

**ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE RESOURCES STANDING COMMITTEE
SENATE RESOURCES STANDING COMMITTEE**

January 19, 2005

1:05 p.m.

MEMBERS PRESENT

HOUSE RESOURCES

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 Mary Kapsner

SENATE RESOURCES

Senator Thomas Wagoner, Chair
Senator Ralph Seekins, Vice Chair
Senator Ben Stevens
Senator Bert Stedman

MEMBERS ABSENT

HOUSE RESOURCES

Representative Harry Crawford

SENATE RESOURCES

Senator Fred Dyson
Senator Kim Elton
Senator Gretchen Guess

COMMITTEE CALENDAR

OVERVIEWS: ALASKA DEPARTMENT OF FISH AND GAME; DEPARTMENT OF
NATURAL RESOURCES

- HEARD

NATURAL GAS 101

- HEARD BUT NOT RECORDED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

WAYNE REGELIN, Acting Commissioner
Alaska Department of Fish & Game (ADF&G)
Juneau, Alaska

POSITION STATEMENT: Presented an overview of ADF&G's mission and budget.

DOUG MECUM, Director
Division of Commercial Fisheries
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Presented an overview of the Division of Commercial Fisheries of ADF&G.

KELLY HEPLER, Director
Division of Sport Fish
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Presented an overview of the Division of Sport Fish of ADF&G.

MATT ROBUS, Director
Division of Wildlife Conservation
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Presented an overview of the Division of Wildlife Conservation of ADF&G.

LANDA BAILY, Executive Director
Board of Game
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Presented an overview of the Boards Support Section of ADF&G.

TOM IRWIN, Commissioner
Department of Natural Resources (DNR)
Juneau, Alaska

POSITION STATEMENT: Presented an overview of DNR.

ACTION NARRATIVE

CO-CHAIR RALPH SAMUELS called the joint meeting of the House and Senate Resources Standing Committees to order at [1:05:57 PM](#). Senators Wagoner, Seekins, and Stedman; and Representatives Ramras, Samuels, Elkins, LeDoux, Olson, Seaton, and Kapsner were present at the call to order. Senator Ben Stevens and Representative Gatto arrived as the meeting was in progress.

ALASKA DEPARTMENT OF FISH & GAME (ADF&G)

WAYNE REGELIN, Acting Commissioner, Alaska Department of Fish & Game (ADF&G), introduced department staff who were in the audience.

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ACTING COMMISSIONER REGELIN stated that the mission of ADF&G is to maintain resources and manage for the economy and the well being of the people of the state, consistent with the principles of sustained yield. The department has about 850 full-time employees and about the same number of seasonal staff located in 44 communities throughout Alaska. The budget request is just over \$150 million, including \$31.4 million from the general fund. He noted that the general fund makes up about 21 percent of the budget, and federal funds comprise about 40 percent of the department's budget. Some of the federal funds are secure, and some depend on annual appropriations from Congress.

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ACTING COMMISSIONER REGELIN related that the commissioner's office has 11 employees who, among other duties, participate in numerous councils and organizations and coordinate Alaska's participation in interjurisdictional forums, including international fisheries initiatives, congressional fish and wildlife legislation, and endangered species issues.

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REPRESENTATIVE SEATON asked how the department is defining its missions and measures.

ACTING COMMISSIONER REGELIN said the department has spent much time working on its missions and measures, which are very

detailed. He highlighted the importance of the missions and measures being achievable and measurable. An update will be presented in detail at budget committee meetings, he noted.

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REPRESENTATIVE SEATON pointed out that the legislature didn't adopt any of the changes to ADF&G's missions and measures that the department has been working on over the last two years. He asked if the department is working from the statutorily approved missions and measures from 2000 and 2002 or if it is working from the current missions and measures that have been updated administratively.

ACTING COMMISSIONER REGELIN replied that the department is updating its missions and measures such that they are more focused and achievable.

REPRESENTATIVE SEATON requested that the department continue to work on its missions and measures to be adopted statutorily.

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CO-CHAIR SAMUELS quoted from a copy of ADF&G's missions and measures regarding the target for total "trip-related expenditures for fishing, hunting and wildlife associat[ed] recreation in Alaska." Co-Chair Samuels said, "From 1996 to 2001 [trip-related expenditures for fishing, hunting and wildlife associated recreation in Alaska] dropped. And if the target is to increase it...what are you doing to reverse it?"

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ACTING COMMISSIONER REGELIN responded that participation in wildlife activities has decreased because of a small decrease in nonresident hunters, and "it is all related to the abundance of wildlife primarily in Interior Alaska, and we're starting to take measures to turn that around through management of predators," he related. However, it will take some time because participation is difficult to measure. He said ADF&G welcomes suggestions from the legislature.

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SENATOR SEEKINS expressed concern about how the department can accurately measure abundance or availability of wildlife to give hunters the "hope" that they will be able to harvest.

DOUG MECUM, Director, Division of Commercial Fisheries, Alaska Department of Fish & Game, presented an overview of ADF&G's commercial fisheries division. He detailed the authorities and responsibilities of the division, which has about 300 full-time and 520 seasonal employees in four regions and 40 area offices around the state.

MR. MECUM stated that the division's budget is a "status quo budget" under the governor's request, except for increases for expanding salmon stock assessment capabilities in Cook Inlet, Prince William Sound, and Bristol Bay, and increases in expenses for the employee retirement program.

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MR. MECUM presented a graph showing recent record-level salmon production in the state concomitant with a decline in the monetary value salmon. Three years ago salmon hit its lowest value in recent time. Although value has come up in the past few years, "people are struggling with those problems."

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MR. MECUM provided information regarding the relative catch size and dollar values of state fisheries by species.

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CO-CHAIR RAMRAS asked how involved the Division of Commercial Fisheries would be if a fish hatchery for sport fish is built in Fairbanks and Anchorage.

MR. MECUM deferred that question to Kelly Hepler, Division of Sport Fish. Mr. Mecum noted that many of the performance measures that the legislature adopted for fishery management are incorporated by the division.

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SENATOR SEEKINS inquired as to the pressure the Board of Fisheries and the department face to produce higher volumes when the monetary values of fish decline. He also asked how that would impact subsistence and sport anglers.

MR. MECUM responded that he didn't think there was much pressure on the Board of Fisheries to increase harvest opportunities just

because of declining values. He related his belief that the objective is to maximize available harvest regardless of value. The board, the department, and the legislature are trying to lower the focus on the number of fish and turn attention to value. He mentioned that the governor has increased marketing efforts in order to increase value. There is also an effort in restructuring fishing regulations to create a more steady harvest that should support higher-end niche markets.

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SENATOR SEEKINS inquired as to the method used to determine the maximum allowable harvest of salmon for any particular tributary or stream.

MR. MECUM said the department has fixed escapement goals. No fishing is allowed until escapement goals have been reached, and these goals are based on maximum sustained yield determinations. He said the department uses a number of different models to estimate maximum sustained yield.

SENATOR SEEKINS asked if one predominant method is used to calculate the amount of harvestable salmon.

MR. MECUM said the department uses the Ricker model--a spawn and recruit model that measures the production of progeny based on the number of adults that enter the stream.

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CHAIR WAGONER asked about the number of "cost recovery" programs the department is operating.

MR. MECUM explained that Chair Wagoner was referring to "test fish" programs under which the department harvests fish for research purposes and then sells those fish for money. The legislature authorized the department to sell the otherwise wasted fish as a way to fund department programs. Mr. Mecum said that this practice has raised concerns around the state when commercial fish harvesters feel that it is an indirect tax on them. Also, some people view it as competition. Mr. Mecum opined that he is not convinced it is a sustainable way to fund core fishery management programs. In response to Chair Wagoner, Mr. Mecum said there are about 10 of these programs in the state.

SENATOR SEEKINS asked what happens to bycatch, specifically salmon inadvertently caught in the pollock fisheries.

MR. MECUM said that salmon caught in the Bering Sea trawl fishery needs to be kept, and they are generally donated to food banks. He said there are different bycatch issues for each fishery, so Senator Seekin's question is difficult to answer. However he noted that the state has taken a "fairly aggressive position" to limit bycatch, and that it is an ongoing problem.

CHAIR WAGONER related his desire for the department to work hard on longline bycatch because of the waste, and he suggested it may be a place for the state to recoup money instead of from cost recovery programs.

MR. MECUM said it was a good point. He noted that there are rationalization programs underway in the Bering Sea and the Gulf of Alaska, which eliminate the race for fish so boats can cooperate and trade bycatch. They can move off of "hot spots." He said derby-style fishing causes problems because boats are told when and where to fish. Whereas under quota systems, boat captains can pick the time and place to fish, leading to higher quality catch and lower bycatch.

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KELLY HEPLER, Director, Division of Sport Fish, Alaska Department of Fish & Game, stated the division's mission, which is to protect and improve Alaska's recreational fishery resources. He said the division is built around the following core services: fisheries management, stock assessment, hatchery production, access development, habitat assessment, information services, enforcement, and planning.

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MR. HEPLER noted some challenges the division faces. For instance, there are two hatcheries in the Anchorage area that are aging and have had a 25 percent reduction in production. He related that the division has some solutions, and he looks forward to working with the legislature on solving such problems.

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MR. HEPLER turned to the division's budget, which is around \$43 million, of which the primary funding source is various federal

receipts. The federal excise tax contributes the most, he noted. Another large funding source is the Fish and Game Fund. He informed the committees that the division employs 220 full-time staff and 230 part-time staff within 3 regions and 14 field offices.

SENATOR STEDMAN asked Mr. Hepler to elaborate on enforcement.

MR. HEPLER said that ADF&G has a "very aggressive training program" for all of its staff, which is coordinated with the Department of Public Safety.

SENATOR STEDMAN asked if there is a need for an expansion in this area.

MR. HEPLER said he would love to see that, but deferred to the commissioner of the Department of Public Safety.

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CHAIR WAGONER said, "The state, several years ago, had a fairly good-sized hatchery program." He noted that hatcheries have since been closed or were turned over to aquaculture associations. He stated his belief that there are two hatcheries that are "way under utilized."

MR. HEPLER said those hatcheries are old, and new technologies and knowledge are needed. He noted that those two facilities didn't have the necessary water and an adequate footprint. The department is learning how to "raise fish better" by borrowing expertise from Scandinavia. He said the division wants to establish a hatchery at Fort Richardson and one in Fairbanks.

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CHAIR WAGONER clarified that he was referring to [hatcheries] in South Central Alaska.

SENATOR SEEKINS asked what Mr. Hepler meant in his handouts regarding the division's coordination with "other regulatory boards" on fishery management plans and regulations.

MR. HEPLER said the department works with the Federal Subsistence Board and the Division of Forestry, but, by far, the Board of Fisheries is the main regulatory board.

SENATOR SEEKINS asked Mr. Hepler if his field personnel can issue citations when they see an obvious infraction.

MR. HEPLER answered, "Absolutely." But there are certain things his department deals with and other problems which the State Troopers address. He noted that the two agencies cooperate well.

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SENATOR SEEKINS asked what the volume of citations is in a year.

MR. HEPLER said he did not know.

SENATOR SEEKINS asked Mr. Hepler to provide a definition of the Ricker method to which Mr. Mecum referred earlier.

CO-CHAIR RAMRAS inquired as to the operating costs of fish hatcheries.

MR. HEPLER answered that the Fairbanks facility in Co-Chair Ramras' district will cost about \$1.25 million per year to operate as will the Anchorage facility.

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CO-CHAIR RAMRAS said Fairbanks has expressed interest in locating, designing, and constructing its hatchery. He asked if that makes it more complicated or easier for the state.

MR. HEPLER answered that he wants the division to have the ultimate responsibility, citing concerns with engineering and liability. He expressed doubts that Fairbanks will "take it and run with it," but he expects and wants the city to play a significant role.

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SENATOR STEDMAN inquired as to how many hatcheries the state has built and divested itself of, why that happened, and why the state needs to build more.

MR. HEPLER said he would do some research and provide that information.

CO-CHAIR RAMRAS asked if the Division of Commercial Fisheries and the Division of Sport Fish are completely separate, and who funds them.

MR. HEPLER answered that the funding sources are different, and he gave some examples.

CO-CHAIR SAMUELS said he hopes the Alaska Department of Fish & Game did a good job on its missions and measures because the House Finance budget subcommittees will review that.

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MATT ROBUS, Director, Division of Wildlife Conservation, Alaska Department of Fish & Game, informed the committees that the division has four regional offices, and he said that the backbone of the division is the area offices where staff conduct wildlife inventories, censuses, composition counts, and population status monitoring.

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MR. ROBUS reported that big game species like moose, caribou, deer, and bears receive the most public use and the greatest management and research attention from the division. In the last two years the division has "moved into the intensive management realm," implementing four wolf control programs, with a fifth one being added soon. He said it was a "substantial addition to our management program." The division also focuses on furbearers and other species taken for economic purposes. He briefly mentioned some of the division's statewide programs, such as hunter and wildlife education programs for the public, including firearm safety, ecology, and biology. He noted that the division also runs three shooting ranges, and it maintains a "small waterfowl program."

MR. ROBUS told the committees that the division also has a nongame assessment program which can help prevent endangered species listings. Such listings could negatively impact development activities and the ability to harvest other species.

MR. ROBUS discussed funding sources such as tags and other user fees, long-term grants under the federal Pitman-Robertson Act, a new annual grant program that primarily funds nongame projects, and special appropriations from Congress.

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SENATOR SEEKINS inquired if state wildlife grants and Pittman-Robertson come through matching-fund formulas, and if the state is getting the maximum federal dollars available.

MR. ROBUS answered that the programs do come through matching-fund formulas and that the state is receiving its maximum Pittman-Robertson dollars but not the maximum for state wildlife grants because those were difficult to match.

SENATOR SEEKINS asked how much is available in the state wildlife grants.

MR. ROBUS said about \$3 million.

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MR. ROBUS added that ADF&G has communicated with legislators about its fiscal challenges. He said the department has to "live from year to year" from hunting and fishing licensing monies. He opined that there are near and long-term negative impacts to the division's core programs. He stated a desire to see a license-fee increase bill to fund core wildlife management activities. In response to Senator Seekins, Mr. Robus said the division spends about three dollars for every dollar the state brings in for indoor shooting ranges. Outdoor ranges are cheaper, he noted. At present time, he said, the ranges need a \$600,000 expenditure.

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LANDA BAILY, Executive Director, Board of Game, Alaska Department of Fish & Game, reported that the Boards Support Section "does everything they can" to keep the public apprised of meetings and actions, adding that there is a website for the public.

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SENATOR SEEKINS asked if the Board Support Section is properly funded.

MS. BAILEY said it is operating on less than it was two years ago. She reported that the division is requesting a \$100,000 budget increase because it is not able to do everything, such as holding its meetings in smaller towns and villages.

SENATOR SEEKINS opined that the job is larger than "we are able to accomplish" with the current funding.

The committee took an at-ease from 2:13 to 2:15.

Department of Natural Resources

2:15:02 PM

TOM IRWIN, Commissioner, Department of Natural Resources (DNR), said he would present information to give an understanding of the department's responsibilities. He said DNR's mission is to develop, conserve, and maximize use of Alaska's natural resources, consistent with the public interest.

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COMMISSIONER IRWIN reported that DNR follows its missions and measures, and updates them quarterly. He characterized DNR as the "business arm of the state." He told the committee that DNR ensures resource development, planning, management, and new project approvals based on sound science, prudent management, and meaningful public involvement. He said DNR follows the principles of resource sustainability and multiple-use management.

COMMISSIONER IRWIN maintained that businesses come to Alaska for high investment return, cash flow, and security. He quoted the "Wall Street Journal" as follows: "Government is a key part of society and vital to all of us, but it makes no money on its own. Successful businesses are the engine of a healthy economy, and government is a support for that engine." Commissioner Irwin believes resource development is the economic engine of Alaska. "That is where our value is at," he said, and the state understands it has a vital role in creating a positive business environment by providing certainty and reliability, reducing delays, and eliminating unnecessary standards.

COMMISSIONER IRWIN said that the Alaska Coastal Management Program (ACMP) was moved to DNR to streamline the process of permit development in coastal Alaska and make it more objective. He complimented his staff on their hard work. He pointed out that DNR took on habitat management duties from the Alaska Department of Fish & Game, and last year the office operated with 18 percent less staff and an 11 percent lower budget but still exceeded its targets. He said that more than 99 percent of the applications for Title 41 permits were approved.

Commissioner Irwin said he did not hear one elevation, and "the sky didn't fall" when ADF&G's Division of Habitat was moved to DNR.

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COMMISSIONER IRWIN discussed initiatives, and added that DNR has a new approach to expedite large mine permits. He gave an example of a company coming to Alaska that was able to drill a well within a year of its lease purchase.

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COMMISSIONER IRWIN handed out an organizational flow chart for DNR, and pointed out what he thought were key issues. He said, "Parks could take a whole session." Alaska has 4 million visitors to its parks. Alaskans comprise 80 percent of the visitation. "Our goal is to keep [the parks] open," he said. Agriculture will have a new director. He said significant issues include mad cow disease in Canada, problems with closing the border with Canada, milk prices, and others. He turned to oil and gas and highlighted what he saw as major issues: Alaska has significant gas reserves and an opportunity to build a gas line. He related his belief that operations have to be managed well and "as a business." With the Department of Revenue, DNR developed a complex economic model to analyze the gas line.

COMMISSIONER IRWIN opined that another key issue is TransCanada's application for a gas line right-of-way to the border. He said that the public commented on a draft lease produced by DNR, and that comments were generally supportive of a gas line. Comments focused on Native hire, community access to the gas, and disturbance to wildlife.

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COMMISSIONER IRWIN reported that DNR's Division of Oil and Gas conducted fieldwork on the Alaska Peninsula with encouraging results. DNR is moving forward on an oil and gas lease sale there.

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COMMISSIONER IRWIN informed the committees that DNR was able to open the coastal plain three week earlier than usual, giving producers 20 percent more time in the field. The department also worked with Conoco-Phillips Alaska, Inc. to pre-pack ice

roads in advance of the "tundra opening," giving them more time to build roads. He said "this type of innovation between state and business" can help move forward the state's business of developing its gas.

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COMMISSIONER IRWIN stated that current large mines in Alaska include Red Dog, Greens Creek, Usabelli, Fort Knox, and True North mines. The Pogo project is under construction, and there is headway in other potential large mines. He said that Alaska mineral exploration is increasing because the price of ore is up and the state's business environment is better. Last fiscal year over 4,300 new state mining claims were located. Since July 1, another 2,500 claims were located. The total staked in 15 months was 880,000 acres, he said.

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COMMISSIONER IRWIN discussed the Northern Alaska Environmental Center's (NAEC) appeal of mining activity at the Pogo mine. He said government and businesses cooperated to convince NAEC to withdraw its appeal. "If there is any doubt that responsible resource development is welcome in Alaska, then that doubt should have been totally removed," he said.

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COMMISSIONER IRWIN moved on to Alaskan timber issues. He opined that the Tongass National Forest should be "responsibly open." Although the state does not control this issue, he thinks the state can push it. "I think it is a travesty when you have a renewable resource...let it get old, get infested, rot, have huge fire potential, and never get the real value out of it," he remarked.

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COMMISSIONER IRWIN said that the state has a priority in transferring state lands to private ownership. In fiscal year 2004, revenue for land sales was over \$7 million, the highest in 15 years. He stated that DNR has a target of moving 500,000 acres of state land to municipalities in 2005.

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COMMISSIONER IRWIN reported that DNR has filed 13 applications for recordable disclaimers with the federal Bureau of Land Management (BLM). The applications cover 31 water bodies, and BLM has issued disclaimers for three of the applications. Commissioner Irwin said that these are the first three recordable disclaimers in the nation, which he believes establishes a pattern. Alaska is "establishing our rights," he remarked. The department was "less successful" with Revised Statute 2477, and DNR is working with the Attorney General's office on lawsuits "to establish state's rights."

COMMISSIONER IRWIN reported that 6.4 million acres burned in Alaska in 2004. There were over 3,000 firefighters working in Alaska, and there were no serious injuries to report. But not everything went right, said Commissioner Irwin, and he suggested that the legislature have discussions on fire, and he recommended reading "FIRE IN ALASKA, A HISTORY OF ORGANIZED FIRE SUPPRESSION IN THE LAST FRONTIER."

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COMMISSIONER IRWIN acknowledged that fires are going to burn, pointing out that Alaska had a record 12,000 lightning strikes in one day last year. He stated his belief that some fires should be left to burn and some need to be suppressed. He noted that increasing numbers of homes and development expand the critical response areas, which are costly to protect from fire. He warned that the Anchorage Bowl and the Kenai "could have California-type fires." He mentioned a "fire-wise" program.

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CO-CHAIR RAMRAS thanked Commissioner Irwin for getting the Pogo mine back going.

The committee took an at-ease from 2:52 p.m. to 3:00 p.m.

ADJOURNMENT

There being no further business before the committee, the Joint meeting of the House Resources Standing Committee and the Senate Resources Standing Committee was adjourned at [3:00:15 PM](#). A lesson on natural gas following this meeting was not recorded.