

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

May 1, 2001

2:11 p.m.

MEMBERS PRESENT

Representative Drew Scalzi, Co-Chair
Representative Hugh Fate, Vice Chair
Representative Joe Green
Representative Mike Chenault
Representative Lesil McGuire
Representative Gary Stevens

MEMBERS ABSENT

Representative Beverly Masek, Co-Chair
Representative Mary Kapsner
Representative Beth Kerttula

COMMITTEE CALENDAR

HOUSE BILL NO. 185

"An Act relating to fees for certain uses of state water and the accounting and appropriation of those fees; relating to authorizations for the temporary use of state water; making other amendments to the Alaska Water Use Act; and providing for an effective date."

- MOVED CSHB 185(RES) OUT OF COMMITTEE

PREVIOUS ACTION

BILL: HB 185

SHORT TITLE:ALASKA WATER USE ACT & FEES

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
03/14/01	0591	(H)	READ THE FIRST TIME - REFERRALS
03/14/01	0591	(H)	RES, FIN
03/14/01	0591	(H)	FN1: (DNR)
03/14/01	0591	(H)	GOVERNOR'S TRANSMITTAL LETTER
04/20/01		(H)	RES AT 1:00 PM CAPITOL 124
04/20/01		(H)	Heard & Held
04/20/01		(H)	MINUTE(RES)

05/01/01

(H)

RES AT 1:00 PM CAPITOL 124

WITNESS REGISTER

CAROL CARROLL, Director
Division of Support Services
Department of Natural Resources
400 Willoughby Avenue 5th floor
Juneau, Alaska 99801-3566

POSITION STATEMENT: Discussed the proposed one-year sunset for Sections 2, 6, and 7.

SY NEELEY

(No address provided.)

POSITION STATEMENT: Expressed concerns with HB 241.

BOB LOEFFLER, Director
Division of Mining, Land and Water
Department of Natural Resources
550 W 7th Avenue, Suite 1070
Anchorage, Alaska 99501-3579
POSITION STATEMENT: Answered questions.

ACTION NARRATIVE

TAPE 01-46, SIDE A
Number 0001

CO-CHAIR DREW SCALZI called the House Resources Standing Committee meeting to order at 2:11 p.m. Representatives Scalzi, Fate, Green, McGuire, and Stevens were present at the call to order. Representative Chenault arrived as the meeting was in progress.

HB 185-ALASKA WATER USE ACT & FEES

CO-CHAIR SCALZI announced that the only order of business before the committee would be HOUSE BILL NO. 185, "An Act relating to fees for certain uses of state water and the accounting and appropriation of those fees; relating to authorizations for the temporary use of state water; making other amendments to the Alaska Water Use Act; and providing for an effective date."

Number 0072

REPRESENTATIVE GREEN moved to adopt CSHB 185, Version 22-GH1087\F, Luckhaupt, 4/30/01, as the working document before the

committee. There being no objection, Version F was before the committee.

Number 0096

CAROL CARROLL, Director, Division of Support Services, Department of Natural Resources (DNR), explained that the committee adopted [Version C] at the prior meeting [held on 4/20/01]. She related her belief that the committee wants to implement a one-year sunset on prospective temporary water permits so that other issues can be worked on during the interim. By doing such, there would be a one-year sunset on Sections 2, 6, and 7. Such action would allow the receipt portion to go forward and allow the temporary permits [the division] authorized in the past to be authorized. She said that she would appreciate the committee's support.

CO-CHAIR SCALZI asked if anyone else wished to testify on the CS. There being no one, the bill was before the committee.

Number 0255

REPRESENTATIVE GREEN asked if there is any problem with the fiscal note if this bill were forwarded.

MS. CARROLL informed the committee that the Finance Committee has discussed this fiscal note and has allocated \$300,000 in DNR's budget this year in order to deal with the first year. After the first year, the fees begin to replace the general fund in later years.

Number 0381

REPRESENTATIVE GREEN moved to report CSHB 241, Version 22-GH1087\F, Luckhaupt, 4/30/01, out of committee with individual recommendations and the accompanying fiscal note.

CO-CHAIR SCALZI noted that DNR had requested an amendment.

REPRESENTATIVE GREEN withdrew his motion.

REPRESENTATIVE FATE moved that the CS be amended such that Sections 2, 6, and 7 be changed to reflect a one-year sunset clause. [This motion was restated later in the meeting.]

The committee took a brief at-ease from 2:17 p.m. to 2:18 p.m.

CO-CHAIR SCALZI announced that the committee had improperly adopted Version F.

Number 0545

REPRESENTATIVE STEVENS moved that the committee rescind its action in adopting Version F. There being no objection, it was so ordered.

REPRESENTATIVE FATE moved to adopt CSHB 185, Version 22-GH1087\C, Luckhaupt, 4/18/01, as the working document before the committee. There being no objection, Version C was again before the committee.

Number 0675

SY NEELEY testified via teleconference. Mr. Neeley expressed concern with the proposed fee structure, a sliding scale fee structure. Mr. Neeley turned to the exemption of 1,500 gallons of water per day for residential use and asked if that referred to one water well for one house. He informed the committee of his situation with a home owners association in which there are six houses hooked up to one water well. He asked whether his situation would fall under the [1,500 gallons per day] limit, and if so, what will the fee be. Mr. Neeley expressed the need to have some definition as to what will actually be charged.

CO-CHAIR SCALZI noted that [the committee] also has concerns about that. He pointed out that HB 185 is [the companion bill] to SB 139. Co-Chair Scalzi also noted that the [aforementioned] amendment regarding one-year sunset clauses for Sections 2, 6, and 7 will probably address Mr. Neeley's concerns.

MR. NEELEY expressed the need to have more meetings on this topic this summer. Mr. Neeley reiterated his question as to whether, in his situation, [the association's] water use would be considered residential use or commercial use.

Number 1000

BOB LOEFFLER, Director, Division of Mining, Land and Water, Department of Natural Resources, clarified that the current version of the bill wouldn't propose a sliding scale water use fee. The current version of HB 185 says that DNR would charge "only the reasonable, direct cost of an application." Therefore, this bill sets limits as to what DNR can charge and DNR can only charge those costs outlined in AS 37.10.

MR. NEELEY related his understanding then that this would be a one-time fee paid at the time the well is drilled and there would be no other fees.

MR. LOEFFLER explained that there is a one-time application fee and an [annual] \$50 administrative service fee. However, the language makes it clear that the department cannot raise that [administrative service] fee.

MR. NEELEY surmised then that after the application has been made and the [one-time] fee paid, then there will be no other fee save the \$50 administrative service fee each year.

MR. LOEFFLER replied yes.

MR. NEELEY said that satisfies his concerns.

CO-CHAIR SCALZI noted that this is a temporary [solution] and [the committee] will continue to work with DNR during the interim.

Number 1225

REPRESENTATIVE FATE moved to adopt the previously mentioned amendment that would change Sections 2, 6, and 7 to have a [one-year] sunset clause of July 1, 2002. There being no objection, it was so ordered.

Number 1285

REPRESENTATIVE FATE moved to report CSHB 185, Version 22-GH1087\C, Luckhaupt, 4/18/01, as amended out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 185(RES) was reported from the House Resources Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:33 p.m.