

**ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS
STANDING COMMITTEE**

April 29, 2004
8:15 a.m.

MEMBERS PRESENT

Representative Carl Morgan, Chair
Representative Kelly Wolf, Vice Chair
Representative Ralph Samuels
Representative Albert Kookesh

MEMBERS ABSENT

Representative Pete Kott
Representative Tom Anderson
Representative Sharon Cissna

COMMITTEE CALENDAR

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 328(FIN)
"An Act relating to the national forest income program in the Department of Community and Economic Development and to the authority of the department to adopt regulations; making conforming amendments; and providing for an effective date."

- MOVED HCS CSSSSB 328(CRA) OUT OF COMMITTEE

CS FOR SENATE BILL NO. 190(STA)
"An Act adding certain state-owned land and water to the Kenai River Special Management Area; relating to the mineral estate of the state-owned land and water in the Kenai River Special Management Area; relating to the Kenai River Special Management Area advisory board; and providing for an effective date."

- SUBCOMMITTEE MEETING

PREVIOUS COMMITTEE ACTION

BILL: SB 328

SHORT TITLE: NATIONAL FOREST INCOME PROGRAM/DCED REGS

SPONSOR(S): SENATOR(S) STEDMAN

02/13/04	(S)	READ THE FIRST TIME - REFERRALS
02/13/04	(S)	CRA, FIN
02/23/04	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS

02/23/04 (S) CRA, FIN
02/25/04 (S) CRA AT 1:30 PM FAHRENKAMP 203
02/25/04 (S) Moved SB 328 Out of Committee
02/25/04 (S) MINUTE(CRA)
02/27/04 (S) CRA RPT 3DP 2NR
02/27/04 (S) DP: STEDMAN, WAGONER, ELTON;
02/27/04 (S) NR: LINCOLN, STEVENS G
03/11/04 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/11/04 (S) -- Meeting Canceled --
03/24/04 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/24/04 (S) Heard & Held
03/24/04 (S) MINUTE(FIN)
03/29/04 (S) FIN RPT CS 3DP 3NR SAME TITLE
03/29/04 (S) DP: GREEN, WILKEN, STEVENS B;
03/29/04 (S) NR: DYSON, HOFFMAN, BUNDE
03/29/04 (H) FIN AT 9:00 AM HOUSE FINANCE 519
03/29/04 (S) Moved CSSSSB 328(FIN) Out of Committee
03/29/04 (S) MINUTE(FIN)
04/05/04 (S) FIN CS ADOPTED Y12 N8
04/07/04 (S) TRANSMITTED TO (H)
04/07/04 (S) VERSION: CSSSSB 328(FIN)
04/13/04 (H) READ THE FIRST TIME - REFERRALS
04/13/04 (H) CRA, FIN
04/29/04 (H) CRA AT 8:00 AM CAPITOL 124

WITNESS REGISTER

SENATOR BERT STEDMAN
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Spoke as the sponsor of SSSB 328.

ACTION NARRATIVE

TAPE 04-15, SIDE A

Number 0001

CHAIR CARL MORGAN called the House Community and Regional Affairs Standing Committee meeting to order at 8:15 a.m. Representatives Morgan, Wolf, Samuels, and Kookesh were present at the call to order.

SB 328-NATIONAL FOREST INCOME PROGRAM/DCED REGS

CHAIR MORGAN announced that the first order of business would be CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 328(FIN), "An Act relating to the national forest income program in the Department

of Community and Economic Development and to the authority of the department to adopt regulations; making conforming amendments; and providing for an effective date."

Number 0080

REPRESENTATIVE SAMUELS moved to adopt HCS CSSSSB 328, Version 23-LS1620\Q, Bullock, 4/27/04, as the working document. There being no objection, Version Q was before the committee.

Number 0135

SENATOR BERT STEDMAN, Alaska State Legislature, sponsor of SSSB 328, explained that the federal government has changed the regulatory environment for timber receipts, and therefore the state has to modify its statutes to come into compliance. The federal government requires that a small portion of the timber receipts be allocated to something other schools and roads. Most communities have chosen the variable program under which the community can choose which programs to spend the money. The remainder of the monies are divided amongst the school districts. The unified boroughs receive allocation through Anchorage while the boroughs that aren't unified, which consists of a substantial portion of Southeast Alaska, receive allocations based on student count.

SENATOR STEDMAN recalled that in the Senate Finance Committee there was discussion with regard to students in Craig being counted that were from areas outside the Tongass National Forest, which was felt to be inappropriate. There was discussion regarding whether the boundary should be brought down to the boundary of the Tongass National Forest or to the school district. The decision was to bring the boundary to the school district. However, Craig is in a unique situation because, due to the extensive road system on Prince of Wales, many students are bussed or driven to Craig to attend class. The aforementioned students wouldn't be counted under CSSSSB 328(FIN). Version Q would allow the students physically attending school in Craig to be counted, which is fairer. He noted that some of the students on Prince of Wales don't have schools to go to, and therefore have to be bussed to Craig or another school of their choice. Senator Stedman stated that [Version Q] also solves the perceived abuse in which there was an over weighted dollar allocation going to a select unorganized borough by counting children outside of the Tongass National Forest.

SENATOR STEDMAN acknowledged that over the past four to five years Craig's revenue had climbed substantially under this program, but Craig is voluntarily scaling that back from about 600 students to 160 students. However, under CSSSSB 328(FIN) Craig would've only been able to count six or seven students. He related his understanding that Craig is supportive of [Version Q]. He reiterated that the allocation of the monies within the unorganized boroughs is based on student count, and therefore by not counting the students outside of the Tongass National Forest the money goes back into the total "pot" for the unorganized boroughs and is split up, including Craig, Petersburg, Wrangell, Kake, Hoonah, and Angoon. He noted that the Tongass National Forest and the Chugach National Forest are the two that fall under this plan.

CHAIR MORGAN surmised then that all the other outlying schools in the Tongass National Forest receive a slight increase.

SENATOR STEDMAN replied yes, but pointed out that the funding source for this will end in 2006. He emphasized that it's a large revenue source for the smaller communities as well as Juneau, Ketchikan, and Sitka. Therefore, there is a movement to get the congressional delegation to extend this program. Senator Stedman opined that he wasn't sure that the program could be extended at the same level it is today because the total dollar amounts were set during [better financial times for] timber in the Tongass National Forest. However, there is virtually no timber being cut as compared to what was cut 15 years ago, which means that at best the dollar amounts will decrease. The loss of this money coupled with the Teachers' Retirement System (TRS) is going to create a difficult situation.

Number 0683

REPRESENTATIVE KOOKESH thanked Senator Stedman for [Version Q] because it addresses the Craig issue, which was the only concern he had with the legislation. He noted that most of the communities being discussed are in his district.

CHAIR MORGAN informed the committee that he talked with representatives from Craig, which lead to the development of [Version Q] with the help of the sponsor.

SENATOR STEDMAN related that he received word of CSSSSB 328(FIN) late in the evening and if there had been more time, there is a

good chance that language similar to that in [Version Q] would've been developed.

CHAIR MORGAN, upon determining there was no one who wished to testify, announced that public testimony was closed.

Number 0892

REPRESENTATIVE KOOKESH moved to report HCS CSSSSB 328, Version 23-LS1620\Q, Bullock, 4/27/04, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS CSSSSB 328(CRA) was reported from the House Community and Regional Affairs Standing Committee.

SB 190-KENAI RIVER SPECIAL MANAGEMENT AREA

Number 0964

The subcommittee on SB 190 met and the recording of the subcommittee meeting begins at this point on Tape 04-15, Side A.

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:30 a.m.