

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 9, 2005

1:02 p.m.

MEMBERS PRESENT

Representative Jay Ramras, Co-Chair
Representative Ralph Samuels, Co-Chair
Representative Jim Elkins
Representative Carl Gatto
Representative Gabrielle LeDoux
Representative Kurt Olson
Representative Paul Seaton
Representative Harry Crawford
Representative Mary Kapsner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 6

Relating to the labeling of fish and shellfish to identify the country of origin and to distinguish between wild and farmed fish and shellfish.

- MOVED CSHJR6(FSH) OUT OF COMMITTEE

HOUSE BILL NO. 107

"An Act providing for the award of full actual attorney fees and costs to a person aggrieved by unlawful obstruction or hindrance of hunting, fishing, or viewing of fish or game; amending Rules 79 and 82, Alaska Rules of Civil Procedure; and amending Rule 508, Alaska Rules of Appellate Procedure."

- HEARD AND HELD

HOUSE BILL NO. 130

"An Act granting certain state land to the University of Alaska and establishing the university research forest; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HJR 6

SHORT TITLE: LABELING OF FISH PRODUCTS

SPONSOR(S): REPRESENTATIVE(S) KERTTULA

01/19/05 (H) READ THE FIRST TIME - REFERRALS
01/19/05 (H) FSH, RES
01/26/05 (H) FSH AT 8:30 AM CAPITOL 124
01/26/05 (H) -- Meeting Canceled --
01/26/05 (H) RES AT 3:00 PM CAPITOL 124
01/26/05 (H) Scheduled But Not Heard
01/31/05 (H) RES AT 1:00 PM CAPITOL 124
01/31/05 (H) -- Meeting Canceled --
02/02/05 (H) FSH RPT CS(FSH) NT 6DP
02/02/05 (H) DP: HARRIS, ELKINS, SALMON, WILSON,
THOMAS, LEDOUX
02/02/05 (H) FSH AT 8:30 AM CAPITOL 124
02/02/05 (H) Moved CSHJR 6(FSH) Out of Committee
02/02/05 (H) MINUTE(FSH)
02/09/05 (H) RES AT 1:00 PM CAPITOL 124

BILL: HB 107

SHORT TITLE: ATTY FEES: HUNTING/FISHING INTERFERENCE

SPONSOR(S): REPRESENTATIVE(S) RAMRAS

01/24/05 (H) READ THE FIRST TIME - REFERRALS
01/24/05 (H) RES, JUD
02/02/05 (H) RES AT 1:00 PM CAPITOL 124
02/02/05 (H) Heard & Held
02/02/05 (H) MINUTE(RES)
02/09/05 (H) RES AT 1:00 PM CAPITOL 124

BILL: HB 130

SHORT TITLE: UNIVERSITY LAND GRANT/STATE FOREST

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/07/05 (H) READ THE FIRST TIME - REFERRALS
02/07/05 (H) RES, FIN
02/09/05 (H) RES AT 1:00 PM CAPITOL 124

WITNESS REGISTER

JIM POUND, Staff
to Representative Jay Ramras
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented CSHB 107(RES) on behalf of Senator
Ramras, sponsor.

ROBERT LOEFFLER, Director
Division of Mining, Land and Water
Department of Natural Resources (DNR)
Juneau, Alaska
POSITION STATEMENT: Testified in favor of HB 130.

JOE BEEDLE, Vice President for Finance
Chief Financial Officer and Treasurer Trustee
Land Grant Endowment Fund
University of Alaska
Fairbanks, Alaska
POSITION STATEMENT: Testified in favor of HB 130.

CECIL RANNEY, Assembly Member
Kodiak Island Borough Assembly
Kodiak, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

ANISA BERRY
Port Alexander, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

LANI BRENNAN
Anchorage and Baranof Warm Springs, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JULIE KAVANAUGH
Kodiak, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

MARY MONTGOMERY, Director
University Land Management Office
University of Alaska
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of HB 130.

MIKE ROUND, Assistant General Manager
Southern Southeast Regional Aquaculture Association (SSRAA)
POSITION STATEMENT: Testified in opposition to HB 130.

KENNETH DUGGETT, Executive Director
United Southeast Alaska Gill Netters
Juneau, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

IVAR MALUTIN
Kodiak Area Native Association
Kodiak, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

BRUCE WALLACE, Commercial Fisherman
Ketchikan, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JOHN MARTIN JR
Tenakee Tribal Council of Elders
Tenakee, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JOHN MARTIN SR
Tenakee, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

ACTION NARRATIVE

CO-CHAIR JAY RAMRAS called the House Resources Standing Committee meeting to order at 1:02:06 PM. Representatives LeDoux, Elkins, Ramras, Samuels, Seaton, Olson, and Gatto were present at the call to order. Representatives Crawford and Kapsner arrived as the meeting was in progress. Representative Beth Kerttula was also present.

HJR 6-LABELING OF FISH PRODUCTS

CO-CHAIR RAMRAS announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 6 Relating to the labeling of fish and shellfish to identify the country of origin and to distinguish between wild and farmed fish and shellfish.

REPRESENTATIVE GATTO moved to report CSHJR 6(FSH) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHJR 6(FSH) was reported from the House Resources Standing Committee.

The committee took an at-ease from 1:02:19 PM to 1:03:44 PM.

CO-CHAIR SAMUELS said that HJR 6 was not discussed because a letter regarding the fish labeling issue was already sent from the legislature to meet a federal timeline.

HB 107-ATTY FEES: HUNTING/FISHING INTERFERENCE

[1:04:06 PM](#)

CO-CHAIR RAMRAS announced that the next order of business would be HOUSE BILL NO. 107 "An Act providing for the award of full actual attorney fees and costs to a person aggrieved by unlawful obstruction or hindrance of hunting, fishing, or viewing of fish or game; amending Rules 79 and 82, Alaska Rules of Civil Procedure; and amending Rule 508, Alaska Rules of Appellate Procedure."

CO-CHAIR SAMUELS moved to adopt the CSHB 107, Version 24-LS0444\F Utermohle, 2/7/05, as a work draft.

REPRESENTATIVE SEATON objected for discussion purposes.

The committee took an at-ease from 1:05 PM to [1:09:25 PM](#).

[1:09:38 PM](#)

JIM POUND, Staff to Representative Jay Ramras, described the changes made to HB 107. He said "we added in language that was in the section 790 which was the proceeding of the original bill." He added that "in discussions with the Alaska State Troopers and the court system, these are additions that they thought would help, particularly with the court system's fiscal note, possibly bringing it down to zero."

MR. POUND noted that the first addition is on page 2, lines 4 and 5, "this is based on a criminal situation in which the individual actually cut a trap line and released the animals, but because of the existing statute the only thing they could charge the individual with was criminal mischief." The second change, he said, is on page 2, lines 14 and 15, and is based on a suit that was recently settled. He said the state was sued after a fish and wildlife enforcement helicopter disrupted a commercial fishing operation. Mr. Pound said the change will protect police officers and law enforcement officials from being sued for obstruction.

MR. POUND stated that regarding full attorney fees, "in most of the cases that we'll be looking at that's in Section 791, that's

the original language of the bill, we are normally dealing with something that [has] already had a criminal conviction. This is primarily language intended to further induce individuals not to obstruct people enjoying the Alaska lifestyle, similar to what the criminal side of it would be." Mr. Pound said the original language in statute contains the term "intentionally obstruct," which is described in Black's Law as he read: "to do something purposefully and not accidentally," and "a person acts intentionally if he desires to cause consequences of his acts or he believes that consequences are substantially certain to result."

REPRESENTATIVE SEATON said he noticed that obstruction offenses do not apply to lawful competitive practices among persons engaged in lawful hunting, fishing, or trapping. He expressed his concern that the laws regarding the distance between nets in a gill net fishery may result in unlawful fishing practices. "Therefore," he said, "commercial fishing in those situations would be included in this full award of attorney fees for the plaintiff." He asked Mr. Pound if that is correct.

[1:14:12 PM](#)

MR. POUND said he believes Representative Seaton is correct.

CO-CHAIR RAMRAS closed public testimony after no one came forward to testify.

REPRESENTATIVE SEATON removed his objection to the adoption of CSHB 107, Version 24-LS0444\F Utermohle, 2/7/05,. There being no further objection, Version F was before the committee.

CO-CHAIR SAMUELS moved to report CSHB 107, Version F, out of committee.

REPRESENTATIVE SEATON objected.

REPRESENTATIVE SEATON said that there could be unanticipated consequences by including commercial fishermen. If a fisherman is sued for having nets too close to another fisherman's nets, the plaintiff could get full attorney fees and the defendant would be limited by Rule 82 of the Alaska Rules of Civil Procedure. "So I do not think that we have solved that problem in this bill," he said.

REPRESENTATIVE LEDOUX said she has the same problem with the legislation, and it "goes beyond the commercial fishing aspect

of things, although I see that, actually, as the most significant problem." She said that the ability of the plaintiff to get full attorney fees and the defendant, even if fully exonerated, is limited to 30 percent of the attorney fees - "that just strikes me as fundamentally unfair."

REPRESENTATIVE SEATON said that the legislation also takes out the word "reasonable," so that there won't be consideration of the number of lawyers. The defendant could be charged full and actual attorney fees "no matter how egregious" the costs and fees are, he said. He also warned that "we may have people loading up attorney fees to make the other person default on the case instead of having the case go to court."

[1:18:39 PM](#)

REPRESENTATIVE GATTO said a person suing for \$3,000 could have attorney fees build up to \$10,000. Without Rule 82 a litigant could hire a "bank of attorneys" knowing he or she could get those fees back. He said he is concerned that there will be people not willing to take a risk because they could afford to pay judgment but not attorney fees, and intimidation will cause them to default in the judgment.

[1:20:00 PM](#)

REPRESENTATIVE ELKINS said that he had the same concern. "I can't support this."

[1:20:15 PM](#)

CO-CHAIR RAMRAS said, "...let's take it back and we'll work on it some more, clean it up, and bring it back."

[HB 107 was held over.]

HB 130-UNIVERSITY LAND GRANT/STATE FOREST

[1:20:38 PM](#)

CO-CHAIR RAMRAS announced that the next order of business would be HOUSE BILL NO. 130 "An Act granting certain state land to the University of Alaska and establishing the university research forest; and providing for an effective date." He announced that it is not the intent of the committee to amend or move HB 130 today.

1:21:02 PM

ROBERT LOEFFLER, Director, Division of Mining, Land and Water, Department of Natural Resources, said that he will cover "the problems and opportunities that this bill addresses." "Currently our land grant University of Alaska has a land grant of approximately 170,000 acres," he said. "It is one of the smallest land grants of any of our western state land grant institutions." He added that the idea of adding additional lands has been addressed numerous times by previous legislatures, most recently in 2001 when a bill was proposed to transfer 260,000 acres to the university. The bill had a selection process that was cumbersome and prevented the university from getting good lands, he said. This current bill avoids a long, expensive selection process, because DNR has already listed 71 parcels, he said. He added that the cost to the state will come only from title searches, identification of existing rights, and the necessary work to retain public access and easements. Mr. Loeffler listed the advantages of HB 130: it is much cheaper, it finishes the problem quickly, it provides a stable useful portfolio to the university, and it eliminates the "cloud on title" that could occur from lands being in a limbo status while the selection process proceeds.

1:24:20 PM

MR. LOEFFLER said that HB 130 will transfer 260,000 acres to the University of Alaska. One third of the lands are for educational purposes, which are not designed primarily to make money, including a 51,000-acre research forest, which will be managed by DNR but dedicated for purposes of research. He said it will be one of the largest university-owned forests in the nation. There are 12 properties statewide proposed for educational purposes, comprising 90,000 acres.

MR. LOEFFLER said that another 90,000 acres will be comprised of prospective oil and gas lands, opposite Nenana, which will be a potential long-term income source for the University. He said that if commercial quantities of gas are found, the gas will be exportable to Fairbanks.

MR. LOEFFLER said that the final 80,000 acres in SB 130, are near- and mid-term investment properties, which can be turned into cash more quickly. These are located throughout the state, but half the acreage is in Southeast Alaska. He explained that DNR no longer has valuable lands that are good for "subdividing that can be quickly turned into cash" on the road system near

Anchorage or Fairbanks, because "DNR's holdings have been picked over."

CO-CHAIR SAMUELS asked if the university has the same statewide rules as DNR for leasing oil and gas lands.

MR. LOEFFLER said that currently there is a license on the oil and gas land by Andex Corporation, so that exploration and development rights will continue to belong to Andex, and they will operate under their DNR lease, but if Andex leaves, the university would operate under different leasing rules than DNR.

[1:28:52 PM](#)

MR. LOEFFLER said the most valuable lands are the 44 parcels throughout Southeast Alaska. During the selection process DNR excluded Division of Forestry lands because it would reduce DNR's allowable cut which in turn would reduce the amount of timber going to local mills. He said DNR also excluded any lands that it was planning to sell within the next five years. He said that DNR also tried to exclude "sensitive areas." He explained that it was impractical to go to all the communities, so DNR used its area plan process. DNR "tried to look at only the lands that are categorized in a "development category - particularly settlement or general use." He added that of the 44 parcels, 37 are classified for settlement or general use. He said that "the importance of the Southeast parcels are that they are the major near-term income source for this package." Mr. Loeffler said that DNR would have liked to pick parcels that weren't in "someone's backyard," but it is not possible; everywhere is in someone's backyard, he said.

CO-CHAIR SAMUELS asked Mr. Loeffler to describe the difference between how the University and DNR would sell land.

MR. LOEFFLER answered that DNR has an expansive public process, first going through an area plan to classify a parcel for settlement, followed by a best interest finding with public notice, and then DNR sells it competitively.

[1:32:13 PM](#)

CO-CHAIR SAMUELS asked if there is a state program that does that on an ongoing basis.

MR. LOEFFLER answered in the affirmative.

REPRESENTATIVE SEATON noted that when the state sells land they are required to maintain access rights, and he asked if the university lands will have the same process.

MR. LOEFFLER replied that most of DNR's maps for the university transfers show easements, but the law says DNR would identify those areas during the title process, including navigable waters, which will be retained in DNR management.

REPRESENTATIVE SEATON asked if the same process is done by DNR whether it is selling to the university or to an individual.

MR. LOEFFLER said yes.

REPRESENTATIVE CRAWFORD said that he couldn't understand how many of the lands were chosen. He expressed his desire to get the most money to the university in the shortest amount of time, and that some parcels don't look marketable. Biorka Island is a sea lion pull out, he said, so how can the university develop it and turn it into money?

MR. LOEFFLER said that he can't address Biorka Island in particular, but, in general, DNR went through a land-use process focusing on parcels identified as settlement or general use. He added that Biorka Island was found to be appropriate for remote cabin sites.

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Representative Crawford said that he was told that there was a small parcel in Willow, which is near a large population center, and that is where we should be putting state land into private hands. That is where there is a need, he said.

MR. LOEFFLER said that he agrees, and if DNR had land there it would. Most of it has gone to the Alaska Mental Health Trust, to municipalities, or previously to the university. "So the state doesn't own land near roads in that area," he said.

REPRESENTATIVE CRAWFORD said he thought there were still many thousands of acres in the Willow area.

MR. LOEFFLER answered that the capital site has 60,000 acres and that a lot of it is unsuitable for settlement.

REPRESENTATIVE LEDOUX asked what use the university can make of the rocket launch range in Kodiak.

MR. LOEFFLER deferred to the university, but he added that it dovetails with the university's ownership of the Poker Flats Rocket Range for similar research.

[1:37:49 PM](#)

REPRESENTATIVE ELKINS said he was confused about many of the parcels, in particular the land in Neets Bay, which is the watershed for the Southern Southeast Regional Aquaculture Association (SSRAA) hatchery. He noted that the hatchery generates about \$28 million in goods and services annually to Ketchikan's economy, and he thinks it is the most successful fish hatchery in the state. Representative Elkins questions why DNR would want to jeopardize the watershed and that he is "upset about it."

MR. LOEFFLER said DNR doesn't want to jeopardize the Neets Bay hatchery, but it is a valid existing right no matter who owns the land. He added that the surrounding area is also important, and his expectation is that the university would be a good manager.

[1:39:40 PM](#)

CO-CHAIR RAMRAS noted that there is "certainly a constituency" that is "concerned about precisely that."

REPRESENTATIVE ELKINS questions whether the Neets Bay watershed is protected.

MR. LOEFFLER said that the hatchery's lease doesn't address the watershed, and DNR's plan was to protect the hatchery watershed, and he "doubts [the university] will do different."

[1:40:36 PM](#)

JOE BEEDLE, Vice President for Finance, Chief Financial Officer and Treasurer Trustee for the Land Grant Endowment Fund, University of Alaska, said that it is the Land Grant Trust that takes the receipt from lands sold by the university and holds, invests, and provides money to the university. He stated that land is a very important aspect of land grant universities, and the University of Alaska has received the smallest amount of land of any land grant school except for Delaware and Hawaii. The original intent of land grant universities, he said, was to encourage engagement with the community and to create a funding

source. He said the challenge to DNR of finding land was "not insignificant." DNR needed to select land in a way that was consistent with its area plans. Mr. Beedle said that the university was holding informational meetings this week. He stated that most people are not aware of DNR's area plans in spite of efforts by the state. In the selection process, DNR had to retain state forest lands for timber harvesting, it had to retain five years of its own supply of land sales, and it had to protect important habitat. Mr. Beedle added that there are already designated parcels for settlement, development, and recreation in the area plans. He said that "recreational lands" mean lands for recreational cabins or tourism. He added that the university does not have specific plans for the use of the lands in HB 130, and it plans to work with professionals and local interest groups to ascertain a parcel's best use.

1:45:43 PM

MR. BEEDLE said that the university has a land management process which includes long-term strategic plans; annual development plans to identify compatible and economic uses; annual sales plans, which are on the university's web site and include public notice; and oversight by its board of regents. Mr. Beedle said that the university has \$130 million in an endowment, which pays out five percent of a five-year average of the fund balance. He added that approximately \$5 million a year goes to the university which is about one percent of its budget.

MR. BEEDLE reported that it is only speculative, but he is optimistic that the oil and gas lands will provide funds for the university to the tune of about \$2-3 million a year after 20 years. Since 1987, the university has sold 1,146 properties for a total of 15,000 acres, which has brought in approximately \$44 million at principle. The university's timber sales bring in about the same amount of money. He said it is very serious business for the university, but it is not a large part of its budget; however, "it's the discretionary receipt authority that's so valuable for us." Mr. Beedle concluded that the university "looks forward to the passage of this legislation."

1:50:25 PM

CO-CHAIR RAMRAS asked what percentage is the \$130 million to the university's total endowments.

MR. BEEDLE responded that there is a foundation with \$125 million in its fund. He said there is another \$50 million in

funds that are not endowed that come from such things as donations for a building fund, grants for scholarships, and museum donations, which are all held and invested until needed.

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CO-CHAIR RAMRAS asked if it is fair to say the university is trying to fulfill its mission as a true land grant college, and the long-term plan is to build the endowment up similarly to the centuries-old universities across the United States.

MR. BEEDLE responded that other land grant universities receive about ten to twenty-five percent of their revenue from land, compared to the University of Alaska's one percent. Mr. Beedle added that Alaska's university is very small and new at the game of endowment.

CO-CHAIR RAMRAS asked what Harvard's endowment base is.

MR. BEEDLE responded that Harvard has a \$28 billion endowment with returns of 15 percent, and some of its managers are paid millions of dollars. Harvard's money is invested in hedge funds and new private equities.

CO-CHAIR RAMRAS said "I just want to reiterate that this is the big plan...to try to fulfill some of the promise and directive that we've had from President Hamilton which is to make the University of Alaska a truly competitive institution across the country and globally by developing resources like this endowment and by fulfilling the land grant promise and getting land into the hands of private individuals and at the same time enriching the university to get us on the right track over the next decades."

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REPRESENTATIVE LEDOUX asked what the university wants with the rocket launch in Kodiak.

MR. BEEDLE responded that this parcel was suggested by university people many years ago. The university, he said, does not have an eminent law school or medical school, but it is known for its Geophysical Institute and its study of northern latitudes. Mr. Beedle noted that satellites can be interrogated much more often at Alaska's latitude. He said the university's investigations of global change and the aurora give the institute international prominence. The institute also studies

the atmosphere, and it has huge contracts with NASA, and it boasts investments from Japan to coordinate with the Geophysical Institute. The university also owns Poker Flat where the institute built a rocket range with the Department of Defense, NASA, and other agencies, and it is an area of excellence that the university takes pride in and wants to expand, he said. He added that land around the launch site will "give us a place at the table" whether it is research or a future Kennedy Space Center.

[1:58:11 PM](#)

MR. BEEDLE stated that near Poker Flat there is a park and a wild and scenic river, and the university gets "high marks" with how it interacts with the community. He said he thinks Kodiak will be pleased to work with the university.

REPRESENTATIVE LEDOUX asked that since the president of the university chairs the board of the rocket launch facility, doesn't that give the university "a place at the table." She also asked if the university could lease the land and have similar clout.

MR. BEEDLE said the university does not need to own land to do research, but there are restrictions, and he said that the university will have a stronger seat at that table if it owned the land.

[2:00:49 PM](#)

REPRESENTATIVE GATTO asked about a recent university sale of real estate in Palmer and if that money went into the endowment.

MR. BEEDLE said there are restrictions on federal grant lands that the university gets, and it must go into the land grant trust. He said there have been other processes by which the university has gained land. The Palmer Research Farm was provided to the university without restriction. The university will receive \$5 million for a very small piece of property because there is a willing buyer and willing seller, he said. The Land Grant Trust Fund will also buy property for investment purposes.

[2:04:22 PM](#)

REPRESENTATIVE OLSON asked if anyone has expressed interest in the gas and oil land.

MR. BEEDLE responded that DNR sold the exploration permit to Andex Corporation, which covers over 400,000 acres. Doyon Regional Corporation also owns some surface and subsurface, and it has been doing exploration. Mr. Beedle said the potential looks very promising, and investors have recently put in money. It shows excitement, but it needs a lot more studies, he said.

[2:06:58 PM](#)

REPRESENTATIVE GATTO asked what would happen if the state transfers property to university and then wants it back.

MR. BEEDLE said that the university has traded land with the state, and it would be looking for fair value.

REPRESENTATIVE ELKINS asked why Neets Bay was selected.

[2:08:20 PM](#)

MR. BEEDLE said that DNR, not the university, selected that parcel, and it was a surprise. But, Mr. Beedle said, he believes the university could work with SSRAA. That area has been extensively clear cut, he added, and it would be wrong to clear cut it again. If the university owns it, it would do a selective helicopter cut. He said he thinks there are tourism opportunities, "I believe the very fact that those fish return there are an asset that has value to other people, just as Katmai [National Park] does for bear viewing and the lodges that exist around the area - still preserving that natural habitat. Having said that, we understand fully, having met with SSRAA three different times on Monday while we were in Ketchikan, what their concerns would be. We're sensitive to their issues."

[2:10:46 PM](#)

CO-CHAIR RAMRAS said that much of the lands in HB 130 will not be highly contested; however, a few parcels could be "debate[d] forever."

MR. BEEDLE stated that land has as much emotion as family, and "we walk a delicate line." Alaska wants to send students to school, he said, and the board of regents urged him to tour Southeast Alaska as soon as possible. "We will be doing this," he said, but will probably not be addressing controversial property now. It is about economic gain for the trust, he said. He then noted a thesis done by a University of Alaska student on

customer satisfaction with the university's land grant process, which showed more than 90 percent positive responses.

[2:14:51 PM](#)

REPRESENTATIVE LEDOUX asked if the university would take some of the sensitive areas off the table to allow this bill go forward.

MR. BEEDLE said that one third of these lands are for research, another third is speculative, and the remaining income property is "our bread and butter." He added that there is not an over selection, and there is not a back up list, so the university "would be concerned with a dilution of the bill, but would be interested in how it progresses through the process."

[2:17:03 PM](#)

CECIL RANNEY, Assembly Member, Kodiak Island Borough Assembly, said he is concerned with the 2,280 acres containing the launch facility in Kodiak. This area has been controversial, he said, and it is an important recreation area for the citizens. He added that the community has been supportive of the launch facility, and it is supportive of the university. But this bill appeared rather suddenly, he stated, with a "cloud of suspicion." He said everyone needs to take a really close look at the educational value of that land. The borough also has concerns with section 6, which changes some of the public process, he added. The main concern is what would happen if the university decided to dispose of the land. The borough assembly wants more time to consider this, he said.

[2:21:30 PM](#)

CO-CHAIR RAMRAS said the committee is in no rush to pass the bill out.

REPRESENTATIVE SEATON asked if DNR was taking care of the access problems.

MR. RANNEY said that the whole area is used by many residents for recreation.

[2:22:17 PM](#)

CO-CHAIR RAMRAS announced that he would like "to remind the committee that this is not a university bill, the university is the beneficiary, but this is the governor's bill. It was

introduced by the governor, and this is a relationship between the Department of Natural Resources and the University of Alaska that has done their land selections [which] was promised to them in the Statehood Act. So the governor is not involved...it's something that we've all got to come to terms with it."

2:22:59 PM

ANISA BERRY, Port Alexander, Alaska, said she really supports the university but she is opposed to the loss of undeveloped state lands near the Port Alexander and Conclusion areas. The bill will double the size of Port Alexander and it violates the town's comprehensive plans by allowing changes that are not in accord with the town's desires, she said. She noted that recent comments to DNR's area plan recommended that no home site be chosen from that area. The town's infrastructure can't keep up with such an expansion; the water facilities are limited and the dock is at capacity in the summer. She said she doesn't believe these lands are a good investment for the university because there is already private property that has been on the market for years, and if the university sells lots, it would further depress the local market. She added that local residents hunt and recreate in the HB 130 areas, so the bill infringes on the Alaskan rural lifestyle. She asked that the legislature find a way to fund the university in the most realistic way without infringing on locals.

2:25:52 PM

LANI BRENNAN, Baranof Property Owners, Anchorage and Baranof Warm Springs, said that HB 130 represents a short shrift to the public process. She stated that the Alaska State Constitution prohibits the disposal of land "without prior public notice and other safeguards of the public interest." She opined that saving money is not a justification for eliminating meaningful public process with appropriate scrutiny. "The bum's rush, don't-bother-us-with-the-facts approach now sought by the administration is unbecoming of Alaska," she said. Ms. Brennan specifically protests the transfer of the 267 acres at Warm Springs Bay. She said current development is:

appropriately confined mainly to a townsite which pre-existed statehood, on which many small developed and still undeveloped lots exist. The proposed disposal would surround a habitat-sensitive lagoon and extend up to Baranof Lake, a trail-accessible recreation area. The area to be disposed is largely wetlands...I

am sure you recognize that there is no way the legislative committee process can adequately scrutinize each specific disposal. Some very knowledgeable voices...will not be heard from in time...What is the big rush? Please follow the constitutional approach, and meaningfully include us Alaskans in the process for state land disposals.

2:30:23 PM

JULIE KAVANAUGH, Kodiak, said that she is a supporter of the university, but she is against acquisition of the Kodiak parcel. She expressed her concern that the transfer has been discussed at length, "but it is the first that anybody in Kodiak, that I know of, has heard of it." If HB 130 goes through, she said, she would like it to exclude roads and trails, which are used by "all kinds of users." Ms. Kavanaugh owns a stable and uses the area for horseback riding. She added that it is a controversial subject in Kodiak, and requests the removal of the Kodiak area from the bill because of its sensitive nature. She suggested a lease of the land instead because she heard the university say it wanted the property for status, not monetary gain. She would like guaranteed access to the area by not including roads and trails in the transfer.

2:33:08 PM

CO-CHAIR RAMRAS asked the university for some clarification on their sales process and access issues.

MARY MONTGOMERY, Director Of University Land Management Office, said the university has different processes for different lands. She said if a property is being subdivided, the university advertises for 60 days and sends mail to all legislators and municipalities. After that process, the board of regents approves the development then it determines if the property is "feasible." She said the university hires a third-party consultant to go to the community closest to the development and conduct an 8- to 12-hour workshop to hear what the community wants. The university then goes back and designs the project, trying to consider the community's concerns. The university may put in covenants and restrictions in order to develop the land in a way that is compatible with the community. Finally, the land is surveyed, platted, and offered in a competitive sale. The university offers its own financing, she said. She added that if a property will not be subdivided or developed by the university, it can be sold after a 30-day comment period.

2:37:09 PM

CO-CHAIR RAMRAS asked how the university would address sensitive parcels like Neets Bay, because there is so much concern about what the university is going to do. He added that Mr. Beedle and Ms. Montgomery say the university is a good steward of the land, and "is going to go about trying to improve the communities. Can you give us a hypothetical as to how the university would approach the Neets Bay area?"

2:38:00 PM

MS. MONTGOMERY responded that first the university will determine whether there is a need to develop the property immediately or at all. "It may not be developable for 50 years," and many of the parcels will sit in the inventory, she said. "We would work very closely with the community, with the aquaculture group, be very sensitive to water quality, and there are laws that protect water quality," she added. She said she can't see an immediate development opportunity for that area, and it will be several years while the university evaluates its inventory. She added that her office can only do so many subdivisions a year, and it usually chooses five or six parcels to evaluate each year. She said the university "would work with the lessee and the community to determine what's the best use of that property." She added that in Ketchikan the university holds property that it wants to develop, but the community wants to use it to recreate, so the community is trying to purchase the parcel.

CO-CHAIR RAMRAS stated that some people are concerned that "they will see no trespassing signs go up on university lands once they are titled over." He asked how the lands will be treated while the university is determining what it will do with each parcel.

MS. MONTGOMERY said the bill provides for continued public use of the properties, and she can't think of a time when the university put up a no trespassing sign. She spoke of the trail systems on the university's campus, which the public is allowed to use. "We want the public to be comfortable on our lands," she said, but "we still have to generate revenue from them." Commercial users of university lands need a permit, she added.

2:41:36 PM

REPRESENTATIVE GATTO said that the university's experimental farm is used by people to take walks. There are gates but people walk around them, and he would like to reinforce that the university doesn't "seem to take their land away from the public, so much as simply own it."

CO-CHAIR RAMRAS thanked Ms. Montgomery "for debunking the myth that the university is a terrible landlord."

[2:42:38 PM](#)

MIKE ROUND, Assistant General Manager, Southern Southeast Regional Aquaculture Association (SSRAA), read a letter from the general manager of SSRAA, which is entered into the record. He expressed SSRAA's strong opposition to transferring Neets Bay land to the university based on the following (original punctuation provided):

1. The Neets Creek land parcel is almost exactly the small watershed that is the sole source of water for Neets Bay Hatchery and the hatchery site, which lies in the lower end of the parcel at saltwater.
2. The Neets Bay Hatchery site is one of the few true production hatchery sites in Alaska that can sustain both large-scale production as well as cost recovery in a Special Harvest Area.
3. The single over-riding goal in the administration of university land is to generate revenue for the university.
4. University land administrators pursue two courses in meeting their goal: if the land is appreciating in value or provides significant revenue through use it is held; if the land is not appreciating in value or does not otherwise provide funds through use it is sold to generate revenue.
5. SSRAA is a non-profit corporation. Regional commercial salmon fishermen chose to tax themselves 3% of the ex-vessel value of their harvest to initiate funding for SSRAA in the early 1980's and continue to do so as collateral for SSRAA's well being.
6. If SSRAA is significantly charged for use of the Neets Bay Parcel, SSRAA would necessarily have to increase cost recovery harvest and revenue, taking fish that would have otherwise been harvested by fishermen. This is in essence a tax on salmon fishermen.

7. If SSRAA is required to buy the land to retain its current site, the organization will have to increase cost recovery harvest to repay the required loans. Again, this is in essence a tax on SE salmon fishermen.

8. If the watershed is used for another form of resource extraction, the quantity and quality of water in the small watershed will likely be altered and detrimental to hatchery operations.

9. Regardless of whether both parties work in good faith, the current goals of University Land administration of the Neets Creek Parcel and SSRAA are mutually exclusive.

10. The University could not reach its goals without significantly impacting a non-profit organization that would have to take more from its users to meet the increased costs of operation. Or put otherwise, the University would be taxing fishermen to support its programs.

11. The other alternative is the SSRAA would leave the site and either cease to exist or reduce production to a fraction of what the organization now produces. This would result in a significant loss in harvest for SE fishermen.

12. Any long or short-term value the University would receive for this parcel is very small related to the long-term value now produced for SE Alaska communities from SSRAA's activity on the site.

[2:47:02 PM](#)

KENNETH DUGGETT, Executive Director, United Southeast Alaska Gill Netters, said that the hatchery facility at Neets Bay provides about 50 percent of the fish caught in district one. Mr. Duggett said that Mr. Beedle talked about the bears at Neets Bay which are a byproduct of the hatchery, but the function of the hatchery is to provide fish for the common property fishery. Water supply is the reason the hatchery is there, and the gill-netters believe that the development of commercial activity is unacceptable and cannot be done in a way that protects the water. Mr. Duggett said that to compromise the economic integrity of the hatchery for a short-term sale is fundamentally irresponsible and unacceptable. He referred to testimony that the university would study the site and determine the best use of the property, but Mr. Duggett said the best use is to provide clean water to the hatchery, other activities would compromise that. The hatchery mission is inconsistent with the mission of

the University of Alaska Trust Fund, which is to raise as much money as they can.

[2:50:56 PM](#)

IVAR MALUTIN, Kodiak Area Native Association, said he was born and raised in Kodiak and wants to protect Native rights. He noted several events that have "choked" Native rights, including the influx of fisherman moving to Kodiak, the earthquake, and World War II. He added that there are military sites on Kodiak that used to be traditional lands, and have been "taken away from us." He said the people of Kodiak are people of the sea, "we live off the sea," he said, and the native association is very concerned that the land transfer will eliminate access to important marine harvest areas.

[2:53:04 PM](#)

BRUCE WALLACE, Commercial Fisherman, Board Member, SSRAA, reported that he concurred with Mr. Duggett's comments regarding Neets Bay, and the highest and best use of the areas is for the hatchery.

[2:54:01 PM](#)

JOHN MARTIN JR, Tenakee Tribal Council of Elders, Tenakee Springs, said he is a tribal descendent from the Tenakee Tlingit Nation - the Tenakee Tribe - and an ambassador to Nations. He said that the council vehemently opposes HB 130, "if it involves even one footstep on tribal lands - that would be the whole of Tenakee Inlet." Mr. Martin said the inlet is owned by the Tenakee Tribe and predates "your state government and predates the birth of your nation. Our lands are not for negotiation or trade...our land is not about cash and it is not covertly disguised as research land or educational land, it's about the survival of our sovereign tribal membership. Our claims are valid and they're existing and are owned by the Tenakee Tribe in perpetuity."

[2:56:27 PM](#)

JOHN MARTIN SR. Tenakee Springs, told the committee the Tlingit name he was born with and said his missionary name is John Martin Sr. He said he was born in Tenakee Springs in 1935. He said that Tenakee land must be withdrawn from all consideration until the "recognition process has been accomplished. Tenakee has valuable land in the area and they have been treated like an

orphan child." He said Tenakee was left out of the Alaska Native Claims Settlement Act, "and now you want to take the last link of this heritage." He said the Tenakee Tribe was recognized by President Roosevelt in 1935. "My preference is that this parcel is given back to the Tenakee Nation while the state is in a giving mood." Mr. Martin said he also made a statement to Senator Lisa Murkowski "that all land exchanges - land issues - cease until they deal with our precious land on Chichagof Island and adjacent water sites." He added that, "We give special recognition that we are not opposing the university."

3:00:50 PM

REPRESENTATIVE SEATON said that some maps are showing trails that haven't been reserved, such as in Neets Bay, and he wants to know why it doesn't show access. He said he wants to preserve all access.

3:02:38 PM

REPRESENTATIVE GATTO pointed out DNR's fact sheet describing the land chosen for transfer, which reads (original punctuation provided):

does not include any producing oil and gas or mineral properties, nor legislatively designated State Game Refuges, Critical Habitat Areas, Parks, or Public Use Areas.

MR. LOEFFLER responded that the term "public use areas" refers to lands that are legislatively designated as "public use" and that would be the Nelchina Public Use Area and the Mat-Su Valley Moose Range.

REPRESENTATIVE LEDOUX said she has emails from constituents to become part of the record.

CO-CHAIR RAMRAS encouraged committee members to talk to him if they wanted to slow the process down or alter it. He said he wants to make sure the issue is given "plenty of sunlight." He said he wants people to feel that they will get "a good, clean, fair hearing on this."

REPRESENTATIVE SEATON said that he wants an explanation regarding section 6, where there appears to be quite a few

changes in the repeal and he would like an explanation on why the legislature is eliminating current public policy sections.

[HB 130 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at [3:04:45 PM](#).