

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 16, 2005

1:05 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

SENATE JOINT RESOLUTION NO. 2

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge, Alaska, to oil and gas exploration, development, and production.

- MOVED SJR 2 OUT OF COMMITTEE

OVERVIEW: ENSTAR NATURAL GAS COMPANY

- HEARD

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."

- MOVED CSHB 107 (RES) OUT OF COMMITTEE

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: SJR 2

SHORT TITLE: ENDORSING ANWR LEASING

SPONSOR(S): RESOURCES

01/11/05 (S) READ THE FIRST TIME - REFERRALS
01/11/05 (S) RES
01/26/05 (S) RES AT 3:30 PM BUTROVICH 205
01/26/05 (S) Moved SJR 2 Out of Committee
01/26/05 (S) MINUTE(RES)
01/27/05 (S) RES RPT 5DP 1DNP
01/27/05 (S) DP: WAGONER, STEVENS B, STEDMAN,
SEEKINS, DYSON
01/27/05 (S) DNP: ELTON
02/09/05 (S) TRANSMITTED TO (H)
02/09/05 (S) VERSION: SJR 2
02/14/05 (H) READ THE FIRST TIME - REFERRALS
02/14/05 (H) RES
02/16/05 (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
02/09/05 (H) Heard & Held
02/09/05 (H) MINUTE(RES)
02/16/05 (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
02/09/05 (H) Heard & Held
02/09/05 (H) MINUTE(RES)

02/14/05 (H) RES AT 1:00 PM CAPITOL 124
02/14/05 (H) Heard & Held
02/14/05 (H) MINUTE(RES)
02/16/05 (H) RES AT 1:00 PM CAPITOL 124

WITNESS REGISTER

TONY IZZO, President
ENSTAR Natural Gas Company (ENSTAR)
Anchorage, Alaska
POSITION STATEMENT: Presented information on ENSTAR's operations
and natural gas price predictions for the future.

JIM POUND, Staff
to Representative Jay Ramras
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HB 107 on behalf of Representative
Ramras, sponsor.

MYRL THOMPSON
Susitna Valley, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JIM BRENNAN
Warm Springs Bay, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

CHRISTINE LUNDSTEDT
Sitka and Baranof Warm Springs, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

MELINDA HOFSTAD
Warm Springs Bay, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

ALBERT HOFSTAD, Commercial Fisherman
Warm Springs Bay, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JIM SLATER, Engineer and Commercial Fisherman
Pelican, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

CAROL MARTINEZ
Mitkof Island
Petersburg, Alaska

POSITION STATEMENT: Testified in opposition to HB 130.

MIKE SALLEE, Sawmill Operator
Ketchikan, Alaska

POSITION STATEMENT: Testified in opposition to HB 130.

JENNIFER PRICE
Sitka and Warm Spring Bay, Alaska

POSITION STATEMENT: Testified in opposition to HB 130.

JOHN HIRSCHENREIDER
Warm Springs Bay, Alaska

POSITION STATEMENT: Testified in opposition to HB 130.

ROBERT LOEFFLER, Director
Division of Mining, Land and Water
Department of Natural Resources (DNR)
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding HB 130.

BILL BURTON, Co-Owner
Kodiak Game Ranch at Narrow Cape
Kodiak, Alaska

POSITION STATEMENT: Testified in opposition to HB 130.

ACTION NARRATIVE

CO-CHAIR RALPH SAMUELS called the House Resources Standing Committee meeting to order at [1:05:39 PM](#). Representatives LeDoux, Elkins, Crawford, Kapsner, Ramras, Samuels, Seaton, Olson, and Gatto were present at the call to order.

SJR 2-ENDORSING ANWR LEASING

CO-CHAIR SAMUELS announced that the first order of business would be SENATE JOINT RESOLUTION NO. 2 Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge, Alaska, to oil and gas exploration, development, and production.

REPRESENTATIVE GATTO moved to report SJR 2 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, it was so ordered.

OVERVIEW: ENSTAR Natural Gas Company

[1:07:31 PM](#)

TONY IZZO, President, ENSTAR Natural Gas Company, said that ENSTAR has been in business for 44 years, serving over 300,000 people. He said that ENSTAR has 400 miles of high-pressure transmission pipeline that the company has owned and operated for over 40 years. Residential homes comprise 88 percent of ENSTAR's customers, and the remainder is mostly small commercial businesses. Natural gas costs consumers in Anchorage \$5.11 per million BTUs, compared with \$13.28 per million BTUs for fuel oil and \$26.98 for propane.

Mr. IZZO said he is concerned about gas production declining in Cook Inlet. Some of the fields are not accessible to utilities, he said. He noted that the Department of Energy studied the supply situation in Cook Inlet. In 2012, supply will go below demand, he noted, although there are small discoveries that may briefly extend that date.

Mr. IZZO said he asked the Department of Energy to factor out fields that are not accessible, which then makes demand out pace supply in 2009. Cook Inlet gas impacts 473,000 people, he reported, and about one third of the power used in Fairbanks is generated in Southcentral with Cook Inlet gas.

Mr. IZZO said the cost of gas to producers is \$3.93 per thousand cubic feet. Most of the gas that ENSTAR distributes comes from Marathon, which costs \$3.33 per thousand cubic feet, he added. He predicted that the gas ENSTAR will be buying in the future will cost more because it will be a supply and demand market, instead of a buyer's market. He said that ENSTAR looks for new gas supplies everyday. He added that the company needs to proceed as if North Slope gas will never come, even though it wishes that gas were available today.

CO-CHAIR RAMRAS said he has been told that natural gas in the ground is worth less than nothing, and it has no value until it gets to the market. He asked if some small operators have access to gas but not to the pipes, which inhibits their motivation to explore.

Mr. IZZO said producers do have problems with access to ENSTAR's system. "We will be happy to bring on any new supply and move it for any customer," he said, and he disagreed that there is no value, because in 2000 he went to all producers and they wouldn't sell their gas. He supposed that the companies needed to obtain capital "and get approval from their corporate

headquarters in Houston or wherever - they needed to compete for returns that they could get elsewhere in the country and in the world." He added that producers look at openings in the market, so it might be difficult to invest now for an unknown market in the future.

CO-CHAIR RAMRAS asked if the pipe that ENSTAR owns is full.

Mr. IZZO said that ENSTAR owns a good portion of the pipe, and there is excess space, especially in non-winter months.

REPRESENTATIVE GATTO asked what would happen to the price of gas if a tanker shows up with gas in Cook Inlet.

Mr. IZZO said he didn't know, but theoretically it could drop the price.

Mr. IZZO told the committee that the DOE gas study put forth three options for meeting supply. The first, he said, was by investing more money into Cook Inlet fields and hoping that they can squeeze out more gas, which is very expensive and speculative, and it would likely only be a small increase in supply. The second option is new exploration, but it could cost up to \$6 billion to get the gas, and it is also speculative. The third option is to "look north," which is his preferred alternative, he said. A spur line to the North Slope could access a 500-year supply of gas at a good price, Mr. Izzo noted, and it could also provide value-added opportunities. He said his company is also looking at storage options and spur lines.

[1:33:58 PM](#)

CO-CHAIR RAMRAS asked Mr. Izzo about the potential value of land in the Nenana Basin proposed to be transferred to the university in HB 130.

Mr. IZZO said that Fairbanks has 700 gas customers, and their gas is liquefied in the Cook Inlet area and trucked north. Fairbanks is 30 percent colder than Anchorage, so Mr. Izzo said the market is similar to Southcentral. Alaska has had much growth based on access to cheap energy, and he believes that there would be similar growth spurts if there is long-term access to energy. The potential value to the University will be great, he concluded.

[1:39:40 PM](#)

Mr. IZZO predicts a significant negative impact to Alaska's economy by 2009 if gas isn't brought from the North Slope soon. Residents will have to convert to oil systems and then they will have to pay two and a half times the price of gas. Getting North Slope gas quickly could be an economic boon, he said.

REPRESENTATIVE GATTO asked what it costs for a building to be converted from gas to oil.

Mr. IZZO said home conversions would be at least \$5,000. It is his opinion that Alaska may be able to postpone the drop in supply with new discoveries, but he said that "living from hand to mouth" is not comfortable, and if we wait until 2020, there could be economic disaster.

REPRESENTATIVE GATTO asked if there is a backup plan.

Mr. IZZO said that ENSTAR operates as if North Slope gas will never come. So there are backup options, but from DNR information there will be upward pressure on price. So "why put the economy through that type of negative change with prices rising as supplies decline?" he asked.

REPRESENTATIVE SEATON asked about a plan of going into Homer.

Mr. IZZO said there is a contract in place, but it will be an independent system.

CO-CHAIR RAMRAS asked if any producers are holding back on gas.

Mr. IZZO said it is difficult for him to know the big picture. That is why the Department of Energy was asked to gather the information.

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CO-CHAIR RAMRAS asked what the tariff is for trucking natural gas, and what is involved in vaporizing the gas.

MR. IZZO said the tariff is proprietary information. Prior to being deregulated the tariff was 50 percent higher than ENSTAR. Vaporization turbines are used to heat the gas and compress it and push it out into the system.

[1:48:52 PM](#)

HB 107-ATTY FEES: HUNTING/FISHING INTERFERENCE

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."

REPRESENTATIVE ELKINS moved to adopt the proposed committee substitute (CS) for HB 107, Version 24-LS0444\Y, Utermohle, 2/11/05, as a work draft. There being no objection, Version Y was before the committee.

JIM POUND, Staff to Representative Ramras, noted the change on page 2, line 20, which allows the prevailing party to be entitled to reasonable actual attorney fees and costs.

REPRESENTATIVE SEATON said he was going to offer an amendment to exclude commercial fishermen from HB 107 because he thinks it could lead to numerous lawsuits between fishermen, since anyone who receives a citation can be considered unlawful. He said he is not going to offer an amendment because he wants to protect fishermen from other kinds of intentional obstruction, but he wanted to discuss it.

REPRESENTATIVE LEDOUX said she is not concerned, because the fishermen would still have to prove how much they lost, which might be difficult.

REPRESENTATIVE ELKINS said he thinks "the potential here for commercial fishermen to be suing one another is horrendous."

CO-CHAIR RAMRAS said the intent was to protect hunters and trappers, "and now we seem to be inside of a fishnet." He asked if Representative Seaton would like to offer a conceptual amendment.

REPRESENTATIVE SEATON said he wants to protect the fishing industry without allowing the kind of lawsuits he spoke of previously. He added that he supports the exemptions of the law enforcement officials.

REPRESENTATIVE CRAWFORD said that Representative Seaton's concern is valid, so he suggested keeping commercial fishermen under Rule 82 of the Alaska Rules of Civil Procedure.

REPRESENTATIVE SEATON said that might be a good suggestion.

REPRESENTATIVE GATTO said he could not get by the words "reasonable, actual" in the bill because they can be mutually exclusive.

MR. POUND said that the definition of "intentionally obstruct" would not be relevant to fishing competition.

[2:02:02 PM](#)

REPRESENTATIVE CRAWFORD said the bill also says "hinder," which will have as much weight at "intentionally obstruct."

REPRESENTATIVE SEATON said that is exactly what a fishermen wants to do: try to get situated in a superior position.

REPRESENTATIVE LEDOUX said that either person who loses must pay full attorney fees, so that may eliminate the possibility of frivolous lawsuits.

REPRESENTATIVE SEATON offered Conceptual Amendment 1:

Section 3;

Insert "Commercial fishing operations will remain under Rule 82, Alaska Rules of Civil Procedure."

REPRESENTATIVE GATTO made an objection and asked if commercial hunters should be included.

CO-CHAIR RAMRAS said there is a significant difference between commercial fishing and commercial hunting.

REPRESENTATIVE GATTO said if a guiding service were to move in on a competitor, someone might be hindered, and he said it is worth discussing.

REPRESENTATIVE SEATON explained that lawful competitive practices will protect those guides, as far as he knows.

REPRESENTATIVE GATTO said he wished a commercial guide were here to make sure.

MR. POUND said that the committee addressed that issue in reviving the guide board, and there is existing statute dealing with guiding.

REPRESENTATIVE ELKINS said he forgot that they discussed that bill, and he can support the bill with the Amendment 1.

REPRESENTATIVE GATTO withdrew objection.

CO-CHAIR RAMRAS asked whether there was any further objection to adopting conceptual Amendment 1. There being no objection, it was so ordered.

REPRESENTATIVE LEDOUX moved to report CSHB 107, Version 24-LS0444\Y, Utermohle, 2/11/05, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE GATTO objected to discuss the terms "reasonable" and "actual." He said he doesn't think the two words can be combined sensibly.

REPRESENTATIVE SEATON explained that as long as actual attorney fees were reasonable, the prevailing party will get the full, actual fees, but it would have to be determined reasonable by the judge.

REPRESENTATIVE LEDOUX said Representative Seaton is accurate; it just gives the judge discretion on what is reasonable.

REPRESENTATIVE GATTO asked why not just say reasonable.

REPRESENTATIVE LEDOUX replied that if it just said reasonable it gives too much leeway to the judge, who might not even take into account what the fees actually were.

REPRESENTATIVE GATTO said he does not get it and thinks it is a matter of grammar and not interpretation. Adding actual to reasonable adds silt to the water, he said.

REPRESENTATIVE LEDOUX suggested the committee ask Legislative Legal Services.

CO-CHAIR RAMRAS said that the bill will find its way to the House Judiciary Standing Committee, which can deal with it.

REPRESENTATIVE CRAWFORD suggested the committee get a quick answer.

The committee took an at-ease from 2:13 PM to 2:21 PM.

[2:21:52 PM](#)

MR. POUND stated that he found the terminology in the Alaska Rules of Civil Procedure: "and shall pay reasonable actual attorney fees incurred..."

REPRESENTATIVE GATTO withdrew his objection.

REPRESENTATIVE LEDOUX moved to report CSHB 107, Version 24-LS0444\Y, Utermohle, 2/11/05,, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no further objection, CSHB 107(RES) was reported from the House Resources Standing Committee.

HB 130-UNIVERSITY LAND GRANT/STATE FOREST

CO-CHAIR RAMRAS announced that the final 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."

MYRL THOMPSON, Susitna Valley, said he has been a victim of another fast-track bill, and skirting the public process is problematic. He said he called his community council members and community leaders regarding HB 130, and across all political parties only one person had heard that 1,700 acres of land along Willow Creek and Frying Pan Lake were up for disposal to the university, and all were concerned. He related a vignette of a mountain adjacent to lands his family owns in the lower 48. Developers took the trees, then the topsoil, and then the rock and gravel. After seven years the mountain was gone, he said. Mr. Thompson is concerned that the same could happen on HB 130 lands, because there is a very aggressive timber chip company that is interested in university land. He said that the public needs to be brought into the process, and "it is a good idea to go local and check with people before you fast track public lands into private industry, which is probably what's going to happen to this. I would rather see you give \$5 million a year in cash to the university and go about public lands in another way."

[2:27:55 PM](#)

JIM BRENNAN, Warm Springs Bay, noted that there are two units in DNR's area plan that are subsumed by HB 130: the lagoon and a parcel bordering Baranof Lake. The area plan noted that both parcels are largely wetland, he said, and even though the lands were selected by the state from the federal government for

remote settlement, the selection document had noted that land suitable for development is very limited and should be directed where the town site community now is, at the head of the bay. There are numerous, small private parcels in that area, many of which are still undeveloped, he said.

MR. BRENNAN said that DNR's area plan classifies the units in HB 130 as mini-dispersed recreation, which is defined as "recreational pursuits that are not site-specific in nature, such as beach combing, recreational boating, or wildlife viewing." DNR's management intent is to retain it in state ownership "to protect the salt lagoon, maintain the natural resources/scenic values of the parcel and insure continuation of its use for dispersed recreation." He said he is a third-generation Alaskan from Southeast, and he has been going to Warm Springs Bay since he was a kid. "Unique Alaskan places shared and appreciated by the public the way they are now, should not be irrevocably given up for some small development in exchange for what's going to amount to chump change," he said.

[2:31:44 PM](#)

CHRISTINE LUNDSTEDT, Sitka and Baranof Warm Springs, expressed concern that the governor has been working on the university land transfer for more than a year, and the public is just becoming aware of it. She said that at the first hearing of HB 130, only "a handful" of people were allowed to testify, and then during the next hearing each witness was initially given three minutes, then the committee co-chair changed it to two minutes. She added that less than half of the hearing time was devoted to public testimony. She said that "people have taken time off from their jobs for two days to try to talk, and couldn't." She added that Joe Beedle and Mary Montgomery were allowed to "lobby for this give-away. They took up a huge amount of public time."

CO-CHAIR RAMRAS interposed and said that Ms. Lundstedt was not getting to her testimony, "which we would appreciate," and that there are 60 to 80 people that would like to testify.

MS. LUNDSTEDT responded that, "You're taking up my time, I think, right now." She added that the way the public has been received has been very much "in line with the legislation itself, and it was very sad to see that you interrupted person after person after asking them transparently irrelevant questions and using up their time." She pointed out to the co-chair that he is on television and many people have remarked at

how he has been smirking and rolling his eyes during public testimony. "A lot of people have seen this contempt and derision, and it has been impossible to ignore," she added.

MS. LUNDSTEDT said that Co-Chair Ramras stated that the public and local governments are not being short changed on the time allowed for involvement. She countered that in Petersburg "the university called from the airport and said they would meet with residents two hours in advance." She said that HB 130 will never pass public scrutiny and will "transform our beautiful Sitka Sound" without Sitka being able to do anything about it. HB 130 "carves the heart" out of Warm Spring Bay, she said, and is "in direct defiance" to DNR's area plans. "Joe Beedle talked around the real issue, here, and that is once the university gets 270,000 acres...of public land...the university system owns it [and] does not need to ask anyone's permission to strike their deals and get cash." She added that any easement given for the benefit of locals can be vacated as soon as the university sells its land. The university can meet with local people if it wants to, but it has no obligation to include the public in decision-making, she said. Ms. Lundstedt opined that HB 130 is a terrible way to fund the university. "The public land transfer will provide one percent of the university's budget, and our precious public lands are gone forever," she said.

REPRESENTATIVE CRAWFORD asked about the Lisianski area and Biorka Island, which he heard was a sea lion pullout and the marine mammal act won't allow its use.

MS. LUNDSTEDT responded that the city already made its move to make Middle Island available for the public. People are very steamed, she said. She added that the university has to say they want this land, but the land will be hard to sell. Access and utilities will be difficult, particularly for Biorka and Middle Islands.

REPRESENTATIVE ELKINS commented that the co-chair has "gone to length to try to pacify the public in relation to 130, and they've taken a big step here to continue these hearings, at the same time to reassess any movement on this legislation until they can work out some of these problems."

CO-CHAIR RAMRAS said that he will work on his freshman form.

MELINDA HOFSTAD, Warm Springs Bay, said she went to a meeting last week with representatives from DNR and the university and

was shocked that there is a 267-acre parcel in Warm Springs Bay that has already been determined to be transferred from public hands. She said she has been a property owner there for almost 30 years, and it was the first she heard about it. She said that the DNR representative told the attendees that there had been no public hearings to determine which lands would be included in HB 130, "because he only had four months to do his work and the governor wanted this bill, this session." She added that the majority of the Baranof property is wetland and steep terrain. DNR has said that the land is unsuitable for home sites, she said, which seems to be what the university wants to do with it.

MS. HOFSTAD said that HB 130 has had no public process, and she requests that the legislation be pulled and that the state start over with an open public process. She said that Baranof Warm Springs is in the Sitka Borough, and the Sitka Assembly held an emergency meeting and unanimously opposed HB 130 because it knows it could not afford sewer and water systems, schools, docks, harbors, and fire protection that this type of development would require. "In the case of Baranof Warm Springs, you would be taking a century-old historic village of 15.4 private acres and adding an additional 267 acres of development to it with absolutely no input from those of us who already live here," she said. And she asked the committee to think about how they would feel if a bureaucracy arbitrarily increased the size of their community by 18 times without public input.

[2:43:39 PM](#)

ALBERT HOFSTAD, Commercial Fisherman, Warm Springs Bay, said he has been going to Baranof Warm Springs for 50 years, and he is worried about the impact of development on the wild stock of salmon that enters the bay and spawn by the falls and the dock. He said that the salmon go in and out of the salt lagoon. He said his main worry is development with drilling and blasting, which could divert the hot springs.

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JIM SLATER, Engineer and Commercial Fisherman, Pelican, said Pelican will be significantly affected by HB 130. He said he made his home in Lisianski Inlet for business and because of its natural beauty and subsistence opportunities, and the proposed land grant threatens his way of life and his business. He noted that the amount of land to be transferred is over 1000 acres,

dwarfing the amount of private land now in Lisianski Inlet. The effect of the land transfer on the environment and the surrounding communities is overwhelming, unstudied, and unknown, he said. He added that the local utilities are overloaded and most of the surrounding subdivisions discharge sewage directly into the inlet, so he requested a study of any increase in waste into the inlet. He said that the Northern Southeast Area Plan went through a public process, and the university will not be required to stay with that plan. "If you transfer any of this land out of the public domain without safeguarding the needs of local communities, I believe it is a failure of your duty as elected officials," he stated. He said the lands are used for water supply and subsistence.

CO-CHAIR RAMRAS interjected to ask how Mr. Slater accesses the land for subsistence uses.

MR. SLATER answered that mostly the national forest comes down to the shore, but that if people own a lot, they walk onto the Tongass without trails. Others moor their skiffs to access the forest. He continued to discuss the parcel in HB 130 on Yakobi Island, where most of the surrounding land is wilderness. It is also a boater's refuge from rough weather, he said, and most local fishing boats sell fish there. "Yakobi Island is premier wilderness," and the local community has worked hard to protect it, he said. The mechanism of land grants to fund a university is antiquated and robs the public of its right to be involved in the disposal of public assets.

MR. SLATER requested that parcel MF1001 is eliminated from SB 130, and that parcel SP1002 is substantially reduced in size to be consistent with the community development plan and that it go through a public process. He also requested that committee members consider all communities and not just those in their particular district. He stated that he had written testimony from Norm Carson, who was not given time to speak previously. Mr. Slater was denied the opportunity to read it.

[2:50:26 PM](#)

CAROL MARTINEZ, Mitkof Island, Petersburg, said her Tlingit ancestors have lived on Mitkof Island since time immemorial. "Giving all of these lands for possible private sales, or whatever UAF intends, would devastate my Native community," she said. She added that access to native foods for food, art, culture and teaching children is a necessity to the tribal heritage. There are less than 400 tribal members in Petersburg,

and "having access to these native foods is imperative." Subsistence means survival, she said. She added that she just found out about HB 130 and its fast track, and she is appalled that the "state government is not taking into heart our best interests," and she respectfully asked the committee to reconsider.

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MIKE SALLEE, Sawmill Operator, Ketchikan, Alaska, said he was born in Ketchikan. He expressed unease about how the University of Alaska logs their lands. He added, "Southeast Alaska has been coughing up timber at an unsustainable rate for the last 50 plus years through grand-scale harvest...consisting of clear cuts on federal, state and private lands. Now we are squabbling over the remote and scattered dregs of commercial timber that is left."

MR. SALLEE said he objects to both Senator Murkowski's promotion of giving the university 250,000 acres of federal land and Governor Murkowski's desire to match that with state land. "If by some stretch of the law the Murkowski's succeed in pulling off these land grabs, I would insist on extremely rigid and binding covenants in perpetuity through all prospective ownerships that prohibit clear cutting, round log export, and any other timber extractions exceeding the 10,000 board foot per year personal use allocation the U.S. Forest Service currently administers on federal lands." Specifically, Mr. Sallee said, the Moser Bay parcel is mostly steep ground not suitable for home sites, and he is "very apprehensive" about developing Wolf Lakes trail for industrial tourism. He said he was a member of the Cleveland Users Coalition which opposed road access and logging on the Cleveland Peninsula. "The Cleveland is one of a dwindling number of places accessible to local hunters." He concluded that DNR has not responded adequately to the public's comments on the Central and Southern Southeast Area Plans, and it is irresponsible to use HB 130 to avoid addressing the public's concerns. He added that he does not trust the university's promise to address public concerns after "the egregious breach of public trust that occurred here in Ketchikan" with regard to logging at south Tongass.

[2:56:12 PM](#)

JENNIFER PRICE, Sitka and Warm Springs Bay, said she is opposed to HB 130 because large-scale development will negatively impact the settlement at Warm Springs Bay. She added that she is

disillusioned by the way this bill was made public. Ms. Price has a charter business, and she is familiar with many of the Southeast lands in HB 130, and most of them are "glittering jewels...which would be negatively transformed by any large-scale development." She concluded that she hopes that HB 130 is thrown out.

JOHN HIRSCHENREIDER, Warm Springs Bay, stated that he is opposed to HB 130 for all reasons previously mentioned. "I would like you to consider completely canning the bill," he said. "And I believe that most Alaskans would be in favor of a small income tax if it was earmarked for the university," which would be more dependable, he said.

CO-CHAIR RAMRAS asked Mr. Loeffler to update the committee on how DNR is changing HB 130, "so the folks will feel more comfortable about this process."

ROBERT LOEFFLER, Director, Division of Mining, Land and Water, Department of Natural Resources (DNR), Juneau, said DNR is going through testimony "and we will look at things we can do." He said, "Examples of parcels being the Kodiak launch parcel, problems at Neet[s] Bay, some of the public process questions...of section 6, some of the questions with respect to borough entitlements that I think the mayor of Craig and some others discussed, some of the other properties that we've also heard from, and questions of easements and trails that have not been reviewed, or that should be reserved out and/or find a process to do that, and examples of facilities...such as the watershed or water system at P[ort] Alexander, Point Protection." He said DNR and the university will continue to listen to testimony and try to accommodate them.

REPRESENTATIVE CRAWFORD requested that DNR find parcels closer to population centers of Alaska, like Willow where there is 60,000 acres. He said part of that is suitable for settlement and it is closer to people and more easily turned into cash.

BILL BURTON, Co-Owner, Kodiak Game Ranch at Narrow Cape, Kodiak, said HB 130 includes 2,800 acres of the ranch's lease area. He said the leases keep the land open to the public; without the leases it would have been in private lands. "If this is taken by the university it could prevent public access, not only to the Narrow Cape area but also to the rest of the ranch which includes...hunting and fishing areas that the public has been using ever since we've had the place," he said. He noted that he is opposed to HB 130 unless the university can give both the

borough and the ranch a written agreement that all current land agreements remain in effect. He added that the ranch may not be able to renew the lease. He said SB 130 will take the majority of his livestock winter range, which is absolutely essential to his operation. He spoke of a fencing contract with DNR, and he has already bought the fencing. He would need to be reimbursed for the materials or continue with the signed contract. He said he is not against the launch complex and he believes in military research, but he doesn't see where it qualifies the university to take all that land. He said he would like to see a lease renewal right written into the bill.

[3:05:46 PM](#)

CO-CHAIR RAMRAS suspended public testimony and said that the university and DNR will work on SB 130. He said, "One of the wonderful things about living in America and living in Alaska is access to private land. I think folks are...thinking of tract homes going into these remote sites; this is about private people...having access to land slowly in a careful methodical way over the next 20 years and more, and expanding the ownership of private lands in Alaska which is a noble effort, but we're going to be very sensitive to the issues and as they effect individual communities along the way."

[HB 130 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at [3:06:54 PM](#).