

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE
February 22, 2007
3:35 p.m.

MEMBERS PRESENT

SENATE COMMUNITY AND REGIONAL AFFAIRS

Senator Donny Olson, Chair
Senator Joe Thomas
Senator Thomas Wagoner

HOUSE COMMUNITY AND REGIONAL AFFAIRS

Representative Gabrielle LeDoux, Co-Chair
Representative Sharon Cissna
Representative Woody Salmon
Representative Mark Neuman

MEMBERS ABSENT

SENATE COMMUNITY AND REGIONAL AFFAIRS

Senator Albert Kookesh, Vice Chair
Senator Gary Stevens

HOUSE COMMUNITY AND REGIONAL AFFAIRS

Representative Anna Fairclough, Co-Chair
Representative Kurt Olson
Representative Nancy Dahlstrom

COMMITTEE CALENDAR

Confirmation Hearing:
Department of Commerce, Community & Economic Development
Emil Notti - Commissioner
CONFIRMATION ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to report

WITNESS REGISTER

EMIL NOTTI, Commissioner Designee
Department of Commerce, Community & Economic Development
Juneau, AK

POSITION STATEMENT: Spoke to his confirmation.

ACTION NARRATIVE

CHAIR DONNY OLSON called the Senate Community and Regional Affairs Standing Committee meeting to order at [3:35:58 PM](#). Representatives Cissna, Salmon, Neuman, and LeDoux, and Senators Kookesh, Thomas, Wagoner, and Olson were present at the call to order.

Confirmation Hearing, Commissioner, Department of Commerce,
Community & Economic Development

CHAIR OLSON announced that the first order of business would be the confirmation hearing for Emil Notti for Commissioner of Department of Commerce, Community & Economic Development.

[3:36:50 PM](#)

EMIL NOTTI, Commissioner Designee, Department of Commerce, Community & Economic Development (DCCED), said DCCED has three elements: commerce, local government support, and the independent agencies like railroad, housing and the Alaska Seafood Marketing Institute (ASMI). Commissioner Notti grew up on the Yukon River until he went to a boarding school at the age of 11. He spent four years in the Navy and then went to college and received degrees in aeronautical and electrical engineering. He wrote the first letter in 1966 calling for a state-wide meeting of Native people regarding the Alaska land problem. The AFN [Alaska Federation of Natives] was formed to pursue land claims; he was its first president. He was president of Doyon, and he has served three governors; "I was Deputy Commissioner under [Bill] Egan, Commissioner under Bill Sheffield, and now Commissioner under Governor Palin."

[3:39:52 PM](#)

CHAIR OLSON said it is impressive that he went to boarding school and got two engineering degrees. He asked about his honorary doctorate and his state positions.

COMMISSIONER NOTTI said his honorary doctorate is in humanities. He said, "I was Deputy Commissioner of Health and Social Services for Bill Egan. Under Bill Sheffield I started as legislative liaison. During a short period - the last three weeks of the legislature I was acting Chief of Staff where we

put the budget together between the three interests: the governor's office and the two bodies of the legislature. And then under Governor Palin, I am the commissioner of commerce."

SENATOR WAGONER asked if there were any major problems in DCCED or anything that the commissioner would like to revise.

[3:41:35 PM](#)

COMMISSIONER NOTTI replied that there are no major problems, but there is always room for improvement. He said the DCCED is "cleaning up some things that were left behind." He said that new positions had been created that put the department in a deficit position. "We're moving to stop the deficit and move on. I think we have identified the money and made some changes and reductions in staff to where we'll be OK."

[3:42:19 PM](#)

REPRESENTATIVE NEUMAN asked if Commissioner Notti had any compelling reasons for becoming the commissioner of DCCED.

COMMISSIONER NOTTI said he found that it is challenging and he is enjoying it. There are many issues that require him to deal with a lot of people.

REPRESENTATIVE NEUMAN asked why he took the position.

COMMISSIONER NOTTI said he never approached anyone and when the opportunity came, he decided to do it.

[3:43:46 PM](#)

CO-CHAIR LEDOUX asked if he had any particular vision for the DCCED.

COMMISSIONER NOTTI responded that the department's job is to promote the economy of the state. He didn't have a particular vision, but he knows the population is going to grow and it is his responsibility to steer the development in a responsible way. The department has many proposals for mining and other projects that keeps the staff very busy.

REPRESENTATIVE SALMON asked how he felt about the mandatory borough issue.

COMMISSIONER NOTTI replied that as commissioner, he is forbidden from trying to influence the Local Boundary Commission, but he promised he would do what he could to encourage people to incorporate.

3:46:53 PM

REPRESENTATIVE CISSNA said she has been briefed on the difficulties the small rural communities in Alaska have to just survive. At least a portion of the existing department has had community services to the rural communities. She asked if the legislature asked the department for information on how the legislature could help those communities, could it give them a summary of ways to improve departmental functioning.

3:48:21 PM

COMMISSIONER NOTTI replied if he was requested the department could provide information on how to help the communities.

SENATOR WAGONER asked what his involvement will be in a gas pipeline.

3:49:04 PM

COMMISSIONER NOTTI replied that he is not involved with the gas pipeline. The department does not have taxing, right-of-way, or permitting authorities. But he could see getting involved on local issues as they come up.

3:49:43 PM

SENATOR WAGONER said he thought the commissioner would have a very active part that would be important to the State of Alaska. The North Slope has a lot of gas liquids and one of the primary economic drivers in his district is the petrochemical industry. He thought it would behoove the state to look at some method to encourage companies to manufacture products with those liquids and "hold those liquids for at least the first cut here in the State of Alaska." He has been told that it would take 600 full-time employees to operate and maintain an 80,000-barrel/day ethanol plant; it would probably take about an additional 300 employees for contracts, turnarounds and maintenance. He asked if Commissioner Notti could have some effect on the state studying that type of a situation for instate economic development.

3:50:53 PM

COMMISSIONER NOTTI replied the charge of the department is to encourage economic development and it could look for interested parties and encourage them to come to Alaska. He could emphasize Alaska's stable business environment.

CO-CHAIR LEDOUX said her district has a number of communities in which the population is less than 100 people and they function

pretty well right now with the tribal council form of government. She asked if he would be encouraging communities with less than a certain number of people to form an extra layer of government.

[3:52:11 PM](#)

COMMISSIONER NOTTI responded that he had just looked over the list of the incorporated communities and unincorporated communities and the smallest incorporated community he saw had 41 people. He thought they viewed incorporation as an advantage because of the amount of money they get to provide the services that the state also requires them to get when they become incorporated.

CO-CHAIR LEDOUX asked if a community of 50 people was provided funding from another entity for the same kind of state services, why would the state want to encourage it to elect a mayor and city council. Why add that extra layer of government for those smaller communities?

[3:53:52 PM](#)

COMMISSIONER NOTTI replied that he didn't believe the small communities provide those services and the big incentive would be to get state money to provide them.

CO-CHAIR LEDOUX asked if he didn't believe that any of the unincorporated communities provide services through tribal counsel government.

COMMISSIONER NOTTI replied that they provide some services, but those are usually through federal grants and non-profit corporations and include early childhood education, health care and travel to get medical assistance. He said the Village Public Safety Program (VPSO) which is funded by the state sometimes contracts with a non-profit - and maybe a village counsel - to supervise to some minor extent. The real professional supervision comes from the State Troopers.

[3:55:34 PM](#)

REPRESENTATIVE NEUMAN referenced Mr. Notti's biography that said "Before the pipeline, Alaska villages had 80 percent unemployment and it is still that number today." He asked him to share his ideas on how he would grow Alaska economically.

[3:56:09 PM](#)

COMMISSIONER NOTTI replied that unemployment should be a concern of the state because unemployed people are usually on welfare

and are provided government assistance and subsidies. There is a lot of domestic violence and the state provides alcoholism counseling. In short, the state spends a lot of money on people who are unemployed. He thought the state would be much better off by focusing on providing vocational training and encouraging local employment rather than importing skilled labor.

[3:57:24 PM](#)

REPRESENTATIVE NEUMAN asked if he had any specific ideas for developing economic growth and resource development.

COMMISSIONER NOTTI replied that he did not have any specific ideas.

CHAIR OLSON asked what kind of influence he has over whether the VPSO program that is administered under the Department of Public Safety (DPS) gets reenergized.

COMMISSIONER NOTTI replied that there are a number of improvements that can be made to the program. One of its problems is high turnover because of low pay and no retirement benefits. Members go into dangerous situations unarmed and with no back up and in many cases beyond communications. While this was not his responsibility, he thought there were a number of ways that that could be improved, but not through his department.

[3:59:42 PM](#)

SENATOR THOMAS agreed that certain expectations about developing every corner of the state may be unrealistic. But he thought it important for the DCCED to be involved in the discussions around the gasline project. He sees far more potential with the gas industry in the State of Alaska than with the oil industry. He hoped that Commissioner Notti would be included in the project and one benefit for small areas would be to employ people so they can come back to their communities and spread the money within it.

[4:01:29 PM](#)

COMMISSIONER NOTTI said he doesn't know if he will be involved in those discussions, but he has a great interest in the issue. He said there is a lot of concern about the high cost of fuel, and he doesn't see any way to reduce that cost. But if the people were working, they could better pay those costs and this would relieve the state from having to subsidize them.

CHAIR OLSON said he thought one of the most important things that could be done immediately was to suspend the state's tax on fuel while it has a surplus.

4:03:05 PM

REPRESENTATIVE SALMON said the state has a lot of resources like the Pebble Mine and he asked what the department's plan was to develop some of those resources - such as roads and waterways to make development easier.

4:03:52 PM

COMMISSIONER NOTTI replied that transportation and communications are two big items. They could encourage the companies that want to develop by having a stable tax climate because they can't do long term planning without it. Incorporation would help that.

He said one way to avoid taxing is payment in lieu of tax, which is working well for the Red Dog Mine. It has a contract with the Borough to pay it a certain amount for government services.

CHAIR OLSON said for a long time the sales tax has been the domain of local governments and he asked what he thought about using a statewide sales tax to close the budget gap as the oil going down the pipeline declines.

4:05:51 PM

COMMISSIONER NOTTI said he has not discussed a statewide property tax, but if the legislature proposed it, he would develop a position on it.

REPRESENTATIVE NEUMAN said Galena has talked about nuclear plants for electrical generation and asked what he thought about that.

COMMISSIONER NOTTI replied that the last he heard about the Galena operation was that it was an experiment to prove the concept of low cost energy in remote places. And the company was still looking for state support. Other means of generating electrical energy are all very expensive to put in place. The millions that are being spent now in communities on wind power take up only 10 to 20 percent of the need.

4:07:39 PM

REPRESENTATIVE NEUMAN said today Senator Lisa Murkowski spoke about how the federal government is looking more at nuclear

power for power generation and he asked if that was a possibility in Alaska and if he would support it.

COMMISSIONER NOTTI replied that a foreign company is looking at that and he would not encourage the state to invest in that program.

CHAIR OLSON asked besides it being a foreign investment, what other reasons he had for discouraging it.

COMMISSIONER NOTTI replied that there would have to be a return for the state somewhere down the line, which he appeared to be skeptical of finding.

REPRESENTATIVE SALMON asked if there are any plans to revive the Department of Community And Regional Affairs.

[4:09:24 PM](#)

COMMISSIONER NOTTI replied that both AML and AFN endorsed breaking out the local government portion, but he had heard of no talk lately. His plan is to have separate deputy commissioners for economic development and rural issues.

[4:10:11 PM](#)

CHAIR OLSON said a number of municipal revenue sharing proposals have been put forth trying to keep rural communities alive and he asked which one Commissioner Notti preferred.

[4:11:32 PM](#)

COMMISSIONER NOTTI replied that communities are looking for a predictable income stream; right now it is year by year. The department has not suggested any plan, but he could give it some thought and come back with some ideas.

CHAIR OLSON said that would help. His community wants to tap into those years of experience and not have to reinvent the wheel.

[4:13:23 PM](#)

CHAIR OLSON asked if there is anything the commissioner wanted to present anything to the committee that hadn't been mentioned.

COMMISSIONER NOTTI replied that he had covered the department's responsibilities and he restated that he has no grand scheme except to provide the best operating department that he can. This means keeping the work load down on backlogs for licensing and insurance claims, and getting the grants that come through

the department out in as short a time as possible - to run the department as efficiently as possible with the people it has now.

[4:14:33 PM](#)

CHAIR OLSON asked for a vote to forward Commissioner Notti's name to the full body. Senators Thomas, Wagoner and Olson voted yea; Representatives Cissna, Salmon, Neuman, and LeDoux voted yea; and the motion carried.

There being no further business to come before the committee, Chair Olson adjourned the meeting at [4:16:04 PM](#).