

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

May 6, 2004  
9:15 a.m.

**MEMBERS PRESENT**

Representative Carl Morgan, Chair  
Representative Kelly Wolf, Vice Chair  
Representative Pete Kott  
Representative Tom Anderson  
Representative Ralph Samuels  
Representative Sharon Cissna  
Representative Albert Kookesh

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

CS FOR SENATE BILL NO. 260(TRA) am  
"An Act relating to metropolitan planning organizations and to the policy board of the metropolitan planning organization for the Anchorage metropolitan area; relating to transportation planning in federally recognized metropolitan planning areas; and providing for an effective date."

- MOVED HCS CSSB 260(TRA) OUT OF COMMITTEE

SENATE BILL NO. 387 am  
"An Act authorizing the making of certain commercial fishing loans to eligible community quota entities for the purchase of certain fishing quota shares; and providing for an effective date."

- MOVED SB 387 AM OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SB 260

SHORT TITLE: METROPOLITAN PLANNING ORGANIZATIONS/AREAS

SPONSOR(S): SENATOR(S) STEVENS B

01/12/04	(S)	READ THE FIRST TIME - REFERRALS
01/12/04	(S)	CRA, TRA

02/06/04 (S) CRA AT 1:30 PM FAHRENKAMP 203  
 02/06/04 (S) -- Rescheduled to 02/09/04 --  
 02/09/04 (S) CRA AT 1:30 PM FAHRENKAMP 203  
 02/09/04 (S) Moved SB 260 Out of Committee  
 02/09/04 (S) MINUTE(CRA)  
 02/11/04 (S) CRA RPT 3DP  
 02/11/04 (S) DP: STEDMAN, WAGONER, STEVENS G  
 02/17/04 (H) TRA AT 1:30 PM CAPITOL 17  
 02/17/04 (S) Moved CSSB 260(TRA) Out of Committee  
 02/17/04 (S) MINUTE(TRA)  
 02/18/04 (S) TRA RPT CS 1DP 4NR NEW TITLE  
 02/18/04 (S) DP: COWDERY; NR: WAGONER, THERRIALT,  
 02/18/04 (S) OLSON, LINCOLN  
 03/05/04 (S) IN THIRD READING ON 3/8/2004 CALENDAR  
 03/08/04 (S) TRANSMITTED TO (H)  
 03/08/04 (S) VERSION: CSSB 260(TRA) AM  
 03/09/04 (H) READ THE FIRST TIME - REFERRALS  
 03/09/04 (H) TRA, CRA  
 03/16/04 (H) TRA AT 1:30 PM CAPITOL 17  
 03/16/04 (H) Heard & Held  
 03/16/04 (H) MINUTE(TRA)  
 03/23/04 (H) TRA AT 1:30 PM CAPITOL 17  
 03/23/04 (H) HCS CSSB 260(TRA)  
 03/24/04 (H) TRA RPT HCS(TRA) 3DP 1DNP  
 03/24/04 (H) DP: STEPOVICH, KOHRING, HOLM;  
 03/24/04 (H) DNP: MASEK  
 05/06/04 (H) CRA AT 8:00 AM CAPITOL 124

BILL: SB 387

SHORT TITLE: COMMERCIAL FISHING LOANS FOR QUOTA SHARES  
 SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

04/13/04 (S) READ THE FIRST TIME - REFERRALS  
 04/13/04 (S) CRA, L&C  
 04/19/04 (S) CRA AT 1:30 PM FAHRENKAMP 203  
 04/19/04 (S) Moved SB 387 Out of Committee  
 04/19/04 (S) MINUTE(CRA)  
 04/20/04 (S) CRA RPT 4DP  
 04/20/04 (S) DP: STEDMAN, LINCOLN, WAGONER, ELTON  
 04/20/04 (S) L&C AT 2:00 PM BELTZ 211  
 04/20/04 (S) Moved SB 387 Out of Committee  
 04/20/04 (S) MINUTE(L&C)  
 04/21/04 (S) L&C RPT 3DP  
 04/21/04 (S) DP: BUNDE, SEEKINS, STEVENS G  
 04/26/04 (S) TRANSMITTED TO (H)  
 04/26/04 (S) VERSION: SB 387 AM  
 04/30/04 (H) READ THE FIRST TIME - REFERRALS

04/30/04 (H) CRA, FIN  
05/01/04 (H) CRA AT 2:00 PM CAPITOL 124  
05/01/04 (H) Scheduled But Not Heard  
05/03/04 (H) CRA AT 8:00 AM CAPITOL 124  
05/03/04 (H) Scheduled But Not Heard  
05/06/04 (H) CRA AT 8:00 AM CAPITOL 124

**WITNESS REGISTER**

SENATOR BEN STEVENS  
Alaska State Legislature  
Juneau, Alaska  
POSITION STATEMENT: Spoke as the sponsor of SB 260.

DEANNA ESSERT  
Anchorage, Alaska  
POSITION STATEMENT: Testified in support of SB 260, and noted her support of legislators serving on the AMATS policy committee in any capacity.

CRAIG LYON, AMATS Coordinator  
Municipality of Anchorage  
Anchorage, Alaska  
POSITION STATEMENT: During discussion of CSSB 260(TRA), testified that the Begich Administration doesn't support adding members to the [AMATS] policy committee.

GREG WINEGAR, Director  
Division of Investments  
Department of Community & Economic Development (DCED)  
Juneau, Alaska  
POSITION STATEMENT: Explained SB 387.

**ACTION NARRATIVE**

**TAPE 04-19, SIDE A**  
Number 0001

**CHAIR CARL MORGAN** called the House Community and Regional Affairs Standing Committee meeting to order at 9:15 a.m. Representatives Morgan, Wolf, Kott, Anderson, and Samuels were present at the call to order. Representatives Cissna and Kookesh arrived as the meeting was in progress.

SB 260-METROPOLITAN PLANNING ORGANIZATIONS/AREAS

CHAIR MORGAN announced that the first order of business would be CS FOR SENATE BILL NO. 260(TRA) am, "An Act relating to metropolitan planning organizations and to the policy board of the metropolitan planning organization for the Anchorage metropolitan area; relating to transportation planning in federally recognized metropolitan planning areas; and providing for an effective date."

Number 0145

SENATOR BEN STEVENS, Alaska State Legislature, sponsor of SB 260, explained that this legislation suggests changing the makeup of the policy board of the metropolitan planning organization (MPO). He explained that HCS CSSB 260(TRA) would increase the current membership of the Anchorage MPO policy committee from five to nine members. The increased membership consists of two members of the legislature as ex officio members and two public members, one of which would be appointed by the mayor and one by the governor. The aforementioned attempt to include more public input is probably the most controversial. He noted that the policy board of the MPO has spending oversight over federal and state dollars within the MPO of Anchorage. The MPO has oversight over approximately \$50 million of expenditures a year. Senator Ben Stevens pointed out that the legislation also provides authority to the Department of Transportation & Public Facilities (DOT&PF) "to approve a transportation improvement plan made up of the policy board." He noted that this is the third time this subject has been before the legislature.

The committee took an at-ease from 9:17 a.m. to 9:18 a.m.

CHAIR MORGAN noted that he had to attend a Senate Community and Regional Affairs Standing Committee meeting, and therefore passed the gavel to Vice Chair Wolf.

Number 0493

DEANNA ESSERT informed the committee that she has attended Anchorage Metropolitan Area Transportation Solutions (AMATS) meetings since 1997 and is thoroughly frustrated with the policies and process. She related that one summer she attended numerous work sessions to improve the process. Although the process is now touted as "Anchorage on the move, the solution to public involvement", the process doesn't provide any opportunity for public involvement, save attending AMATS meetings and providing comments when there is the opportunity to do so. Ms.

Essert related that this year she has learned that AMATS has instituted new processes, outside the legal statutory limits of AMATS, that are influencing the process without the necessary and required statutory protection. One of those processes, stakeholder interviews, doesn't include the public at-large, rather just select "movers and shakers" in the community. Furthermore, the round-table process includes many of the same individuals who have advocated for controversial projects that have consumed millions of dollars and who now suggest spending 15 percent of Anchorage's road allocation on enhancements. Some balance on AMATS is necessary, she said. Ms. Essert explained that she supported SB 260 in its original form, which would've included legislators in a voting capacity. Legislators are elected officials who are responsible to the electorate. In its current form, AMATS is a political animal that isn't responsive to the public's needs. Although Ms. Essert said that she would accept legislators as non-voting members, she expressed hope they would be included in the process. She expressed frustration with the mayor spending taxpayers' dollars to lobby the legislature for specific projects when the mayor could have individuals who are intimately involved in the process of choosing the projects that should be approved sit on the policy committee. Ms. Essert concluded by emphasizing that she preferred the original legislation because it was simpler, less involved, and provided the taxpayers representation. However, she noted her support of placing legislators on the AMATS policy committee in any capacity.

Number 0780

CRAIG LYON, AMATS Coordinator, Municipality of Anchorage, informed the committee that the Municipality of Anchorage supports the idea of opening up the process to improve communication and public participation. Currently, there are two citizen committees that support AMATS with public participation, notwithstanding what is offered during the meetings. The Planning & Zoning Commission serves as the federally required citizens advisory group [as does the] AMATS Air Quality Advisory Group. Mr. Lyon highlighted that there is a new mayor, a new coordinator, and a new DOT&PF director for the central region all of which are committed to improving the public process. Steps are being taken to improve the public process, which is a continual process. Therefore, there is flexibility in meeting schedules and quarterly meetings with the Federation of Community Councils are held to brief them on projects and processes in order to open the process. Mr. Lyon related that at this time the Begich Administration doesn't

support adding members to the policy committee and doesn't support doing so unilaterally, which is inconsistent with the intent of federal rules for MPOs such as AMATS.

REPRESENTATIVE ANDERSON informed the committee that Mr. Lyon worked as legislative staff for many years, and noted that he is glad Mr. Lyon holds the position of Coordinator of AMATS. He also noted that he served on the round-table committee of AMATS with Mr. Lyon, who he said is knowledgeable. He mentioned that he appreciated Mr. Lyon's efforts.

Number 0913

REPRESENTATIVE KOTT moved to report HCS CSSB 260(TRA) out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE CISSNA objected. She informed the committee that she has received an enormous amount of mail relating the need for separation of state and local government on this matter.

SENATOR BEN STEVENS related that throughout the evolution of this legislation, legislative involvement in an MPO was a topic of discussion. He said that he and supporters of the legislation believe that legislative involvement in MPOs is a good thing because legislators are elected from local areas and answer to the people in their district. Senator Ben Stevens explained that his involvement in this issue began because his constituents had nowhere else to go; no one on the MPO, the Anchorage Assembly, or Anchorage's city hall would listen to them. Therefore, he introduced the proposal to place legislators on the MPO. He noted that although he believes the legislative members should be voting members of the MPO, he compromised in the House Transportation Standing Committee by agreeing to an amendment that made legislators non-voting members of the MPO. At that time, Mr. Lyon testified that in Oahu, Hawaii there was an MPO that consisted of a large number of legislators. Senator Ben Stevens recalled that Mr. Lyon testified that the aforementioned Hawaiian MPO with legislators was operating so ineffectively that the legislators were removed.

MR. LYON recalled that he had testified that legislators were members of the Oahu MPO and that because Oahu's system and its priorities had become so politicized, members of Anchorage's MPO were asked to go to Oahu and help fix the system, which they

did. He related his understanding that at this time no legislators are members of the Oahu MPO.

Number 1152

SENATOR BEN STEVENS informed the committee that there is a letter from the director of the Oahu MPO saying that the number of legislators on the MPO was reduced, although the legislators constitute a majority of the Oahu MPO. Senator Ben Stevens stressed that this is the third time that the Municipality of Anchorage has testified with inaccurate information regarding the makeup of MPOs throughout the nation. He further stressed that he has attempted to work with the Municipality of Anchorage and it's administration within the Anchorage Assembly to develop a compromise, but those groups won't come to the table or compromise. Furthermore, [the Municipality of Anchorage and it's administration] have supplied disinformation, he said.

MR. LYON disagreed.

SENATOR BEN STEVENS reminded the committee that there is a motion to report HCS CSSB 260(TRA) from committee. He encouraged the committee to do so in order that "we can hash this out at the next level."

Number 1236

REPRESENTATIVE CISSNA informed the committee that she has attended a large percentage of all of the public transportation meetings in Anchorage for the past six to eight years. She said that she hasn't had the experience [related by Senator Ben Stevens] nor is it the experience others have related to her.

SENATOR BEN STEVENS acknowledged that on a regular basis there are numerous planning meetings that take place throughout the community and during which the public can testify. This legislation provides the public with the opportunity to be involved in the voting, that is through the selection and prioritization of the projects. The aforementioned doesn't exist under the current makeup, which he characterized as a controlled distribution system. Senator Ben Stevens reiterated that he is merely trying to bring in more public involvement through representatives of other elected officials or through the addition of two public members. In response to Representative Samuels, Senator Ben Stevens specified that the legislators would be ex officio members while the public members would be voting members.

REPRESENTATIVE SAMUELS recalled his tenure as the head of the Anchorage Chamber of Commerce and related that people hated AMATS. To follow the AMATS process is a full-time job regardless of the mayor or the governor. To be an individual citizen on AMATS is "almost an impossibility," he said. Representative Samuels stated that he didn't see any harm having a legislator be an ex officio member.

REPRESENTATIVE CISSNA pointed out that assembly members and the mayor are also elected, with the sole responsibility of the municipality. However, a legislator is charged with being responsible for the entire state. Representative Cissna opined that the elected officials are already on the [policy committee].

SENATOR BEN STEVENS highlighted that AMATS doesn't spend local money but rather federal and state money.

REPRESENTATIVE ANDERSON surmised that Senator Ben Stevens meant that [municipal and state] funding is integrated.

VICE CHAIR WOLF reminded the committee that there was a motion before it, and therefore he requested a roll call vote.

A roll call vote was taken. Representatives Wolf, Kott, Anderson, and Samuels voted in favor of reporting HCS CSSB 260(TRA) out of committee. Representatives Cissna and Kookesh voted against it. Therefore, HCS CSSB 260(TRA) was reported out of the House Community and Regional Affairs Standing Committee by a vote of 4-2.

#### SB 387-COMMERCIAL FISHING LOANS FOR QUOTA SHARES

VICE CHAIR WOLF announced that the final order of business would be SENATE BILL NO. 387 am, "An Act authorizing the making of certain commercial fishing loans to eligible community quota entities for the purchase of certain fishing quota shares; and providing for an effective date."

Number 1608

GREG WINEGAR, Director, Division of Investments, Department of Community & Economic Development (DCED), explained that SB 387 am makes a small change to the existing commercial fishing revolving loan fund, which has been around since the early 1970s. This legislation would allow loans to be made to a new

type of borrower, community quota entities (CQEs), that is being created. The National Marine Fisheries Service (NMFS) is creating this new borrower. He explained that the North Pacific Council was concerned with regard to the loss of quota shares out of a number of Alaska's coastal communities, and therefore the North Pacific Council recommended the change. He pointed out that the committee packet should have documentation with regard to the communities that NMFS determined to be eligible. This legislation allows communities to form nonprofit corporations that can go out into the marketplace to purchase quota shares and lease them back to residents of the particular community. The goal is to improve the economic viability of these communities by allowing local ownership of fishing privileges, he said.

MR. WINEGAR informed the committee that since this quota share program was created back in 1995, many communities have lost a number of their shares. Therefore, the North Pacific Council wanted to address the problem. The federal rule isn't scheduled to take effect until June 1st. Section 3 of the legislation has an effective date clause tying the effective date of the legislation to the effective date of the federal rule change. Mr. Winegar pointed out that these type of loans can already be made to individuals, and therefore much of the loan criteria will be the same for CQEs as it is for individuals. With regard to funding, Mr. Winegar stated that the department has adequate funding to handle loan demand. He related that the loan is self-sufficient, and therefore there are no general funds involved in this. Furthermore, existing staff will handle the loan requests, which resulted in the department submitting a zero fiscal note. He related his belief that the Alaska Department of Fish & Game supports the legislation and has submitted a zero fiscal note as well. Several other organizations support this legislation, such as the Gulf of Alaska Coastal Communities Coalition, and Tlingit and Haida Central Council. Mr. Winegar urged the committee's support because it will bring the commercial fishing revolving loan program in sync with the changes NMFS is making in the quota share program. Furthermore, it's consistent with the mission of the program. Most importantly, the legislation provides these communities with a tool to generate some economic activity in these communities.

VICE CHAIR WOLF noted that the committee packet has neither letters of support nor the list of communities impacted by this legislation.

MR. WINEGAR provided the committee with a list of the impacted communities.

REPRESENTATIVE ANDERSON asked if the United Fishermen of Alaska (UFA) support SB 387 am.

Number 1840

MR. WINEGAR said he didn't believe UFA has issued a formal opinion, and he didn't believe that UFA has any problems with the legislation. In response to Vice Chair Wolf, Mr. Winegar said that there are letters of support for the legislation and he would take care of getting those to the committee.

VICE CHAIR WOLF asked if anyone wished to testify. There was no response.

MR. WINEGAR informed the committee that the Gulf of Alaska coalition is visiting the small rural communities in order to explain the rule changes being made by NMFS.

VICE CHAIR WOLF expressed concern that this legislation goes backwards. The legislation seems to return to a time when individual communities or an organization purchased quotas such that the situation would return to a time of fish traps and processors owning large portions of the catch.

MR. WINEGAR noted that he didn't take part in the actual discussions that have been going on with the council for the past couple of years. However, he said he understood that the initial concern is that many of these shares have left the communities and this legislation would provide a tool to help get those shares back.

VICE CHAIR WOLF highlighted that one of the state's larger seafood processors just purchased another seafood processor. Therefore, he said he was concerned with regard to conglomerates acquiring the quotas and returning the fishing industry back to the 1950s.

Number 2000

REPRESENTATIVE KOOKESH suggested reviewing the rules for buying quotas. For instance, the only way an individual can purchase a halibut quota is if that individual originally participated in the fishery. Under the limited entry permit in Alaska, a processor can't own a limited entry permit, only individuals

can. Representative Kookesh highlighted that SB 387 is sponsored by the governor and is economic development for rural Alaska. He said he wanted to be sure that this legislation isn't opposed just because it may benefit some of the Native communities in Alaska.

VICE CHAIR WOLF commented that he is looking at the couple of communities in the Kenai Peninsula that will be impacted by this legislation. He further commented that he is trying to satisfy his own concerns. Vice Chair Wolf then inquired as to the wishes of the committee.

REPRESENTATIVE ANDERSON said that he would move the legislation, when people have concluded any questions they may have. Representative Anderson noted that he concurred with Representative Kookesh with regard to the view of this legislation as economic development.

REPRESENTATIVE KOOKESH pointed out that this isn't the only funding source these communities have available, rather this is just another funding source. The NMFS program will continue whether the state does anything with this legislation or not.

VICE CHAIR WOLF clarified that when he hears the terminology "quota shares" he gets nervous.

REPRESENTATIVE KOOKESH highlighted that the legislation includes some protections to ensure that harvesters "don't get their foot in the door." He noted his agreement with Vice Chair Wolf that he didn't want harvesters to end up owning all the quotas.

Number 2169

REPRESENTATIVE SAMUELS moved to report SB 387 am out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 387 am was reported from the House Community and Regional Affairs Standing Committee.

#### **ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:45 a.m.