

HOUSE FINANCE COMMITTEE
February 14, 2006
1:43 P.M.

CALL TO ORDER

Vice Chair Stoltze called the House Finance Committee meeting to order at [1:43:06 PM](#).

MEMBERS PRESENT

Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Richard Foster
Representative Mike Hawker
Representative Jim Holm
Representative Reggie Joule
Representative Mike Kelly
Representative Beth Kerttula
Representative Carl Moses
Representative Bruce Weyhrauch

MEMBERS ABSENT

Representative Mike Chenault, Co-Chair

ALSO PRESENT

Representative Jay Ramras; Konrad Jackson, Staff, Representative Kurt Olson; Jim Pound, Staff, Representative Jay Ramras; Nico Bus, Acting Director, Division of Administrative Services, Department of Natural Resources; Jim Derringer, Staff, Representative Jim Holm; Mike Pawlowski, Staff, Representative Kevin Meyer

PRESENT VIA TELECONFERENCE

Steve Van Sant, State Assessor, Department of Commerce, Community and Economic Development; Jennifer Yuhas, Fairbanks North Star Borough, Fairbanks; Chris Maisch, Director, Division of Forestry, Department of Natural Resources, Anchorage; Scott Walden, Coordinator, Kenai Peninsula Borough Emergency Management Office, Kenai; Craig Goodrich, Fire Chief, City of Anchorage; Lynn Wilcock, Chief of Fire and Aviation, Division of Forestry, Department of Natural Resources; Tamara Cook, Direction, Legislative Legal, Juneau; Chris Beheim, Crime Lab Supervisor, Department of Public Safety, Anchorage

SUMMARY

#HB273

HB 273 An Act relating to the dividends of individuals claiming allowable absences; and providing for an effective date.

HB 273 was SCHEDULED but not HEARD.

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HB 334 An Act relating to an exemption from and deferral of municipal property taxes for certain types have deteriorated property.

HB 334 was HEARD and HELD in Committee for further consideration.

HB 379 An Act relating to controlled substances.

CS HB 379 (JUD) was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Health & Social Services.

HB 395 An Act extending the period of the fire season.

HB 395 was HEARD and HELD in Committee for further consideration.

[1:45:56 PM](#)

#HB334

HOUSE BILL NO. 334

An Act relating to an exemption from and deferral of municipal property taxes for certain types of deteriorated property.

REPRESENTATIVE JAY RAMRAS, SPONSOR, testified that in several communities, the State has seen private properties go from prosperous offices and residential building in the boom cycle to being empty. He pointed out that the economy is returning and new developers are looking at abandoned buildings as an opportunity to refurbish without complete reconstruction. He submitted that could revitalize neighborhoods and cities.

Representative Ramras noted that HB 334 would help clarify existing tax deferral language. The legislation places a deadline on the exemption that coincides with existing tax deferral sunsets. The primary difference in the language allows for the development of condominium or office type buildings to be established in what are currently referred to as deteriorated structures. At the local government discretion, the tax deferral would be spelled out and restricted only by the actual transfer of property. The

clear language allows a developer more stability and the ability to secure necessary loans for reconstruction.

Representative Weyhrauch pointed out that Amendment #1 would replace the entire bill. Representative Ramras responded that he had not yet reviewed the amendment.

JIM POUND, STAFF, REPRESENTATIVE JAY RAMRAS, explained that Representative Holm began reworking the amendment when it was obvious that there was a problem with the bill's language and that it would not allow the deferral to continue should the building be rented out. The original intent of the amendment was to renovate, bringing back to code and making it available for use by the public. Hence, the major rewrite of the amended language.

Representative Foster asked the status of the McKay Building in Anchorage. Representative Ramras understood that the developer was the same person. He stated it was not his intent to meet developers interested in the building because he did not want to be influenced. Renting the building is not an option with the original legislation; consequently, Representative Holm was requested to change the language to include renting, which would then allow, "making good" on back property taxes. The intent continues to be getting "dead buildings" back functioning.

Mr. Pound pointed out amended language, which includes demolition, with referral to "drop dead" tax deferrals.

Vice Chair Stoltze pointed out that the member's packets did not include any correspondence with local municipalities. Mr. Pound responded that some changes in the amendment could garner those letters.

Vice Chair Stoltze inquired about other eligible buildings. Mr. Pound replied that the only one he was presently aware of, is the McKay Building. However, he believed there would be others, based on input from realtors.

Representative Ramras interjected that he had received an email from Ron Peck, Executive Director, Alaska Tourism Association, noting support for the effort. He related thoughts regarding tourism. He admitted that he was reluctant to bring a bill forward that has such a narrow single use, but believed the bill has merit for statewide development through 2010.

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Vice Chair Stoltze mentioned there could be statewide historical preservation opportunities with passage of the legislation. Representative Ramras noted he was excited about that option.

Vice Chair Stoltze questioned the impact of "remodeling".

Co-Chair Meyer asked if any of the municipalities support the bill. Mr. Pound understood once the amendment was included, the Fairbanks North Star Borough would be supportive. He noted on-line testimony.

Mr. Pound pointed out that the amendment had just arrived.

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Representative Kerttula referenced the 2010 date and asked if consideration had been given to making it permanent. Mr. Pound explained the entire section sunsets in 2010, indicated essential by Legislative Legal.

Representative Kerttula reiterated her question as to why it was being sunset at all. Mr. Pound understood that the entire current statute exemption language sunsets then.

Representative Holm MOVED to ADOPT Amendment #1, #24-LS1353\A.3, Cook, 2/14/06. Vice Chair Stoltze OBJECTED.

Representative Weyhrauch asked why an exemption past 2010 had not been granted. He referenced Subsection 1, Line 19, of the amendment regarding "payment of the deferred taxes" and asked if the taxes would become 100% due at the defined period or could they be paid over a period of time.

Mr. Pound referenced language on Page 2, Line 8, Section D, "a date provided in the ordinance adopted under this subsection," which explains that a local municipality would have an option to negotiate individual contracts with a developer. Otherwise, the intent is if the property meets one of requirement, deferred taxes become payable.

Representative Weyhrauch advised that "due" and "payable" mean different things. Mr. Pound thought that language would be clarified in the terms of the contract between the developer and the municipality. It is the sponsor's intent that the municipality be the one that controls it.

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JIM DERRINGER, STAFF, REPRESENTATIVE JIM HOLM, commented that Amendment #1 attempts to address tax deferral as the building is being remodeled. It also provides a time for when the deferral is made. Originally, there was language allowing for a five-year deferral. After speaking with the Borough, it was determined that it would be best to provide more flexibility.

Co-Chair Meyer asked how the new amendment differs from the original one. Mr. Derringer responded that an added provision includes "remodel" and the time certain for the tax deferral. Mr. Pound added that the amendment includes "occupancy".

Co-Chair Meyer inquired what "remodeling" would consist of. Mr. Derringer pointed out that is clarifying language, which differs from renovation. Legislative Legal recommended inclusion of the language.

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Representative Joule asked if someone remodeled and then placed the building up for sale, would the sale require "occupancy" permit. Mr. Pound explained that if a transfer takes place (sale), then the deferred tax becomes payable. Mr. Derringer pointed out it would be considered remodeled and eligible for occupancy. Once 50% of a building is occupied, taxes are due.

Co-Chair Meyer asked if there was support from the Municipality in Fairbanks. Mr. Derringer referenced the on line testimony.

Vice Chair Stoltze questioned the use of "remodeling", worrying about potential loopholes. He requested testimony from the State assessor and those affected municipalities outside of Fairbanks, pointing out the high dollar issues.

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STEVE VAN SANT, (TESTIFIED VIA TELECONFERENCE), STATE ASSESSOR, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, commented that "remodel" was all encompassing and would depend on the local code. He acknowledged, it needs to be written into the local code. In theory, the exemption would provide for a 10-year exempt on the property; the owner could then move into a 5-year deferment. When sold, the deferred amount would be owed at the time of the transfer.

Vice Chair Stoltze asked the sponsor why that language was necessary and what it accomplished. Mr. Pound said that Legislative Legal submitted the wording. The Sponsor does not care one way or another about it.

Mr. Van Sant pointed out that the legislation addresses deteriorating property, property that is substantially below par, needing major work. He recommended that the remodel language be removed.

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Representative Hawker wanted to know what the bill provides that is not already in existing statute. He noted the addition of two triggers:

- 50% occupancy on a rehabilitation, and
- Completion of demolition.

He pointed out that those indicators would be placed into statute as mandatory triggers for the repayment of taxes. He thought that language forces municipalities what they can do.

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Mr. Pound pointed out the third trigger:

- The date provided in ordinance adopted under that subsection.

The problem with existing language is that it creates a "blank" area for the developer being able to acquire a loan. There is not language addressing when the deferment begins. That makes it more difficult for a developer to secure necessary financing.

Representative Hawker understood that the motivation then was to provide a date as to when the municipality could trigger it sooner. He maintained his continual support of local control and determination. He thought that a financial institution, when granting credit to a potential applicant, the municipality could opt to exercise such a deferral. He appreciated the clarity in Section (D). He reiterated concern for the need of the legislation.

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Co-Chair Meyer inquired if Representative Hawker's reference was to the amendment or the bill. Representative Hawker responded that the amendment is the bill. Mr. Derringer stated that the extra provisions could provide time certainty to a developer. Otherwise, it would cause boroughs to modify the provisions.

Representative Hawker thought that would be inherent in an ordinance passed by a municipality. He worried about overstepping legislative boundaries and inadvertently constraining economic development and rehabilitation projects. Mr. Derringer interjected that the reason that 50% is used was so the person could continue up to 60% or 70%, and never transfer or pay the taxes.

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Representative Hawker stated that was inherent to the current municipal authority.

JENNIFER YUHAS, (TESTIFIED VIA TELECONFERENCE), FAIRBANKS NORTH STAR BOROUGH, FAIRBANKS, testified that Mayor Whittier supports the changes in the legislation that would provide the greatest degree of flexibility at the municipal level. He supports the idea that municipalities should be able to determine a tax deferral.

Representative Hawker commented that was his point. Co-Chair Meyer questioned the need of the legislation.

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Representative Kerttula recommended testimony from Legislative Legal Services; she asked about the 10-year date and the historic significance of that exemption.

TAMARA COOK, (TESTIFIED VIA TELECONFERENCE), DIRECTION, LEGISLATIVE LEGAL, JUNEAU, stated that she had no information on the 10-year gate. That came strictly as a drafting request from outside their office. With respect to existing law, there is silence regarding when property for which the taxes have been deferred, when that deferral period ends. The deferral cannot go longer than five years. It is known under existing law, if the ownership of the property changes, then all the deferred payments becomes due.

Ms. Cook assumed that the ordinance would be structured to address what the time period should be, when taxes are deferred, if ownership does not change.

Ms. Cook continued, HB 334, not the amendment, clarifies the difference is that the deferment for 1 - 5 years of taxes and makes that payable only when ownership changes. The amendment A.3 is more elaborate offering several "triggers":

- One is in existing law, when ownership changes;
- Second is a test based on occupancy;
- Third is based upon when property is a project involving the demolition of a structure and when finished, the municipality makes the determination;
- Fourth is the date provided by an ordinance, which would presumably allow a municipality to offer deferred tax payments for years one, two and three years; those taxes would become due and payable at a particular date.

Ms. Cook pointed out that under the amendment, if a trigger occurs, payments are due at the earliest of the listed

event. By ordinance, the municipality would not be able to change the occupancy test.

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Representative Kerttula inquired if the amendment would create more restrictions on municipalities. Ms. Cook replied that partially was correct and that current statute does not direct the time period the deferral must last. It could be addressed by ordinance.

Mr. Van Sant added that a Fairbanks North Star attorney regarding the exemption of the Polaris Building had contacted him. The question arose with the developer and the legal department as to when the deferred payment would be owed. The attorney advised the developer, it would be due at the end of five years. The developer disagreed, and understood that the tax would only be due when the property sold. The amendment removes "only" and inserts the other triggers referenced by Ms. Cook.

[2:28:00 PM](#)

Co-Chair Meyer referenced "remodeling". Ms. Cook did not know why that word had been included.

Vice Chair Stoltze MOVED to DELETE all references to "remodeling" and "remodel" in the bill. There being NO OBJECTION, the references were changed.

Vice Chair Stoltze WITHDREW his OBJECTION to Amendment #1. There being NO further OBJECTION, Amendment #1 was adopted.

Representative Hawker asked the Chairman's intention with passage of the legislation. He questioned if it was necessary and requested legal clarification regarding whether it inadvertently treads on other development.

Co-Chair Meyer agreed. He suggested holding the bill in Committee for a few days to check with other communities and requested that Representative Hawker ask Ms. Cook any legal questions he might have at this time.

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Representative Hawker referenced the amended bill and asked if it would accomplish anything that was not already authorized in statute. He questioned if the latitude should be left within the municipality.

Ms. Cook referenced testimony from Mr. Van Sant, who remarked that there was a conflict in the statutory interpretation between a developer and one of the municipal attorneys. The municipal attorney advised that when

ownership changes, the deferred tax is due. The municipality has the option to make the taxes due sooner. Taxes are due the minute the deferral ends. Ms. Cook did not know for sure, but supposed that Amendment #1 would clarify that a municipality could set a date when payment was due. Representative Hawker concluded that Amendment #1 does make explicate the date certain when the tax is due.

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Representative Kelly echoed concerns regarding what is wrong with existing law, what are the negative impacts and how does the legislation fix it.

Co-Chair Meyer agreed and requested that the sponsor and Representative Holm's office provide further research regarding expressed concerns.

HB 334 was HELD in Committee for further consideration.

[2:37:51 PM](#)

#HB379

HOUSE BILL NO. 379

An Act relating to controlled substances.

MIKE PALOWSKI, STAFF, REPRESENTATIVE KEVIN MEYER, presented an overview of the bill. HB 379 elevates gamma-hydroxybutyric acid (GHB) to a classification of a controlled substance in State law. GHB was elevated to a schedule 1 in February 2000 by the federal government. The issue came forward over the summer when a 16-year-old high school student died after overdosing on a version of GHB not covered under State law.

Mr. Pawlowski highlighted the changes made in the House Judiciary Committee.

- Tightening of the title, Page 1, Lines 1 & 2, to avoid the original version, which was an act, related to controlled substances.
- The addition on Page 1, Line 14, a limitation for the federally recognized drugs when intended for human consumption. [Some of the chemicals do have legitimate uses.]
- Page 2, only the federally recognized analogs to GHB are explicitly in Statute.
- Section 2, repeals the classification GHB as a schedule 4, where it currently is in statute.

Mr. Pawlowski commented that those changes would send a clear message that they are extremely dangerous drugs.

Co-Chair Meyer summarized that the legislation would move GHB from a Class 4 to a Class 1. Mr. Pawlowski pointed out that GHB has gained a lot of popularity as a "date rape drug".

Co-Chair Meyer pointed out the zero fiscal note.

Representative Joule asked the result of moving GHB from a Class 4 to a Class 1 offense. Mr. Pawlowski related that the Alaska case was prosecuted under the federal law because at that level it is a Class 1. In State law, the first offense is not be applicable and the minimum sentence is a year. Whereas, a Class 1, the same crime, the first offense sentence would be 0-2 years or with a maximize sentence of 10 years.

Representative Joule asked how many cases could be impacted with the changeover. Mr. Pawlowski shared that the dilemma of GHB does not show up on a test. It is difficult to detect. There would not be many possession cases because it is so difficult to prove possession; however, when it has been administered, the State could see more of those cases.

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Representative Joule voiced support for the direction the bill was going but thought it would increase the Department of Corrections budget overtime. Mr. Pawlowski agreed.

Co-Chair Meyer acknowledged that the State might see financial consequences resulting from the legislation.

Vice Chair Stoltze noted there was no fiscal commentary from the Public Defender office. Mr. Pawlowski responded that the sponsor had only conferred with the Department of Law. He indicated that they could ask for a fiscal note from the Office of Public Advocacy (OPA) and the Public Defender if that was the wish of the Committee.

Vice Chair Stoltze recommended it. Mr. Pawlowski emphasized that the proposed change is already scheduled at the federal level and recommended that it be put in compliance at the Alaska State level.

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Representative Hawker recommended that the title be "tightened up". He pointed out the reference be to "certain chemically similar substances". He inquired if there had been "expert testimony" from a pharmacologist indicating no

compromise of industrial activity. Mr. Pawlowski deferred that question to Chris Beheim of the State Crime lab.

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CHRIS BEHEIM, (TESTIFIED VIA TELECONFERENCE), CRIME LAB SUPERVISOR, DEPARTMENT OF PUBLIC SAFETY, ANCHORAGE, offered to answer questions of the Committee. He spoke to the two substances, Gamma Butyrolactone (GBL) and Butanediol (BD), when taken internally, metabolize to GHB and produce exactly the same chemical effect.

Representative Hawker asked if Mr. Beheim was comfortable with the proposed list. Mr. Beheim replied they are his recommendations based on federal statutes.

Representative Kelly asked how many other states have taken these measures. Mr. Pawlowski was not sure of the exact number but knew specifically of two. Every state has taken their individual approach on the issue. The original version of the bill was taken from California, which defined an analogue in statute. Because of the way in which the Alaska Statutes (AS) are written, that did not totally work for us. New Jersey listed the chemicals as the ones recognized by the federal government.

Representative Kelly asked if 50% of the states had addressed the concern. Mr. Pawlowski thought that fewer than half had; however, pointed out that federal law applies everywhere.

Representative Weyhrauch requested more information on the date-rape drug. Mr. Pawlowski responded that "by and large", it is an industrial solvent.

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Co-Chair Meyer inquired about the industrial use for the drugs. Mr. Beheim replied that GHB and BD are industrial solvents used in manufacturing of fibers and pesticides, having several other uses. The key concern is when used for human consumption. Mr. Beheim provided examples of substances with warnings.

Representative Holm asked which pesticides use the chemical. Mr. Beheim did not know specific pesticide names.

Representative Foster MOVED to REPORT CS HB 379 (JUD) out of Committee with individual recommendations and with the accompanying zero note. There being NO OBJECTION, it was so ordered.

CS HB 379 (JUD) was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Health & Social Services.

[2:55:50 PM](#)

#HB395

HOUSE BILL NO. 395

An Act extending the period of the fire season.

KONRAD JACKSON, STAFF, REPRESENTATIVE KURT OLSON, testified that the spruce bark beetle kill on the Kenai Peninsula has created an enormous amount of dry grass and that the dead trees are susceptible to lightning strikes and man made fires. The threat grows greater every year. Gradually over the past several years, the climate in that area has been warming earlier, leaving wild areas dry and increasing the risk of major wildfires.

Mr. Jackson pointed out that the largest uncontained fire on the Southern Kenai Peninsula was the Tracy Avenue fire, starting before May 1st, 2005, threatening residents and property. The fire might have been contained had the equipment and personnel been available the first day it started.

Mr. Jackson discussed that by moving the fire season start date to April 1st, allows the State to become actively involved in the fire prevention and control earlier in the season.

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Representative Weyhrauch questioned if an extra month would add additional expense and asked why the Legislature should decide rather than the Commissioner for the Department of Natural Resources.

Mr. Jackson reported that the intention was to provide the Commissioner with the authority to bring people online earlier. Representative Weyhrauch repeated his question. Mr. Jackson noted it is at the request of the firefighters to be able to be better prepared, earlier in the season. He pointed out that in some instances, the State has to pay for firefighters brought up from the lower '48.

Representative Foster commented that over 1,000 fires are man made and questioned the relief that comes from arson fires.

Mr. Jackson said that they had not considered arson set fires. It is the early season fires that are the main

concern. He did not know how those fires were started, but the intent is to guarantee that they are put out as quickly as possible with available resources.

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Representative Holm voiced concern that bills like this set the entire State into a poor situation. He asked if using "fire season" would provide the Commissioner more power for all the State. Mr. Jackson said it would. He added that the Commissioner "may" designate periods other than the fire season to prohibit the setting of fires that would unduly increase fire danger. The legislation only puts it into effect, one month earlier.

Representative Holm voiced concerned with the snow melting at different times in various parts of the State, making the fire potential different statewide. He believed that a "blanket statement" could negatively affect different parts of the State not at danger.

Mr. Jackson pointed out that currently, local authorities determine the local danger. The local municipalities deter regionally.

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CRAIG GOODRICH, (TESTIFIED VIA TELECONFERENCE), FIRE CHIEF, CITY OF ANCHORAGE, testified that the purpose of the legislation requests to bring on air crews and part time membership one month earlier. That action would help fight campaign fires. He advised the structural component of having the crews on one month earlier. Mr. Goodrich stressed that this is a crucial issue. A campaign fire costs the State about \$1 million dollars per day. He noted what the fiscal costs represent.

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Representative Weyhrauch inquired why the bill does not indicate that the Commissioner designate the fire season each year. Mr. Goodrich explained that would require a guess to determine when the fires will occur. The intent is to have the seasonal employees back to work and equipment ready to go on fire alert. He emphasized that the training and the equipment should be ready beforehand. It would be better to move it up one month in statute.

Representative Weyhrauch reiterated why the first sentence could not say that the Commissioner designates the first day. Mr. Goodrich replied that language would ask the Commissioner to imagine when to suspect a fire season starts. There is an ecological change in conditions now

happening and the fire seasons are simply starting a month earlier.

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Representative Kelly was concerned about the fiscal note accompanying the bill and spoke to the relentless pressure of employees in every field wanting to go to work earlier. He asked about exchanging the month up front, giving up the back end. Mr. Goodrich deferred to the Department of Natural Resources. Representative Kelly reiterated his concern with the fiscal note.

Co-Chair Meyer agreed.

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Representative Hawker disagreed with the manner in which the bill had been presented. He requested to question Mr. Bus from the Department.

SCOTT WALDEN, (TESTIFIED VIA TELECONFERENCE), COORDINATOR, KENAI PENINSULA BOROUGH EMERGENCY MANAGEMENT OFFICE, KENAI, spoke in support of the legislation. He provided members a handout of the major Kenai Peninsula fires since 1996+. [Copy on File].

He stressed that prevention is very important. Mobilization is a reaction and an expense itself. Having the resources prepared comes with costs - it is proactive. He urged support for the bill.

[3:19:00 PM](#)

Representative Kelly referenced the beetle kill spruce concern and asked if that area was being logged to the maximum. Mr. Walden did not know the logging level. There is mitigation process preparation going on daily. They are concentrating on the egress points, preparing for the large fires. The Northern areas will benefit from passage of the legislation. The staging areas are generally in Palmer and Kenai. Having the operations one month early will benefit the entire region.

Representative Kelly asked about the coordinated approach. He thought it was "insane" not to maximize logging when it serves as the base of the problem.

[3:21:00 PM](#)

Mr. Jackson advised that in the House Resource Committee, testimony was heard indicating there has been a significant amount of logging in the region, which has helped with the mitigation effort. He understood that since the majority of

the trees have been dead for a long time, the value of that timber is rapidly decreasing.

[3:22:18 PM](#)

NICO BUS, ACTING DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF NATURAL RESOURCES, offered to answer questions of the Committee.

He noted queries proposed by Representative Weyhrauch, regarding the statutes, stating that the proposed date of April through September has been offered because the Department of Natural Resources prefers to provide fire protection in a cost effective manner. The easiest way to do that would be to provide long-term contracts. The standard fire season used to be through late May to middle July. The contracts were written and ready by that time; however, currently, the aviation contracts are May through September. As history has indicated and climates have changed, the fires are happening earlier, which is part of the reason for the fiscal request - \$395 thousand dollars contractual services. He addressed the five-year contracts.

Mr. Buss responded to comments made by Representative Kelly regarding employee's pressure to come back to work earlier. The Department only has 32 full time employees in the fire preparedness program and 179 seasonal employees, which remain four to seven months. The season is limited. He recommended that what should be focused upon are determining the needs and the best utilization of that staff. If the State waits until May to train, they might not be ready or fully trained when the fires start.

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Representative Hawker observed that the bill changes the definition of "fire season". The only operative effect defining fire season, the Commissioner may offer preventive activities. He admitted that the additional authority should provide that and understood that extending the date was the entire consequence of the bill. Representative Hawker asked if the State was mandated to have the definition of the fire contracts in place during the fire season. He believed there were two separate policy calls being proposed and was troubled with the fiscal note. He proposed it be zeroed out and run through the Department of Natural Resources' subcommittee budget.

[3:29:00 PM](#)

Mr. Bus agreed it was a policy call, noting that the Department was requesting the funding.

Co-Chair Meyer indicated he would not be "comfortable" letting the bill leave Committee with the accompanying fiscal note because of the impacts that would have on the operating budget.

Representative Holm applauded Representative Hawker's assessment. He asked why April 1st had been chosen. He remembered the huge fire in Fairbanks, which the State did not fight.

Mr. Bus responded that the proposed legislation would not impact actually the fighting of fires.

[3:31:32 PM](#)

LYNN WILCOCK, (TESTIFIED VIA TELECONFERENCE), CHIEF OF FIRE AND AVIATION, DIVISION OF FORESTRY, DEPARTMENT OF NATURAL RESOURCES, ANCHORAGE, stated that the April 1st date was set because often fires begin by April 15th.

Representative Holm commented on the nature of his "seasonal business", proactively preparing in the autumn for the upcoming spring. He pointed out he attempts to rehire as many workers as possible from the previous year, so that they do not need to be trained.

Mr. Wilcock said they do a lot of preparatory work in the fall for fire fighting in the spring; however, pointed out that they are subject to the national standard for fighting fires, which calls for annual recertification for the safety of the fire fighters. Also, there is extensive work, which needs to be done in the spring for the fire-fighting season.

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Representative Joule inquired if there were other types of trees being impacted by the spruce type beetle. Mr. Wilcock replied that spruce bark beetle was the biggest influence. He knew there were others, affecting hardwoods but not nearly with the same impact. He mentioned the aspen fluff.

Representative Joule asked if there was an insect affecting the birch trees. Mr. Wilcock replied that they have seen birch pathogens, mostly defoliators, which cause leave fall later in the summer. Typically, hardwood stands are not the problem in Alaska. It is controlling grass in the spring and later on in the summer, switching to black spruce.

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Representative Joule inquired if the State was experiencing a reduced annual precipitation. Mr. Wilcock replied he is not a climitologist. He indicated that two years of reduced

rainfall is not an indication of a climate change and he did not know if there was a new trend.

Representative Kelly read from the bill regarding the Commissioner making the declaration. He did not want to experience pressure to bring employees on for longer periods of time. He thought that the bill's language would provide plenty of flexibility to the Commissioner.

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Mr. Wilcock responded that the Commissioner's authority was exercised in 2003, the spring in which there were many fires. A fire must occur before the Commissioner can declare a fire season early-start. It only takes one full day of sunshine before the fire season starts and that is difficult to predict.

Representative Kelly commented, "flexibility is relative to weather conditions". He recommended extending it back by a couple weeks and leaving the budget alone.

[3:43:00 PM](#)

CHRIS MAISCH, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, DIVISION OF FORESTRY, DEPARTMENT OF NATURAL RESOURCES, ANCHORAGE, explained that the problem with the early fire season indication is that the budget is in two different BRU's. The suppression portion of the budget cannot be accessed until there is activity. To bring people on early in the season, they have to take the funds from the preparedness part of the budget. That part of the budget is currently funded at a level that allows bringing people back at the May 1st date. It is not simple because of the financial resource restrictions.

Representative Kelly thought it could be moved up a couple of weeks without further budget appropriation.

Co-Chair Meyer asked if the bill were passed, would it guarantee no supplemental funding requests next year.

Representative Hawker commented that previous testimony should not determine the budgeting process. He disagreed about the need. He recommended structuring a budget without the additional money and restructuring the BRU concerns. He emphasized that pushing the date back does not have a fiscal consequence.

[3:46:45 PM](#)

Representative Kerttula asked the cost per day of combating a big fire. Mr. Bus responded anywhere between \$1 thousand - \$260 thousand dollars per day.

Representative Kerttula questioned the problem between the two BRU's with the Department's budget. Mr. Bus explained that the history of the fire suppression budget is varied. The Department has tried a new approach in which they completely separate it from actually doing the suppression. By doing that, they attempt to approximate what an average fire year would cost. Then the preparedness aspect is used for aviation contracts and seasonal staff. The proposed legislation proposes to make those contracts longer. With the current allocations, the Department cannot extend the season.

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Representative Kerttula stated that the bottom line is that the Department cannot take care of the fire season with the current budget. Mr. Bus replied that without the seasonal staff and the contracts, it becomes an efficiency issue. The contracts need to be in place to make the process more economical and is part of the speculation.

Co-Chair Meyer referenced all the "unknowns". He recommended that the concerns be further discussed in the Department of Natural Resources Subcommittee with Representative Kelly, the Subcommittee Chair.

HB 395 was HELD in Committee for further discussion.

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ADJOURNMENT

The meeting was adjourned at 3:52 P.M.