

ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE

February 28, 2005

1:04 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. 5

Urging the United States Congress to reauthorize the Methane Hydrate Research and Development Act.

- MOVED HC SJR 5(O&G) OUT OF COMMITTEE

HOUSE BILL NO. 19

"An Act relating to pesticides and broadcast chemicals; and providing for an effective date."

- MOVED CS HB 19 (RES) OUT OF COMMITTEE

HOUSE BILL NO. 26

"An Act relating to short-term commercial fishing crewmember licenses; and providing for an effective date."

- MOVED CS HB 26 (RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SJR 5

SHORT TITLE: REAUTHORIZE METHANE HYDRATE RESEARCH ACT

SPONSOR(S): SENATOR(S) THERRIAULT

02/02/05 (S) READ THE FIRST TIME - REFERRALS
 02/02/05 (S) RES
 02/07/05 (S) RES AT 3:30 PM BUTROVICH 205
 02/07/05 (S) Moved SJR 5 Out of Committee
 02/07/05 (S) MINUTE(RES)
 02/09/05 (S) RES RPT 5DP
 02/09/05 (S) DP: SEEKINS, ELTON, STEVENS B, DYSON,
 STEDMAN
 02/10/05 (S) TRANSMITTED TO (H)
 02/10/05 (S) VERSION: SJR 5
 02/14/05 (H) READ THE FIRST TIME - REFERRALS
 02/14/05 (H) O&G, RES
 02/15/05 (H) O&G AT 5:00 PM CAPITOL 124
 02/15/05 (H) Moved HCS SJR 5(O&G) Out of Committee
 02/15/05 (H) MINUTE(O&G)
 02/18/05 (H) O&G RPT HCS(O&G) 5DP
 02/18/05 (H) DP: SAMUELS, GARDNER, ROKEBERG,
 DAHLSTROM, KOHRING
 02/28/05 (H) RES AT 1:00 PM CAPITOL 124

BILL: HB 19

SHORT TITLE: PESTICIDE & BROADCAST CHEMICALS
 SPONSOR(S): REPRESENTATIVE(S) MEYER

01/10/05 (H) PREFILE RELEASED 12/30/04
 01/10/05 (H) READ THE FIRST TIME - REFERRALS
 01/10/05 (H) RES, FIN
 02/23/05 (H) RES AT 1:00 PM CAPITOL 124
 02/23/05 (H) Heard & Held
 02/23/05 (H) MINUTE(RES)
 02/28/05 (H) RES AT 1:00 PM CAPITOL 124

BILL: HB 26

SHORT TITLE: SHORT-TERM COM FISHING CREWMEMBER LICENSE
 SPONSOR(S): REPRESENTATIVE(S) MOSES BY REQUEST

01/10/05 (H) PREFILE RELEASED 12/30/04
 01/10/05 (H) READ THE FIRST TIME - REFERRALS
 01/10/05 (H) FSH, RES, FIN
 02/09/05 (H) FSH AT 8:30 AM CAPITOL 124
 02/09/05 (H) Heard & Held
 02/09/05 (H) MINUTE(FSH)
 02/16/05 (H) FSH RPT CS(FSH) 4DP 1NR
 02/16/05 (H) DP: WILSON, ELKINS, LEDOUX, THOMAS
 02/16/05 (H) NR: SALMON
 02/16/05 (H) FSH AT 8:30 AM CAPITOL 124
 02/16/05 (H) Moved CSHB 26(FSH) Out of Committee

02/16/05 (H) MINUTE(FSH)
02/23/05 (H) RES AT 1:00 PM CAPITOL 124
02/23/05 (H) Scheduled But Not Heard
02/28/05 (H) RES AT 1:00 PM CAPITOL 124

WITNESS REGISTER

JOE BALASH, Staff
to Senator Gene Therriault
Joint Committee on Legislative Budget and Audit
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented SJR 5 on behalf of the sponsor,
Senator Therriault.

DALE BONDURANT
Soldotna, Alaska
POSITION STATEMENT: Testified in opposition to coal and methane
extraction in the Homer area.

ADAM BERG, Staff
to Representative Carl Moses
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HB 26 on behalf of the sponsor,
Representative Moses.

PAUL LASANKIE, Director
Division of Workers Compensation
Department of Labor and Workforce Development (DOL)
Juneau, Alaska
POSITION STATEMENT: Answered questions regarding HB 26.

SARAH GILBERTSON, Legislative Liaison
Office of the Commissioner
Alaska Department of Fish & Game (ADF&G)
Juneau, Alaska
POSITION STATEMENT: Answered questions regarding HB 26.

ACTION NARRATIVE

CO-CHAIR RALPH SAMUELS called the House Resources Standing
Committee meeting to order at [1:04:02 PM](#). Representatives
Crawford, Gatto, Elkins, Seaton, Samuels, Ramras, and Olson were
there at the call to order. Representatives Kapsner and LeDoux
arrived as the meeting was in progress.

SJR 5-REAUTHORIZE METHANE HYDRATE RESEARCH ACT

CO-CHAIR SAMUELS announced that the first order of business would be SENATE JOINT RESOLUTION NO. 5, Urging the United States Congress to reauthorize the Methane Hydrate Research and Development Act.

JOE BALASH, Staff, to Senator Gene Therriault, Joint Committee on Legislative Budget and Audit, said SJR 5 urges Congress to reauthorize the Methane Hydrate Research Act of 2000. He said it asks Congress to reauthorize it for five years and to appropriate \$70 million. Mr. Balash said that the potential additional reserves in gas hydrates in the North Slope could change the way the state proceeds with the gas pipeline project. The sizing of the pipe, access points, financing costs, and tariffs may all be impacted if additional reserves are verified, he opined.

REPRESENTATIVE GATTO asked what the cost was of the original authorization.

MR. BALASH said it was about \$47 million.

REPRESENTATIVE GATTO noted that the background materials said it was time to get out in the field, and he questioned how so much money could be spent "moving paper."

MR. BALASH answered that "a tremendous amount of the money was spent here in Alaska, but not solely in Alaska." He added that there was computer-modeling work, seismic work, and "as far as how the money was spent, I don't know."

REPRESENTATIVE GATTO asked if there is any evidence of this being successfully done anywhere else in the world.

MR. BALASH said, "There is a field in Siberia that, it appears, gas hydrates may be releasing into free gas form and maintaining pressure that otherwise would have declined, but it's very limited information."

REPRESENTATIVE CRAWFORD said he believed, "we were actually getting some gas hydrates [that] were regenerating into free gas on the North Slope."

MR. BALASH said the presence of hydrates is from [cold] temperature or [high] pressure, and he is not aware of any of the hydrate releasing into free gas in any of the fields.

"Maybe it has been," he said, but he has not read of it in his literature reviews.

CO-CHAIR SAMUELS said, "You can either reduce the pressure...or you have to change the heat...using glycol or even replacing it with CO2." He added that the hydrates are only found under deep water or very cold temperatures. In Alaska, hydrates are found north of the Brooks Range, he added.

DALE BONDURANT, Soldotna, stated his opposition to any effort to develop coal or methane gas in the Homer area. He said it will destroy that area, pollute Cook Inlet, and adversely affect fisheries. He added that he attended several meetings in opposition to the development of shallow gas wells and shallow coal seams of Kachemak Bay. As of now the City of Homer has a supply of good water, but in low areas the water is not for human consumption, he said. He discussed the negative impact oil development had on farms in the Texas area where corn stalks were small and stopped producing. The pumping of coal and methylene gas will pollute the bay and destroy the fisheries, he said, and the noise itself will drive visitors and residents away, making Homer a ghost town. Schools will have to move, he concluded.

CO-CHAIR SAMUELS thanked Mr. Bondurant and said that gas hydrates will be found only on the North Slope.

CO-CHAIR RAMRAS moved to report HCS SJR 5(O&G) out of committee with individual recommendations and zero fiscal notes. There being no objection, it was so ordered.

HB 19-PESTICIDE & BROADCAST CHEMICALS

CO-CHAIR RAMRAS announced that the next order of business would be HOUSE BILL NO. 19, "An Act relating to pesticides and broadcast chemicals; and providing for an effective date."

REPRESENTATIVE SEATON reported that the City of Anchorage requirements are compatible with HB 19.

[1:15:52 PM](#)

REPRESENTATIVE SEATON moved to report the proposed CSHB 19, version 24-LS0149\Y, Bullock, 2/11/05, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE GATTO objected so he could comment on the salaries of state workers. He said that the new position for HB 19 pays a salary of \$59,000, but the annual benefits will cost \$27,000. He will not object to the bill, but wanted to comment on the PERS crisis. He removed his objection.

CO-CHAIR RAMRAS announced that hearing no further objection, CSHB 19(RES) was reported from the House Resources Standing Committee.

HB 26-SHORT-TERM COM FISHING CREWMEMBER LICENSE

CO-CHAIR SAMUELS announced that the final order of business would be HOUSE BILL NO. 26 "An Act relating to short-term commercial fishing crewmember licenses; and providing for an effective date."

[1:18:54 PM](#)

ADAM BERG, Staff to Representative Carl Moses, Alaska State Legislature, told the committee that HB 26 simply allows for the purchase of a seven-day commercial fishing crewmember license. Currently a yearlong license is \$60 for a resident and \$180 for a non-resident, he said, and the bill allows for a \$30, seven-day license for a resident or non-resident. He said that this will maximize options for fishermen, allowing them to hire short-term help or charge tourists to see an Alaska fishing operation up-close and hands-on. He said that often friends or family will want to join the crew.

[1:19:43 PM](#)

REPRESENTATIVE GATTO asked for comments regarding the fisherman's fund.

MR. BERG said that the original version of the bill would have excluded short-term license holders from the fisherman's fund, and the Department of Labor (DOL) requested omitting that. He said he is not sure of the legal reasons.

REPRESENTATIVE LEDOUX asked if the vessel owners would end up paying for any injuries occurring on the boat.

MR. BERG said he wasn't sure but thought there was a cap, and he deferred to Mr. Lasankie.

[1:22:05 PM](#)

PAUL LASANKIE, Director, Division of Workers Compensation, Department of Labor and Workforce Development (DOL), said the fisherman's fund is administered through DOL.

CO-CHAIR SAMUELS said he understands the goal of the bill is for lodges to sell the fishing experience to tourists, and he asked what the pros and cons are of including the fisherman's fund.

MR. LASANKIE replied that the short-term commercial license is intended to meet peak demand for crew, who would be fisherman and should be included in the fisherman's fund. He said the second group of individuals desiring a short-term license is unique, and the fund has never had to address the idea of an individual holding a commercial fishing license and not being able to access the fund. "Our concern was just right along those lines, that everyone who has a commercial fisherman's license of whatever duration would be able to pay into the fund and make a claim against the fund," he explained.

REPRESENTATIVE SEATON said that the fund supplies the first \$2,500 of medical costs because fishermen have a \$2,500 deductible.

MR. LASANKIE said that was correct, and in most cases it is limited to \$2,500 for people who do not have medical insurance.

REPRESENTATIVE SEATON said a \$30 license will pay less than \$12 into the fund since the fund gets 40 percent of license fees. He asked if Mr. Lasankie wants to accept medical liability, especially for someone who is new on the job, for \$12.

MR. LASANKIE said that is a conundrum. He added that the amount of money brought into the fund per day of liability is more from short-term licenses than long-term licenses. But he does ask the question if this will bring in more inexperienced crew who will be more likely to make a claim.

CO-CHAIR SAMUELS offered that an inexperienced person can get a long-term license now. Children can participate, he added.

MR. LASANKIE said that is true. He thinks the children of fishermen get good training.

The committee took an at-ease from 1:27 PM to 1:28 PM.

[1:27:58 PM](#)

REPRESENTATIVE SEATON said he requested legal opinions from Legislative Legal Affairs, and he was told that the fisherman's fund probably will not lose its dedicated fund provision if the legislation does not extend liability coverage to the short-term license holders. The second opinion addressed the ability to distinguish between short-term license holders and long-term license holders without breaking equal protection laws, and the advice given, he said, was that it would be fine as long as there is a difference between those two groups of people.

REPRESENTATIVE LEDOUX asked if the department thinks that by allowing short-term licenses, the state will be losing money.

MR. LASANKIE responded that the department has a hard time quantifying what the fiscal impacts will be.

CO-CHAIR SAMUELS stated that it could be possible that experienced people will be buying short-term licenses.

MR. LASANKIE said there is no way to analyze it.

[1:31:14 PM](#)

REPRESENTATIVE LEDOUX asked if a crewmember were to buy a short-term license, how much would go to the fisherman's fund.

MR. LASANKIE answered 39 percent, net of the vendor's percentage.

REPRESENTATIVE LEDOUX asked where the 39 percent would go if short-term license holders were not contributing to the fisherman's fund.

MR. LASANKIE said it will still go to the fund.

[1:32:06 PM](#)

REPRESENTATIVE GATTO said that this would allow one tourist to observe fishing operations and a second tourist to actively engage, and both would be covered by the fisherman's fund.

MR. LASANKIE said "Yes, but there is a requirement, we believe, that someone actually be engaged in commercial fishing, so there might be a potential question if someone had the license and was just a bystander. That's something we haven't pursued beyond noting that there might be such a problem."

REPRESENTATIVE LEDOUX asked that in order to go on a fishing boat, even as an observer, does one need a license?

MR. LASANKIE said he does not have an answer, but he didn't think so.

REPRESENTATIVE SEATON clarified that if someone is on board and not engaged at all, a license is not needed. But if someone ties up the boat, throws fish into the hold, or participates in any way, he or she must have a commercial fishing license.

REPRESENTATIVE LEDOUX asked, so someone who is not engaged would not need that license?

CO-CHAIR SAMUELS said that is correct--they don't need a license now or after this legislation.

CO-CHAIR RAMRAS asked how much disclosure is required for each license, what paperwork does a person have to sign regarding the fisherman's fund, and what steps will the captain be required to take to disclose the risks to novices?

MR. LASANKIE said that the Alaska Department of Fish & Game is looking at what would be required for that license.

SARAH GILBERTSON, Legislative Liaison, Office of the Commissioner, Alaska Department of Fish & Game, said she did not know what disclosures were required.

REPRESENTATIVE LEDOUX said it is a matter of federal maritime law.

[1:37:38 PM](#)

REPRESENTATIVE CRAWFORD asked how much demand there might be for these short-term licenses.

MR. BERG said that it is unclear how much interest there is. One fisherman, he said, put a one-day fishing trip on his web site and got 1,200 hits in 12 hours. "There's been a lot of interest just in tourism in general on getting off the Grayline Bus tour and doing your own thing," he said.

REPRESENTATIVE SEATON said that currently it is just like buying a sport-fishing license. It is just an application with no disclosure, he said. The disclosures between a vessel and a

non-vessel fishery are different. Employees on a vessel must sign a contract with the captain. Representative Seaton said he is concerned that the short-term license holder will get full medical coverage for a small amount of money. He said it is unfunded liabilities for the fisherman's fund for the benefit of the tourist industry.

CO-CHAIR SAMUELS said that the price is only \$60 now. He asked why the short-term license is for seven days, since tourists usually would want a one-day license.

MR. BERG said the number of days has varied. The bill went into the Fisheries Committee with a one-day and three-day license, and the committee changed it to seven, because of the variety of fishery activities. The Alaska Department of Fish & Game just wanted to deal with one length of time, so the committee settled on a seven-day license.

[1:43:46 PM](#)

REPRESENTATIVE SEATON said that HB 26 covers the tourist who pays to join a fishery, but it also could be used to get inexperienced deckhands while not paying them enough to get a commercial license. It comes down to cheap labor, he said, and lowers the professionalism of the industry. He added that he has an amendment.

CO-CHAIR SAMUELS disputed that if a captain only needs help for seven days, he or she could hire experienced people with a short-term license. He said a captain would not seek help just because it is \$30 cheaper. He said he would like to amend the bill to limit a short-term license to one per person per year.

REPRESENTATIVE LEDOUX said that she thinks it is important to only have one time-length option. She said that ADF&G didn't want various options.

REPRESENTATIVE SEATON said he thinks if the committee amended the bill to prohibit getting paid while working under a short-term license then it will be a recreational, tourist opportunity, and a true crewmember wouldn't get one.

[1:50:29 PM](#)

REPRESENTATIVE SEATON moved Amendment 1, labeled 24-LS0181\Y.2, Utermohle, 2/28/05, which read:

Page 2, line 17, following "may not":

Insert:

"be paid, receive crew shares, or receive other compensation for work performed under the license and may not"

CO-CHAIR SAMUELS objected for purposes of discussion.

The committee took an at-ease from 1:51 PM to 1:52 PM.

[1:52:09 PM](#)

MR. BERG said he and the sponsor talked about the amendment and decided to let the committee decide on it. "We're easy on this one. Whatever the resource committee thinks," he said.

CO-CHAIR SAMUELS removed his objection to Amendment 1.

REPRESENTATIVE LEDOUX asked for the sponsor's view of Amendment 1.

MR. BERG said that Representative Moses wasn't going to make that switch himself. He said he thinks there are people who would work briefly who are skilled. "We don't think fisherman are out looking for cheap labor...and put their operation at risk," he said.

CO-CHAIR SAMUELS said seeing no objections, Amendment 1 is adopted.

REPRESENTATIVE SEATON brought up the question of the fisherman's fund. A tourist won't do dangerous jobs, he said, so he thinks Amendment 1 takes care of that problem, but he wanted to air it.

CO-CHAIR SAMUELS moved to report CSHB 26(FSH) out of committee, as amended, with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 26(RES) was reported from the House Resources Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at [1:56:46 PM](#).