

MINUTES
SENATE FINANCE SUBCOMMITTEE HB 130/SB 96
May 2, 2005
6:03 p.m.

CALL TO ORDER

Co-Chair Wilken convened the meeting at approximately [6:03:28 PM](#).

PRESENT

Subcommittee Members:
Senator Gary Wilken, Co-Chair
Senator Fred Dyson
Senator Lyman Hoffman

Other Senate Finance Committee Members:
Senator Bert Stedman
Senator Donny Olson

Also Attending: Testifiers are listed in the order they testified.

SUMMARY INFORMATION

SB 96-UNIVERSITY LAND GRANT/STATE FOREST
HB 130-UNIVERSITY LAND GRANT/STATE FOREST

The subcommittee heard from the Department of Natural Resources and members of the public. The bill was held in the subcommittee.

#SB96
#HB130
[6:04:08 PM](#)

CS FOR SENATE BILL NO. 96(RES)
"An Act relating to the grant of certain state land to the University of Alaska and establishing the university research forest; and providing for an effective date."

CS FOR HOUSE BILL NO. 130(FIN) am
"An Act relating to the grant of certain state land to the University of Alaska; relating to the duties of the Board of Regents; establishing the university research forest; and providing for an effective date."

Co-Chair Wilken noted the written testimony available for members' review.

BOB LOEFFLER, Director, Division of Mining, Land and Water, Department of Natural Resources, testified via teleconference from an offnet location, that this legislation represents significant efforts. The University of Alaska was created as a land-based institution. For a state with such a significant expanse of land, Alaska's university has received limited acreage. SB 7 was adopted several sessions prior, but was expensive, at \$17 million, was time consuming and did not provide much land. This legislation would provide 63 parcels and transfer approximately 250,000 acres to the University to make the University of Alaska a true land grant university. This effort would match federal land transfer efforts underway by US Senator Ted Stevens. These efforts would result in revenue potential and would provide a strong education base for research and other educational purposes.

Mr. Loeffler pointed out changes have been made to the original version of this bill were made during the extensive committee hearing process undertaken in the Senate and House of Representatives. This includes the elimination of nine parcels initially selected, eight located in Southeastern Alaska and one in Kodiak. Four other parcels would be placed in a holding status pending formation of a borough in the Wrangell and Petersburg area. A provision was also added to this bill to hold municipal entitlements harmless for any land transferred to the University so municipal land entitlement claims would not be decreased.

Mr. Loeffler continued that two parcels would be placed on hold to ensure that Native allotments were protected and includes Native allotments in the list of possessory interests of existing rights. The committee substitute establishes a "significantly more substantial" public process to ensure that when the University develops the land, it "works with locals in doing so". It also would allow the Department of Natural Resources to make minor boundary adjustments for errors and omissions to protect public access, reserve waterlines, water sheds and other factors that could be discovered in the title search process.

Mr. Loeffler concluded that this legislation "ends the discussion" started with the passage of SB 7, in a manner that would be less expensive. The cost would be less than five percent of the cost projected to implement SB 7.

[6:11:34 PM](#)

Senator Dyson understood some communities are considering formation into a borough in the future. Some of the land selections would preclude the borough from acquiring necessary land. He asked if the legislation provides any remedy for this.

[6:12:10 PM](#)

Mr. Loeffler replied that with respect to the potential borough formation in the area surrounding the communities of Wrangell and Petersburg, a number of parcels are "on hold" and would only transfer to the University if a borough is not formed or does not select those parcels in its formation process. The borough, within a specified timeframe, would have first option to select those parcels. In addition, concerns expressed that the transfer of any acreage to the University could reduce the amount of municipal entitlement land selection. This committee substitute would ensure that municipal entitlements would be calculated to prevent this.

[6:13:03PM](#)

Senator Dyson understood that only three parcels located near the community of Pelican and that residents were "not anxious that they be off the table."

[6:13:18 PM](#)

Mr. Loeffler replied that the Pelican, Mite Cove and Idaho Inlet parcels were eliminated from consideration for transfer to the University.

[6:13:46 PM](#)

Senator Hoffman referenced the witness statement that this bill involves 63 parcels totaling approximately 250,000 acres. However, the written information provided by the Department lists 260,000 acres. He asked which amount is accurate.

[6:14:17 PM](#)

Mr. Loeffler responded that the original bill proposed the transfer of 260,000 acres. This committee substitute eliminated nine parcels and "holds" other parcels for potential future borough selection.

[6:14:33 PM](#)

Senator Hoffman requested a list of the nine parcels removed from consideration.

[6:14:39 PM](#)

Mr. Loeffler replied that page 6 of the current committee substitute lists these parcels. The following Section // lists those parcels held for possible future transfer to a borough.

[6:14:54 PM](#)

Co-Chair Wilken clarified the subcommittee was considering CS HB 130 (FIN) am, 24-GH1034\X.A.

[6:15:43 PM](#)

MARY IRVINE, Juneau resident, testified via teleconference from an offnet location while out of state for family funeral. She stressed the importance of archeological sites; particularly Sundum located about 40 miles south of Juneau. These sites should be "flagged" and preferably removed from consideration of transfer to the University of Alaska. She detailed the pre-Tlingit history of this early settlement and other discoveries in Southeastern Alaska. She noted that less than 15 minutes of testimony has been heard on the Sundum site. If not exempted, she requested that the Archeological Protection Act be applied to all lands transferred to the University. This would address concerns of archeologists and historians.

[6:24:56 PM](#)

Co-Chair Wilken asked if this testimony has been given to other legislative committees hearing this legislation.

[6:25:12 PM](#)

Ms. Irvine informed that Representative Beth Kerttula raised the issue on the floor of the House of Representatives.

[6:25:33 PM](#)

Co-Chair Wilken indicated he would request the Department address reasons why this parcel could not be removed from consideration.

[6:26:33 PM](#)

JON BOLLING testified via teleconference from Craig, to the identified parcels in Naukati, Port Deloris, El Capitan North and El Capitan South, Thorne Bay and other sites on Prince of Wales Island. The identified site in Naukati comprises of most of the community's waterfront property. Maintaining State ownership of the

Thorne Bay parcel would allow logging activities for economic development. He suggested that a land transfer to the University of Alaska include similar provisions as the transfer of lands to the Mental Health Trust Authority.

[6:29:21 PM](#)

Co-Chair Wilken located the sites on a map of Southeastern Alaska.

[6:30:11 PM](#)

MICHAEL KAMPNICH testified via teleconference from Craig that although he supported transfer of lands to the University of Alaska, he questioned the transfer of lands located in Southeast Alaska. The economic impact and environmental oversight of such transfers has not been adequately considered. Other options would provide a funding source for the University that would not have the same impact.

[6:32:35 PM](#)

JASON ESLER, Cultural Anthropologist, testified via teleconference from an offnet location in Illinois, that he has been conducting research near McCarthy. This research indicates that the proposed land transfer would have significant impact on the subsistence activities of rural Alaskans in this area. Decreasing available resources and increasing population would hamper the ability of McCarthy residents to subsist. Access to the proposed sites is not adequate.

[6:36:29 PM](#)

JENNIFER PRICE, Sitka Resident, testified via teleconference from an offnet location in opposition to the legislation. Her greatest concern was the selection of 40,000 acres in Southeast Alaska, many of which have been designated as Disbursed Recreation (RU) wildlife by the Department of Natural Resources. She asked specifically if the 250 acres near Warm Springs Bay on Baranof Island has been removed from consideration.

Co-Chair Wilken affirmed the current committee substitute does not include this parcel.

Ms. Price suggested the University be granted sites with potential for oil development, as that would provide sufficient funding.

[6:39:48 PM](#)

ALBERT PAGH, Owner and Operator, Four Star Lumber, testified via teleconference from Fairbanks, that Governor Murkowski promised to facilitate resource development. This legislation would result in the opposite. He detailed forestry issues and past decisions by the University to not allow logging in certain areas despite pest infestation.

[6:43:47 PM](#)

DEB SPENCER, Pelican Resident and Owner, Shoreline Corporation, testified in Juneau to clarify that the Pelican parcels are excluded in the current committee substitute version. These lands are too important to communities to allow transfer without adequate public input. She compared this to US Senator Ted Stevens' complaints when East Coast residents attempt to make decisions regarding Alaskan lands. This legislation would leave northern Chichagof Island with no public lands available for municipal entitlement claims. She stated that the process in considering this bill has required communities to "cry the loudest" to have their concerns addressed. She requested that additional public testimony and community input be garnered in this process. She questioned the University's lobbying budget.

[6:48:46 PM](#)

Co-Chair Wilken clarified the witness concern is with parcels located near Pelican. Her business has had a tidal lease in Mite Cove.

[6:49:37 PM](#)

Senator Hoffman asked the purpose of the business.

[6:49:46 PM](#)

Ms. Spencer stated her company purchases troll caught salmon.

[6:50:00 PM](#)

VERN HALTER, Willow resident, testified in Juneau that the community of Willow has major concerns with lands selected for transfer near Willow. He agreed with the previous testifier that this legislation is "pitting one community against another". He told of the historic Haessler-Norris Trail System, which is the oldest dog sled trail in Alaska. Parcels identified for transfer to the University are located where this trail crosses and development of those parcels would eliminate use of the trail. He noted the Community of Willow adopted a resolution in relation to this bill.

[6:55:21 PM](#)

Co-Chair Wilken asked if the Department had the trail maps provided by this witness.

[6:55:38 PM](#)

Senator Hoffman asked the age of the trail systems.

[6:55:48 PM](#)

Mr. Halter estimated the trapping trail systems have been used since the 1940s. He elaborated on the consequences of developing lots in this area.

[6:56:47 PM](#)

JOANN BRODIE, Alaska Conservation Alliance, testified via teleconference from Kodiak in opposition of the bills. Land granting is not the most economic method to fund the University. Some of the selected parcels are poor choices. The affected communities must be considered.

[6:58:01 PM](#)

Co-Chair Wilken asked if the witness spoke to the Rocket Range parcel.

Ms. Brodie understood that parcel has been removed from consideration. She retained her objection statewide to this legislation.

[6:58:32 PM](#)

ERIN MCLARNON testified via teleconference from Mat-Su in opposition to the inclusion of the Frying Pan Lake parcel. The University should receive the funds it needs "in the present" not through land appropriations. She told of her dog-training activities on the historic trail system near Willow, which is used for Iditarod training.

[7:01:08 PM](#)

GARVIN BUCARIA testified via teleconference from Mat-Su that he opposes this legislation. He supports education and supports an endowment to the University. He attended a municipal assembly meeting in which natural gas development was discussed. A pipeline

would be constructed for transport of this resource and the University should not become involved as a third party landowner in this effort. He spoke to the fish spawning activities in Auk Lake in Juneau and he questioned the University's practices to conduct research and protect the environment. The State has yet to receive the entire allocation it is entitled to and should not transfer lands until this has been accomplished.

[7:04:48 PM](#)

Co-Chair Wilken understood the witness' concerns relate to the Auk Weir parcel.

Mr. Bucaria added the Nenana Oil and Gas Province.

[7:05:11 PM](#)

JIM DRENNAN, Anchorage resident, testified via teleconference from an offnet location about his concerns about the Baranof Warm Springs parcel, which was removed from consideration.

[7:06:32 PM](#)

Co-Chair Wilken interjected there is no intention to include that parcel in future versions of the legislation.

Mr. Drennan appreciated this information.

[7:07:01 PM](#)

KELLY BAY, 30-year resident of McCarthy, testified via teleconference from an offnet location about the changes to the area over the years. He has yet to hear any public support for this legislation. The community of McCarthy is surrounded by national park land with the only buffer being the lands selected for transfer to the University. Residents experience difficulties in accessing areas for hunting, firewood gathering and other needs. The Department of Natural Resources did not adequately investigate community impacts. The University should be funded through a generous revenue stream and should not be required to manage funds.

[7:10:56 PM](#)

Co-Chair Wilken asked the ownership of the excluded parcels in the McCarthy area.

AT EASE [7:11:26 PM](#) / [7:11:48 PM](#)

[7:11:50 PM](#)

[Teleconference difficulties.]

[7:13:08 PM](#)

KARLA HART testified via teleconference from Juneau that she and her parents are University of Alaska alumni. She opposed this legislation. This bill creates a laundry list of expenses not included in the fiscal notes: access, public safety and emergency services, demand for infrastructure, schools, etc. many of which require significant subsidies. The language of page 7, line 13-16 of the committee substitute was of concern relating to "laws of the state" and she detailed this would allow a person to acquire this land and retain any profits.

[7:18:49 PM](#)

Co-Chair Wilken asked the ownership of the land in the McCarthy area.

Mr. Loeffler indicated he would provide this information.

[7:19:16 PM](#)

MICHELLE NILAND testified via teleconference from Mat-Su to answer that this is private property, some of which is old homestead land. The University owns a portion and some is identified by US Senator Lisa Murkowski for transfer to the National Park Service.

[7:20:14 PM](#)

JULIE HURSEY, Charter Boat Operator, testified via teleconference from Petersburg about her concern that the lands would not be developed as the University intends. This land should be held in trust, as it has been used for hunting, fishing and recreation for generations. Tourism activities also occur in these areas. She takes clients to many of these areas, including Sumdum. She cited earlier testimony from the Joe Beedle of the University of Alaska, stating that if all the lots were sold and developed, the University would receive one-percent of its annual budget from this source. If passed, she requested that the RU sites be removed from consideration.

[7:23:41 PM](#)

DORIS BAILEY, Assembly Member, City and Borough of Sitka, testified via teleconference from Sitka that the Assembly has unanimously

opposed this legislation. The residents of Sitka are concerned about this bill. The University already controls significant amounts of land in the Sitka Borough and the Mental Health Trust Authority owns other properties. This legislation does not stipulate that the University must follow local land use regulations. She asked if the Federal Aviation Administration has approved the proposed transfer of parcels on Biorka Island. She was also concerned about Native allotments and knew of the presence of artifacts on the Island.

[7:28:06 PM](#)

Co-Chair Wilken requested an answer to Ms. Bailey's questions relating to Biorka Island.

[7:28:14 PM](#)

Mr. Loeffler assumed the federal government is aware of the proposed transfer on Biorka Island.

[7:28:32 PM](#)[7:28:32 PM](#)

MARI MONTGOMERY, Director of Lands, University of Alaska, did not find any information on Native Allotment on the Island.

[7:28:59 PM](#)

JOHN HERCHENRIDER testified via teleconference from Sitka that land in Southeastern Alaska forms the basis of economic development in this portion of the State. Commercial fishers come from Washington and Oregon because the fish thrive in the pristine environment. Tourism is viable in the region because of this pristine environment and would be priceless if left undeveloped while the rest of the world continues to be overdeveloped.

[7:31:08 PM](#)

WILMA STOKES, Wrangell Cooperative Association, testified via teleconference from Wrangell that the Corporation is opposed to this legislation. She told of the historical, cultural and sacred land of Thom's Place.

[7:32:55 PM](#)

VALERY MCCANDLESS, Mayor, City of Wrangell, testified via teleconference from Wrangell, on behalf of many Wrangell residents to their concerns about the limited public process. Many residents would be willing to discuss potential sites for transfer with the

University. She listed selected sites in the Wrangell area and described the economic reliance on these areas. She told of the Tlingit history in some areas and the important archeological sites.

[7:35:35 PM](#)

BOB LESHAR testified via teleconference in Juneau that more testifying time is necessary. Land near the Parks Highway would be more beneficial for development. This bill is not about funding the University, but rather an effort to transfer public land to private ownership without community input. Lands near smaller communities are selected for the benefit of communities with larger populations and more voter power.

DENNIS WATSON, Mayor, City of Craig, testified via teleconference in Juneau that more homework should have been done on this legislation. The City of Craig is opposed to this bill. He supported funding the University, but surmised there are better options. He questioned that this would provide significant income. The University should have participated in the municipal lands selection process; many issues could have been avoided.

[7:41:37 PM](#)

Co-Chair Wilken asked if the 2009 provision, which would allow local governments formed after this bill's passage to have an option to select lands, should be extended.

[7:41:49 PM](#)

Mr. Watson answered it would be beneficial.

[7:42:10 PM](#)

Co-Chair Wilken asked how long the extension should be.

[7:42:15 PM](#)

Mr. Watson suggested an additional five years.

[7:43:06 PM](#)

DALE PIHLMAN testified via teleconference from Ketchikan to his concerns with the selection of the Hook Arm parcels near Ketchikan. Any development to the areas used for dive fisheries would increase the e-coli levels and close the fisheries.

[7:45:32 PM](#)

JOAN BRYNER, Willow resident, testified via teleconference from Mat-Su on behalf of the dog mushing community about the extensive trail system in the Frying Pan Lake area used by many mushers. The local economy would be negatively impacted if the mushing opportunities were eliminated because those residents would relocate.

[7:48:43 PM](#)

MICHELLE NILAND testified via teleconference from Mat-Su that the community of McCarthy is not anti-development. The residents of the community support the University. She indicated US Senator Lisa Murkowski's efforts to transfer lands currently owned by the University to the National Park Service. The University has invested in the acres it already owns. This legislation would benefit the National Park Service rather than the University. The University should be funded through other means.

[7:51:08 PM](#)

MELINDA HOFTAD, part-time resident of Petersburg and Warm Springs Bay, testified via teleconference from an offnet location that she appreciated the removal of the Warm Springs Bay parcel, as it included the watershed used by residents. She retained concerns about lands identified in the Petersburg area. Language to allow for lands to be claimed in the event of borough formation is not adequate. Not one public testifier has expressed support for this legislation. She questioned the progression of the bills given the lack of support from the public and local elected officials. Both her children have attended the University and she supports it's efforts. This legislation has harmed the University's public relations.

[7:55:26 PM](#)

JOE BEEDLE, University of Alaska testified via teleconference from an offnet location that he is available to answer questions on behalf of the University.

[7:55:55 PM](#)

LORI ROLAND testified via teleconference from an offnet location in McCarthy that she and her husband attended the University of Alaska. They operate a contracting business and have bought and sold University lands. She opposed the land transfer and the federal companion legislation to transfer University-owned land to

the National Park Service. Her business holds a gravel extraction contract on the State land, which would be eliminated. Access to her home is through this land and would be denied. Other lifestyle activities are dependant on the State-owned land, including trapping, hunting, and firewood gathering. The residents do not have a positive relationship with the National Park Service, but does have a good relationship with the Department of Natural Resources and the elected officials that oversee it.

[8:00:03 PM](#)

PAUL BARRETT, Grandson of John Barrett, founder of McCarthy, testified via teleconference from an offnet location that the initial legislation would have transferred the land to the University. He had surmised the University would then sell parcels to individuals; however, inadequate assess and infrastructure would make this unfeasible. The ecology is fragile and could not support increased population and use. Has no dislike of the Park employees, but this bill could not possibly help McCarthy.

[8:03:34 PM](#)

NANCY COOK testified via teleconference from an offnet site and echoed the testimony of those who have witnessed first hand the way the University has managed their lands. They are pretty much hands off. The level of development of the land is overwhelming. The land is precious as it is under the management of Department of Natural Resources. While she supports the National Park Service, it is tightening access to lands, which are valued as State recreation land.

[8:06:31 PM](#)

Senator Hoffman asked if the witness has collected a permanent fund dividend.

Ms. Cook has not.

[8:06:46 PM](#)

Ms. Cook corrected she has received dividend for 14 years before moving out of the State.

[8:07:52 PM](#)

SARAH LUNDSTEDT testified via teleconference from Sitka to request this bill not be passed. If it is passed, she requested the removal of all Sitka-area parcels. The loss to fishing and tourism

industries could not be offset if this occurred. The selection of these lands was done "behind closed doors" and without public input, although some parcels incorrectly included have been removed. The University has proven to be a poor steward of lands. Friends attending and working at the University are appalled to be linked to this legislation.

[8:10:46 PM](#)

GAYLE GROSS testified via teleconference from Wrangell that she is a long-term Wrangell resident and "works with fish". She was concerned about the impact on the salmon habitat in Olive Cove. Every effort should be made to keep fish habitat healthy. The University would develop the lands to generate revenue as intended by this legislation. Although the Olive Cove land could be incorporated in the formation of a borough, it would be a lengthy process.

[8:14:11 PM](#)

ROBERT PRUNELLA, Manager, City of Wrangell, testified via teleconference from Wrangell to thank Senator Stedman for his efforts in representing the communities. Municipal officials are undertaking efforts at borough formation and he requested Thom's Place parcels be included in those lands available for local entitlement

[8:15:52 PM](#)

RICK KENYON testified via teleconference from an offnet location in McCarthy that the University sold 46 lots in the area and access to these lots are limited to traveling across only two lots. Much of the remaining lots could not be developed because the National Park Service impedes efforts. He questioned the transfer of additional lands to the National Park Service.

[8:18:47 PM](#)

Co-Chair Wilken requested Ms. Montgomery address the issue.

[8:19:03 PM](#)

Ms. Montgomery replied that several years prior, US Senator Frank Murkowski introduced legislation to transfer lands to the University. The University does not support the transfer of its McCarthy lands in exchange for other federal lands. However, the federal government could acquire lands through condemnation.

[8:20:48 PM](#)

JIM SLATER testified via teleconference from an offnet location to request the parcels around Lisianski Inlet be excluded from this legislation. These lands were designated as RU after considerable public process. If transferred to the University, this designation would be eliminated. The impact of the addition of private lots given the limited public land available for borough formation would be detrimental. Local residents have signed a petition in opposition to this legislation.

[8:23:17 PM](#)

DAN TRAIL testified via teleconference from Wrangell to reiterate he is opposed to this bill, in particular to the inclusion of all Wrangell area parcels including Thom's Place. He suggested a vote be taken of all who have testified on this legislation, which would settle the matter.

[8:24:20 PM](#)

DAWN HUTCHINSON testified via teleconference from Wrangell on behalf of herself, her ancestors and her descendants, in opposition to this legislation. She told of the cultural significance of the historic lands near Thom's Place. The impact to the Tlingit community would be devastating.

[8:26:18 PM](#)

MIKE SALLEE testified via teleconference from Ketchikan that he is apprehensive toward this bill, particularly areas near Ketchikan. He was concerned that limitations to logging activities would be detrimental to local harvesters, such as himself. The land would be sold to the highest bidders and local operators would not be able to participate. He referenced the language stipulating that the Board of Regents would have oversight of the land. He asked how the regents are selected.

[8:29:16 PM](#)

Co-Chair Wilken replied that the regents are appointed by the Governor and confirmed by the legislature.

[8:29:39 PM](#)

JANET BURLESON-BAXTER, Legislative Liaison, Department of Natural Resources, testified that the Department of Natural Resources manages land owned by the State of Alaska.

[8:29:59 PM](#)

Mr. Sallee asked if a commissioner or a team manages the lands.

[8:30:09 PM](#)

Ms. Burleson-Baxter explained that the Division of Mining, Land and Water manages those lands.

[8:30:35 PM](#)

Mr. Sallee asked why the lands could not be sold by the Department of Natural Resources with the proceeds appropriated directly to the University.

[8:30:54 PM](#)

Co-Chair Wilken indicated the matter would be given consideration at a later date.

[8:31:06 PM](#)

Mr. Sallee referenced written testimony he has submitted and reiterated the he opposes this legislation.

[8:31:29 PM](#)

MIKE REEVES testified via teleconference from an offnet location in Hollis that two parcels in the Hollis area have been identified and should be eliminated. The parcels include a watershed. The public process has been excluded from this legislation. He spoke to the lack of democracy in this process.

[8:35:54 PM](#)

CHRISTINE LUNDSTEDT testified via teleconference from an offnet location about the difficulty her neighbors have in understanding the process involving this legislation. She spoke to the extensive testimony in opposition. Legislators are the only voice of the people and should not "across the board, ignore" the public's needs. She has a tourism business dependant upon lands.

[8:40:15 PM](#)

Co-Chair Wilken asked if the witness has concerns about specific lands.

[8:40:33 PM](#)

Ms. Lundstedt replied the parcels in Southeast Alaska should be excluded if the bill were passed.

#

ADJOURNMENT

Co-Chair Wilken adjourned the meeting at 08:41 PM