

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

February 14, 2006

8:14 a.m.

**MEMBERS PRESENT**

Representative Kurt Olson, Co-Chair  
Representative Bill Thomas, Co-Chair  
Representative Pete Kott  
Representative Mark Neuman  
Representative Sharon Cissna  
Representative Woodie Salmon

**MEMBERS ABSENT**

Representative Gabrielle LeDoux

**COMMITTEE CALENDAR**

HOUSE BILL NO. 392

"An Act authorizing the establishment of regional solid waste management authorities."

- MOVED CSHB 392(CRA) OUT OF COMMITTEE

HOUSE BILL NO. 398

"An Act relating to disposition of revenue from certain charges collected on valuable mineral deposits on land belonging to the state and subject to location or lease for the extraction of natural resources under the Alaska Land Act, and to aid to municipalities to offset the anticipated effect of lessees' exploration or location activities on land made subject to extraction of valuable mineral deposits; and providing for an effective date."

- MOVED CSHB 398(CRA) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 392

SHORT TITLE: SOLID WASTE MANAGEMENT AUTHORITIES

SPONSOR(s): REPRESENTATIVE(s) WILSON

01/25/06	(H)	READ THE FIRST TIME - REFERRALS
01/25/06	(H)	CRA, L&C
02/09/06	(H)	CRA AT 8:00 AM CAPITOL 124

02/09/06 (H) Heard & Held  
02/09/06 (H) MINUTE(CRA)  
02/14/06 (H) CRA AT 8:00 AM CAPITOL 124

BILL: HB 398

SHORT TITLE: STATE MINERAL RESOURCE REV./MUNICIPAL AID  
SPONSOR(S): REPRESENTATIVE(S) MOSES

01/27/06 (H) READ THE FIRST TIME - REFERRALS  
01/27/06 (H) CRA, FIN  
02/14/06 (H) CRA AT 8:00 AM CAPITOL 124

**WITNESS REGISTER**

REPRESENTATIVE PEGGY WILSON  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of HB 392.

ADAM BERG, Staff  
to Representative Carl Moses  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Presented HB 398 on behalf of the sponsor,  
Representative Moses.

KEVIN RITCHIE, Executive Director  
Alaska Municipal League (AML)  
Juneau, Alaska

POSITION STATEMENT: Testified in support of the concept  
embodied in HB 398.

BOB JUETTNER, Administrator  
Aleutians East Borough  
Anchorage, Alaska

POSITION STATEMENT: Explained why the Aleutians East Borough  
requested the introduction of HB 398.

DICK MYLIUS, Acting Director  
Division of Land, Mining and Water  
Department of Natural Resources  
Anchorage, Alaska

POSITION STATEMENT: During hearing of HB 398, answered  
questions.

**ACTION NARRATIVE**

**CO-CHAIR BILL THOMAS** called the House Community and Regional Affairs Standing Committee meeting to order at 8:14 a.m. Representatives Thomas, Olson, Neuman, and Kott were present at the call to order. Representatives Cissna and Salmon arrived as the meeting was in progress.

HB 392-SOLID WASTE MANAGEMENT AUTHORITIES

[8:14:54 AM](#)

CO-CHAIR THOMAS announced that the first order of business would be HOUSE BILL NO. 392, "An Act authorizing the establishment of regional solid waste management authorities."

[8:14:59 AM](#)

REPRESENTATIVE KOTT moved to adopt CSHB 392, Version 24-LS1227\I, Bullock, 2/13/06, as the working document. There being no objection, Version I was before the committee.

[8:15:22 AM](#)

REPRESENTATIVE PEGGY WILSON, Alaska State Legislature, sponsor, informed the committee that the only change in Version I is the language allowing the opportunity for a community to opt-out [of the solid waste management authority]. She then suggested that the committee adopt the following changes to Version I:

Page 4, line 12, following "**Powers.**"  
Insert "(a)"

Page 6, line 1, following "retentions;"  
Insert "(b)"

CO-CHAIR THOMAS, upon hearing no objections, announced that the aforementioned conceptual amendment was adopted.

[8:16:46 AM](#)

REPRESENTATIVE KOTT moved to report CSHB 392, Version 24-LS1227\I, Bullock, 2/13/06, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 392(CRA) was reported from the House Community and Regional Affairs Standing Committee.

HB 398-STATE MINERAL RESOURCE REV./MUNICIPAL AID

[8:17:11 AM](#)

CO-CHAIR THOMAS announced that the final order of business would be HOUSE BILL NO. 398, "An Act relating to disposition of revenue from certain charges collected on valuable mineral deposits on land belonging to the state and subject to location or lease for the extraction of natural resources under the Alaska Land Act, and to aid to municipalities to offset the anticipated effect of lessees' exploration or location activities on land made subject to extraction of valuable mineral deposits; and providing for an effective date."

[8:17:28 AM](#)

ADAM BERG, Staff to Representative Carl Moses, Alaska State Legislature, explained that HB 398 would provide aide to municipalities incurring expenses directly associated with resource development. The intent is to provide relief to areas that have had little or no resource extraction within their municipal boundaries, he said. The legislation proposes capturing 10 percent of existing land application filing fees, licenses, license fees, and other monies received excluding oil, gas, mining, coal, and other resource royalties. The legislation was introduced because municipalities are incurring expenses due to new development, although the existing fees go to the state. Furthermore, there is no longer a municipal revenue sharing program and thus nothing is being returned to municipalities, which deserve to at least recoup their expenses for resource development.

[8:18:54 AM](#)

REPRESENTATIVE NEUMAN moved that the committee adopt Conceptual Amendment 1, as follows:

Page 2, line 21:  
Delete "are remote"

[8:19:55 AM](#)

REPRESENTATIVE CISSNA inquired as to whether that would impact the fiscal note.

REPRESENTATIVE NEUMAN said that he didn't know.

[Conceptual Amendment 1 was treated as adopted.]

[8:20:50 AM](#)

MR. BERG pointed out that the committee packet should include an amendment that was requested by the Department of Natural Resources (DNR). He explained that the money being captured from the 10 percent was originally capturing money from more resource areas than intended. He related that the sponsor does support the amendment.

[8:21:27 AM](#)

REPRESENTATIVE KOTT moved that the committee adopt [Amendment 2], labeled 24-LS1421\Y.1, Chenoweth, 2/13/06, which read:

Page 3, line 23, following "activities":

Insert "and activities involving discovery and the right to prospect for and develop minerals".

Page 3, line 24:

Delete "that are described in AS 38.05.035(a)(10)"

Insert "under this chapter that are identified in AS 37.05.535(b)"

There being no objection, [Amendment 2] was adopted.

[8:21:49 AM](#)

KEVIN RITCHIE, Executive Director, Alaska Municipal League (AML), informed the committee that AML strongly supports the concept of the legislation. "The concept of making sure that municipalities have the resources to serve the public as well as possible is very important," he opined. He further opined that there are many costs associated with exploration and the initial startup of any business.

[8:22:31 AM](#)

BOB JUETTNER, Administrator, Aleutians East Borough, related that the Aleutians East Borough requested the introduction of HB 398 based upon its experience with the Alaska Peninsula oil and gas leasing sale of October 2005. Upon opening the Alaska Peninsula, the borough discovered that there are many expenses before and after the sale and before the exploration and development phase. In developing HB 398, Mr. Juettner explained that the intent was to target those areas new to exploration and

where the governments didn't have experience nor the revenue necessary for such development. The intent was also to make the legislation temporary because the Aleutians East Borough believes that at some point municipalities have the obligation to convert development into a revenue stream. Therefore, the legislation specifies that providing [the funds] for five years would provide the governments the opportunity to develop tax streams while allowing the government a fair amount of independence from the developer. Mr. Juettner stated that the Aleutians East Borough is in support of development and wants the benefits of that to accrue to the state as well as the local residents in the area of development.

[8:26:00 AM](#)

CO-CHAIR THOMAS, upon determining no one else wished to testify, closed public testimony.

[8:26:05 AM](#)

REPRESENTATIVE CISSNA inquired as to how sensitive the fiscal note is to the amendments.

[8:26:38 AM](#)

DICK MYLIUS, Acting Director, Division of Land, Mining and Water, Department of Natural Resources, answered that the amendments wouldn't change DNR's zero fiscal note, which was mainly provided to illustrate the revenue that would be provided by this legislation. He related that the revenues [DNR receives as fees, charges, and miscellaneous receipts from the location, license, or lease activities on state land] amounts to \$2.8 million and thus the 10 percent required under HB 398 [to be deposited into a newly created mineral receipts account] would be \$280,000 not to mention the oil and gas money that would also be included.

[8:27:37 AM](#)

REPRESENTATIVE NEUMAN moved to report HB 398, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 398(CRA) was reported from the House Community and Regional Affairs Standing Committee.

[8:28:10 AM](#)

## **ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:28 a.m.