars would be distributed to Alaska. This has not been distributed. There was an additional \$50 million dollars in the Interior Department appropriation bill to be award through competitive grants. There was also money for urban parks, North American wetlands, and endangered species that would also be award as competitive grants.
641	Ms. Johnson	Coastal impact assistance funding is the largest grant to Alaska: approximately \$13 million dollars, which has not been awarded. Reiterated that the authorization and appropriation is one-time. The Alaska Delegation would like to make it more permanent.
700	Co-Chair Mulder	Referred to funding through the Forest service.
722	Ms. Johnson	Explained that there was \$16 million dollars through the forest legacy program, but that Alaska has not chosen to participate in the program. Alaska may see \$800 thousand dollars from the urban and community forestry grants. Alaska received \$1.4 million dollars for Tongass Mental Health lands.
773	Representative Hudson	Questioned if there would be continuing funds.
816	Ms. Johnson	Observed that the Senator's intent was to create a permanent appropriation, but he was not successful. The program will have to compete with other programs. Representative Young intends to reintroduce the program. Senator Murkowski is currently pursuing ANWR issues.
903	Co-Chair Mulder	Referred to costal impact assistance and a summary from Bill Horn.
956	Ms. Johnson	Explained that the program was drafted for the Minerals Management Services (MMS). It was turned into a NOAA program. Additional data is needed to determine the exact appropriation.
1009	Co-Chair Mulder	Noted that 60 percent of the funds are to be divided equally between producing coastal states and 40 percent is to be allocated on the basis of OCS revenues, subject to a maximum of 25 percent to any single state.

1045	Ms. Johnson	Explained that Alaska received its portion from the amount divided equally to the 7 production coastal states. The state of Alaska's percentage of OCS production averages out to zero.
1086	Co-Chair Mulder	Observed that 35 percent of state share is to be paid directly to coastal subdivisions and \$4.5 million dollars would go directly to local coastal communities. Local shares would be further broken down.
1173	Co-Chair Mulder	The local share would be allocated: 25 percent based on population, 25% based on coastline miles and 50% on the relative distance from any leased tract. Funds can be used for a number of uses including: National marine sanctuaries, fisheries conservation, conservation and restoration of coastal and marine habitats, coastal water quality improvement, watershed protection, controlling coastline erosion and management of coastal growth and development.
1181	Ms. Johnson	Added that funds can be used for infrastructure up to 23 percent
1195	BRIAN MALNEK, STAFF DIRECTOR, US SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES	Noted that breakwaters could be built.
1211	Ms. Johnson	Emphasized that infrastructure funds could go to roads. Senator did not want restrictions on infrastructure.
1233	Mr. Malnek	Observed that there is a need for fire trucks, police, first aid etc.
1246	Ms. Johnson	Emphasized that the sponsor envisioned a long-term, permanent funding program. The environmental community wanted assurance that some environmental use would occur. The language was maintained but it was put into short-term program.
1311	Co-Chair Mulder	Asked if a project to diminish erosion would be considered infrastructure or maintaining coastline erosion.
1340	Ms. Johnson	The funding would fall under coastline erosion.
1357	Co-Chair Mulder	Noted that the world would not be changed with \$8 million dollars.
1376	Ms. Johnson	Stressed that Senator Murkowski wants to provide additional funding. Intention was to tie funding to OSC production.

1391	Co-Chair Mulder	Questioned if the intent was for the funding to go through the normal legislative authorization process.
1403	Mr. Malnek	Stated that there was a desire to get money straight into communities but acknowledged that the funding would pass through the state.
1426	Representative Hudson	Could infrastructure funding be used to address substandard fuel farms in villages?
1462	Mr. Malnek	Felt that it would be appropriate but noted that there were no clear guidelines.
1477	Co-Chair Mulder	Questioned if projects need NOAA approval?
1487	Ms. Johnson	States are required to submit a plan by July 1, 2001 indicating what kind of programs would be funded by the project.
1512	Mr. Malnek	Stressed that NOAA needs to provide the seven coastal states with a letter explaining program requirements.
1531	Ms. Johnson	Pointed out that NOAA has indicated that they would only provide guidelines.
1565	Co-Chair Mulder	Stressed that NOAA can be more of a hindrance in the terms of getting things done.
1590	Ms. Johnson	Acknowledged that running the funds through NOAA has caused concerns. The Senator's intent was to treat the funds as revenue sharing.
1613	Co-Chair Mulder	Stated that there are a multitude of projects that the state could be doing with another revenue stream, but pointed out that there is extensive administrative effort involved.
1644	Representative Hudson	Commended the Congressional delegation for their work on the program.
1693	PAT GALVIN, DIRECTOR, GOVERNMENTAL COORDINATION, OFFICE OF THE GOVERNOR	Provided details on the Coastal Impact Assistance Program. The statutory structure was geared to an on-going large-scale program, which ended as a smaller one-year program.
1822	Mr. Galvin	Noted that the state has till July 1, 2001 to demonstrate how the state and local funds would be spent. Most of the state's effort has been with NOAA regarding the scope of the plan and the amount of details needed.
1862	Co-Chair Mulder	Asked why local coordination was needed.
1870	Mr. Galvin	Explained that there is only one state plan that designates how all the money is to be spent. Local communities will

		submit plans, but the infrastructure portion has a cap of 23 percent. Coordination is required to assure that local communities share the infrastructure allotment and that the total not exceed 23 percent.
1935	Co-Chair Mulder	Expressed frustration at the level of bureaucracy.
1948	Mr. Galvin	Goal to make sure that the state fulfills obligations and receives the entire funding amount. He emphasized that they are waiting for a draft from NOAA. Stressed the need for broad requirements and flexibility.
1996	Representative Hudson	Observed that other states are faced with the same problems.
2012	Mr. Galvin	Noted that they are working with the other 7 coastal states. Alaska has constraints that require flexibility.
2049	Co-Chair Mulder	Observed that the Governor's budget contains funding for CARA in the Division of Governmental Coordination's budget.
2087	Mr. Galvin	The state portion of the coastal impact assistance funds is \$8.3 million dollars. This funding is contained in the Division of Governmental Coordination's budget. The CARA statute requires public participation. NOAA requires a 30-day comment period.
2117	Co-Chair Mulder	Noted that the Legislature is being asked to give blanket authorization for the CARA funding.
2135	Mr. Galvin	Reiterated that a state plan will have to go through the public process. There are some general ideas of where the funding could be used on a statewide level. Ocean research and monitoring are among the possible uses.
2173	Co-Chair Mulder	Questioned if it would be wise to spend onetime funding on long-term research. He suggested that a few projects be picked that can be accomplished.
2206	Mr. Galvin	Noted that the state does not currently have \$8 million dollars of projects that are not infrastructure and would meet the NOAA requirement.
2232	Mr. Galvin	Emphasized that CARA funding could be used to integrate the holes that exist with ocean monitoring and research around the state.
2257	Co-Chair Mulder	Stressed that he is reluctant to give cart blanc authority.

2272	WAYNE REGELIN, DIRECTOR, DIVISION OF WILDLIFE CONSERVATION, DEPARTMENT OF FISH AND GAME	Observed that there were negotiations on the federal level that resulted in \$150 million dollars for land acquisitions. A comprehensive management plan for all the department's programs would be required before Alaska could compete for the land acquisition competitive grants. He noted that there is an attempt to rescind this statute requirement in Congress and that it is so burdensome that he did not know of any states competing for the grants.
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11	Mr. Regelin	Provided a brief overview of CARA. There is \$50 million dollars for wildlife management that is divided by formula to the states. This is part of the federal aid program. The funds cannot be used for other purposes and there is a match requirement. It is a one-year appropriation with a permanent authorization.
88	Mr. Regelin	Noted that there is an effort to make the program permanent and to increase the funding. The intent was for a \$350 million dollar appropriation. The state would have gotten \$17 million dollars if the original appropriation had been adopted.
173	Mr. Regelin	The state of Alaska will receive \$2.4 million dollars, added to their federal aid account from the Pittman-Robertson Wildlife Restoration Act. He was optimistic that the funding would be continued. Directors have discretion to spend money on any priority that they establish.
233	Mr. Regelin	However the intent is for preferred purposes of unmet funding needs for wildlife education, management of species that are not hunted and wildlife related recreation.
260	Mr. Regelin	The legislation was started as funding for species that are not hunted due to endangered species problems. With help from the Senator from Louisiana this was tied into coastal impact assistance and shared revenue for offshore drilling. Revenue from offshore drilling goes directly to the federal treasury.
337	Mr. Regelin	An Alaska coalition of hunters, communities, oil companies, banks, and the environmental community supported

		CARA. Buying federal lands was the only controversial portion.
424	Mr. Regelin	Discussed programs that could be supported by the funding. Noted that funding could be reappropriated. Would like to use some of the funds in FY02 for program planning in wildlife education, watchable wildlife programs and non-game programs. The funding would be used for projects that are high priority.
533	Mr. Regelin	He emphasized that the department would know in September or October if the funding would continue.
602	Mr. Regelin	Acknowledged that he is asking the Legislature to make the appropriation by the end of the session. Felt that the program would continue. He pointed out that Coastal impact funding will be lost if not spent and emphasized the need for flexibility for planning. He stressed that the department would work with the subcommittee. He reiterated that he is confident that the funds will continue at \$100 to \$150 million a year; Alaska would receive the maximum of 5 percent.
805	Mr. Regelin	All federal aid dollars have a state match of 1 to 3. They would need \$800 thousand dollars for the state match. Hunter and wildlife fees could be used, but they are reluctant to do so. Looking at ways to get a state match.
849	Representative Hudson	What is the timeline?
883	Mr. Regelin	The statutes outline specific purposes. He stated that the department could have broad suggestions by the 2/22/01 subcommittee that would provide big pieces of land purchases without locking the state into a long-term direction, but that they would not have the normal detailed. Identifying programs will be the focus.
1016	KELLY HEPLER, DIRECTOR, DIVISION OF SPORT FISH, DEPARTMENT OF FISH AND GAME	Clarified that there are project descriptions available. They are looking at concrete projects. They do not have to go back to NOAA for approval.
1077	KEN TAYLOR, DIRECTOR, DIVISION OF HABITAT AND RESTORATION, DEPARTMENT OF FISH AND GAME	If it remains a one-year appropriation they would still have three years to spend the funds. Can look at the availability for additional funds for direction. Added that the fight would continue.

1121	Mr. Regelin	Noted that the funds flow through the federal Fish and Wildlife Service. The \$50 million dollars in the competitive grant program would be difficult to pursue due to the restrictions.
1216	Co-Chair Mulder	Noted that he had questions regarding urban parks.
1233	Mr. Regelin	Urban and state parks will go through the Department of Natural Resources. There is only \$115 thousand dollars.
1254	Co-Chair Mulder	Thought that the funds would be released through competitive grants for specific projects.
1336	Representative Hudson	Observed that the state match would be an issue.
1380	Mr. Regelin	Reiterated that the match is 3 federal dollars for each state dollar.
1386	Representative Lancaster	Clarified that there were direct appropriations to the Sea Life Center. He noted frustrations with NOAA. interactions.
1468		<u>ADJOURNMENT</u> The meeting was adjourned at 2:55 p.m.