

HOUSE FINANCE COMMITTEE
April 28, 2005
8:52 a.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [8:52:47 AM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Richard Foster
Representative Mike Hawker
Representative Jim Holm
Representative Reggie Joule
Representative Mike Kelly
Representative Carl Moses

MEMBERS ABSENT

Representative Bill Stoltze, Vice-Chair
Representative Bruce Weyhrauch
Representative Eric Croft

ALSO PRESENT

Ian Fisk, Staff, Representative Bill Thomas

PRESENT VIA TELECONFERENCE

Daniel T. Seamount, Jr., Commissioner, Alaska Oil and Gas Conservation Commission, Department of Administration;
Steven Daugherty, Assistant Attorney General, Natural Resource Section, Department of Law

SUMMARY

HB 218 "An Act relating to cost recovery fisheries for private nonprofit hatchery facilities."

CSHB 218 (FIN) was REPORTED out of Committee with a "no recommendation" recommendation and with the following fiscal impact notes: zero note #1 by the Department of Commerce, Community and Economic Development, zero note #2 by the Department of Fish and Game, zero note #3 by the Department of Public Safety, and with indeterminate note #4 by the Department of Revenue.

SB 103 "An Act relating to regulation of underground injection under the federal Safe Drinking Water Act; and providing for an effective date."

SB 103 was REPORTED out of Committee with a "no recommendation" recommendation and with fiscal impact note #1 by the Department of Administration, and with zero note #2 by the Department of Natural Resources.

[8:53:45 AM](#)

SENATE BILL NO. 103

"An Act relating to regulation of underground injection under the federal Safe Drinking Water Act; and providing for an effective date."

DANIEL T. SEAMOUNT, JR., COMMISSIONER, ALASKA OIL AND GAS CONSERVATION COMMISSION (AOGCC), DEPARTMENT OF ADMINISTRATION, (via teleconference) testified in support of SB 103. The bill allows AOGCC to take over primacy for a small number of waste disposal wells now overseen by EPA. He explained that these are seven Class I wells on the North Slope. He spoke of AOGCC's primacy over 1,155 Class II injection wells. He said it is complicated trying to sort out which wells apply. He spoke of redundant processes and opined that there would be considerable time and money saved because of this bill. AOGCC has a more streamlined process.

[8:58:06 AM](#)

Representative Holm inquired about the duplication of efforts by the State of Alaska and EPA. Mr. Seamont responded that AOGCC's process for evaluating and approving Class II programs are very similar to EPA's. The state has full-time inspectors and geological staff. EPA requests the state's help on Class I well applications. Representative Holm asked if permit fees support the work. Mr. Seamont explained that a grant funds Class II wells.

[9:00:12 AM](#)

Representative Holm asked if there is a charge to the oil companies for injection permits. Mr. Seamont replied that EPA and the state do not charge; they pay a charge for the injection based on how much gas is produced. Representative Holm said that the fiscal note does not reflect the costs of the permits. Mr. Seamont reported that there would be no cost, but savings.

[9:02:05 AM](#)

Co-Chair Chenault asked if there is \$127,000 for federal funding for Class II, but no federal funding for Class I. Mr. Seamont said that is correct. Co-Chair Chenault asked where the money comes from. Mr. Seamont replied it comes

from regulatory cost charge, which is a direct charge to the operators. He explained the budgeting process. Co-Chair Chenault noted that they are paying for the services for the injection of the waste. Mr. Seamount agreed.

[9:03:37 AM](#)

Co-Chair Chenault inquired about the presence of underground drinking water. Mr. Seamount replied that there are no underground supplies for drinking water and all of the water is frozen by permafrost.

[9:04:59 AM](#)

Representative Foster MOVED to report SB 103 out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SB 103 was REPORTED out of Committee with a "no recommendation" recommendation and with fiscal impact note #1 by the Department of Administration, and with zero note #2 by the Department of Natural Resources.

Representative Hawker MOVED to ADOPT the letter of intent for SB 103. There being NO OBJECTION, it was so ordered.

[9:07:00 AM](#)

HOUSE BILL NO. 218

"An Act relating to cost recovery fisheries for private nonprofit hatchery facilities."

STEVEN DAUGHERTY, ASSISTANT ATTORNEY GENERAL, NATURAL RESOURCE SECTION, DEPARTMENT OF LAW, (via teleconference) noted problems with subsection(d) of Section 1 in the bill. There are potential taxing authority issues. The Department of Law has been working to try to develop clearer criteria so that it is the legislature that is imposing the tax, not the hatchery operator. He noted concerns with some of the potential amendments.

[9:09:54 AM](#)

Co-Chair Chenault took up Conceptual Amendment 1, which was moved and objected to during the meeting on April 27, 2005. [Amendment 1 deleted Section 1 of the Version X Committee Substitute to HB 218.] Co-Chair Chenault asked if there were any objections to the motion to adopt Conceptual Amendment 1. There being NO OBJECTION, it was so ordered.

Representative Hawker MOVED to ADOPT the new CS for HB 218, labeled 24-LS0544\P, Utermohle, 4/27/05. There being NO OBJECTION, it was so ordered.

IAN FISK, STAFF, REPRESENTATIVE BILL THOMAS, explained a change in the new CS. In Version P, on page 1, language was eliminated about the commissioner consulting with other interested parties. Language about affected commercial fishermen and "organizations of affected commercial fishermen" was added. Other suggestions of Mr. Esquiro from an earlier meeting were not incorporated.

[9:13:22 AM](#)

Mr. Daugherty commented on the changes in the new CS and said there are no problems with the new language in subsection (d). He explained that the legislature would apply a formula that would be defensible regarding the amounts that have to be collected each year.

[9:14:24 AM](#)

Representative Hawker clarified that the legislature sets taxes and fees in the context of this bill only.

Representative Kelly said he assumes that subsection (d) is corrected. Mr. Fisk replied that it was discussed with the Attorney General's office.

[9:15:43 AM](#)

Representative Foster MOVED to report CSHB 218 out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSHB 218 (FIN) was REPORTED out of Committee with a "no recommendation" recommendation and with the following fiscal impact notes: zero note #1 by the Department of Commerce, Community and Economic Development, zero note #2 by the Department of Fish and Game, zero note #3 by the Department of Public Safety, and with indeterminate note #4 by the Department of Revenue.

ADJOURNMENT

The meeting was adjourned at 9:16 AM.