

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

Anchorage, Alaska

July 17, 2008

4:00 p.m.

MEMBERS PRESENT

Representative Anna Fairclough, Co-Chair
Representative Gabrielle LeDoux, Co-Chair
Representative Nancy Dahlstrom
Representative Mark Neuman
Representative Kurt Olson
Representative Sharon Cissna
Representative Woodie Salmon

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Bryce Edgmon (via teleconference)
Representative Scott Kawasaki (via teleconference)
Representative Peggy Wilson (via teleconference)
Senator Joe Thomas (via teleconference)
Senator Thomas Wagoner

COMMITTEE CALENDAR

HOUSE BILL NO. 4002

"An Act establishing the Alaska resource rebate program and relating to the program; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 4003

"An Act making supplemental appropriations to the Alaska Energy Authority for power cost equalization; making special appropriations to the Department of Revenue and to the Department of Health and Social Services for the Alaska resource rebate program; making a special appropriation to the Department of Revenue for the payment of certain shared taxes relating to aviation fuel; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB4002

SHORT TITLE: RESOURCE REBATE PROGRAM FOR RESIDENTS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

07/09/08	(H)	READ THE FIRST TIME - REFERRALS
07/09/08	(H)	CRA, FIN
07/11/08	(H)	CRA AT 8:00 AM BARNES 124
07/11/08	(H)	Heard & Held
07/11/08	(H)	MINUTE(CRA)
07/15/08	(H)	CRA AT 8:00 AM BARNES 124
07/15/08	(H)	Heard & Held
07/15/08	(H)	MINUTE(CRA)
07/17/08	(H)	CRA AT 4:00 PM Anch LIO Conf Rm

BILL: HB4003

SHORT TITLE: APPROP: ENERGY RELIEF/REBATE/FUEL TAX

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

07/09/08	(H)	READ THE FIRST TIME - REFERRALS
07/09/08	(H)	CRA, FIN
07/11/08	(H)	CRA AT 8:00 AM BARNES 124
07/11/08	(H)	Heard & Held
07/11/08	(H)	MINUTE(CRA)
07/15/08	(H)	CRA AT 8:00 AM BARNES 124
07/15/08	(H)	Heard & Held
07/15/08	(H)	MINUTE(CRA)
07/17/08	(H)	CRA AT 4:00 PM Anch LIO Conf Rm

WITNESS REGISTER

INEZ WEBB

Anchorage, Alaska

POSITION STATEMENT: Representing self, testified in support HB 4002 and HB 4003.

APRIL FERGUSON

Acting Chief Operating Officer

Bristol Bay Native Corporation (BBNC)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 4002 and HB 4003.

ANDREA VEATCH

Anchorage, Alaska

POSITION STATEMENT: Representing self, testified in opposition of HB 4002 and HB 4003.

DARYL NELSON
Chugiak, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

BONNIE NELSON
Chugiak, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

PAUL D. KENDALL
Anchorage, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

MARGARETT MANOUSOFF
Anchorage, Alaska

POSITION STATEMENT: Representing Alaska Conservation Solutions, testified on HB 4002 and HB 4003.

MARYANNE PEASE
MAP Consulting
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 4002 and HB 4003.

RAY WARD
Anchorage, Alaska

POSITION STATEMENT: Representing self, testified in support of HB 4002 and HB 4003.

JODI KAREZ
Anchorage, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

SARA SCANLAN, Deputy Director
Rural CAP Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 4002 and HB 4003.

SALLY SPIEKER
Anchorage, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

PATRICK LUBY, Advocacy Director
AARP

Anchorage, Alaska

POSITION STATEMENT: Testified on HB 4002 and HB 4003.

DIANE HOLMES

Anchorage, Alaska

Representing self

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

TOM KAKOSH

Anchorage, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

JEFF STEVEN

United Fisherman's Marketing Association (UFMA)

Kodiak, Alaska

Anchorage, Alaska

POSITION STATEMENT: Representing self and the UFMA, testified in support of HB 4002 and HB 4003.

ROCHELLE VAN DEN BROEK

Executive Director

Cordova District Fishermen United

Cordova, Alaska

POSITION STATEMENT: Representing self and CDFU, testified in support HB 4002 and HB 4003.

DEBORAH TEMMERMAN

Cordova, Alaska

Representing self

POSITION STATEMENT: Representing self, testified in support of HB 4002 and HB 4003.

KEITH VAN DEN BROEK

Cordova, Alaska

POSITION STATEMENT: Representing self, testified in support of HB 4002 and HB 4003.

GARY HAY

Tok, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

SHEILA HOWE
Anchorage Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

GARY HART
Nome, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

BARBARA MADISON
Ambler, Alaska

POSITION STATEMENT: Representing self, testified in support HB 4002 and HB 4003.

GEORGE GUY
Alaska

POSITION STATEMENT: Representing self, testified in support HB 4002 and HB 4003.

ALVERN CLEVELAND
Noorvik, Alaska

POSITION STATEMENT: Representing self and the City of Noorvik testified on HB 4002 and HB 4003.

JAMES HOTAI
Valdez, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

JAMES FLOYD
Tok, Alaska

POSITION STATEMENT: Representing self, testified on HB 4002 and HB 4003.

ACTION NARRATIVE

CO-CHAIR GABRIELLE LeDOUX called the House Community and Regional Affairs Standing Committee meeting to order at [4:00:24 PM](#). Representatives Salmon, Dahlstrom, Neuman, Olson, LeDoux, and Fairclough were present at the call to order. Representative Cissna arrived as the meeting was in progress.

Representatives Edgmon, Kawasaki, and Wilson and Senators Wagoner and Thomas (via teleconference) were also in attendance.

HB4002-RESOURCE REBATE PROGRAM FOR RESIDENTS
HB4003-APPROP: ENERGY RELIEF/REBATE/FUEL TAX

[4:00:35 PM](#)

CO-CHAIR LeDOUX announced that the only order of business would be a hearing on two bills: HOUSE BILL NO. 4002, "An Act establishing the Alaska resource rebate program and relating to the program; and providing for an effective date."; and HOUSE BILL NO. 4003, "An Act making supplemental appropriations to the Alaska Energy Authority for power cost equalization; making special appropriations to the Department of Revenue and to the Department of Health and Social Services for the Alaska resource rebate program; making a special appropriation to the Department of Revenue for the payment of certain shared taxes relating to aviation fuel; and providing for an effective date."

[4:01:26 PM](#)

INEZ WEBB stated that everyone is aware of the devastation to the economy from increased oil prices and "feel it in the pocketbooks" no matter what residence. She explained that she was born and raised in Dillingham as were her parents and grandmothers. She offered that she is fortunate to have a "decent job" and to live in Anchorage where energy costs are still reasonable. However, the same cannot be said for her relatives in rural Alaska who experience astronomical cost of living expenses, she stated. She opined that while many factors contribute to the high cost of living, transportation costs are the key. She offered that consumer products must be barged in or flown in and account for the cost of milk at \$8 per gallon, cereal at \$7.50, ice cream at \$9 for one-half gallon, and that a small package of diapers costs \$30. Furthermore, fuel costs are high with gas prices at \$6.23 per gallon last week. She also noted that Dillingham is a hub community and that surrounding villages experience much higher costs.

MS. WEBB related that she uses every means possible to assist her family by purchasing goods in Anchorage and transporting them to Dillingham using "snail mail," or urging colleagues to take an extra piece of luggage when traveling to Dillingham. Although this helps, it is not enough, she said. She expressed concern that her family is at risk. She offered that HB 4002 and HB 4003 will only provide a short-term fix for a nationwide

problem; the bills will help Alaskan families survive the long winter. She characterized Alaska as one community and urged members to please provide funding for these bills. She thanked members for their consideration of HB 4002 and HB 4003 and for their dedication and service to Alaskans.

4:04:18 PM

APRIL FERGUSON, Acting Chief Operating Officer, Bristol Bay Native Corporation (BBNC), offered her belief that no other issue is as important or as critical as energy. She commended the legislature's proactive stance to address this issue prior to this coming winter. She offered that all communities in Alaska have been affected by the increased cost of fuel, particularly the majority of the communities in the state that are "off the road system." She opined that these communities are seriously challenged to maintain infrastructure and their community members during the winter months. She characterized the energy issue as a "state of emergency" in Alaska. She thanked legislators for bringing this issue before the legislature and the public at large. She further opined that if solutions are not immediately forthcoming to reduce home heating fuel costs, it will be necessary to airlift emergency shipments into small communities at an enormous cost to the state. She offered that HB 4002 and HB 4003 are bills that recognize that an "economic train wreck" is coming and will help Alaskans. She offered her belief that everyone agrees that no one solution exists for Alaska's energy problems since Alaska is the largest and most geographically diverse state in the United States. Thus, Alaska's transportation corridors and infrastructure are unique and underdeveloped. She stated that delivering fuel in a timely and economical fashion requires a massive and cumbersome distribution network.

MS. FERGUSON said:

The fact is our state has become diesel dependent. I spoke to a resident of South Naknek yesterday and he told me that 40 years ago every household had a wind charger and a set of battery banks. Then, diesel came along and everything changed. So change is coming and we are willing to change. All the communities in Bristol Bay are preparing for a lean winter. The magnitude and speed of this change, however, is unprecedented. I'm asking the legislature to come together on this issue and reach out and grab their neighbors by the hand. We have to help each other and

we have to do it quickly. The dramatic increases in oil prices over the past two years could not have been predicted. Recent studies by the University of Alaska in 2007 show that some households are paying as much as 47 percent of their income for home energy costs and that was last year. What do we expect them to do this winter? And where do we think the prices are going to go? We have no idea.

MS. FERGUSON continued. She opined that the dramatic increase in oil prices over the past two years have had a devastating economic effect on all Alaskans. However, state revenues are increasing due to oil prices. She asked legislators to use Alaska's natural resources to address the immediate energy needs of its citizens and establish long-term plans to reduce dependence on fossil fuels. Additionally, rising energy costs have had a debilitating effect on small businesses, schools, water and waste facilities, airports, ports, ferry systems, processors and fishermen, she stated. She urged the legislature to investment and maintain infrastructure across the state. She opined that it takes community to "take care of our own."

MS. FERGUSON further stated that the BBNC strongly supports HB 4002 and HB 4003. She opined that the \$1,200 rebate and the provisions protects low-income citizens and represents good public policy during a time of economic conditions and state revenue surplus. The supplemental appropriations will cover funding shortfalls for the Power Cost Equalization program (PCE), which is essential to offset the effect of higher fuel costs on electric power in all "off road" areas of the state. Furthermore, the BBNC supports consideration of developing a "life line" by supplying family fuel payments to ensure that adequate supplies of heating fuel are affordable for all households, perhaps "along the lines of the PCE program." Additionally, the BBNC respectfully requests consideration for increases to PCE that would recognize the dramatic effect higher oil prices have on electricity costs in areas dependent on diesel fuel. She suggested that the 52 percent per kilowatt hour (kWh) in the payment calculation be indexed to fluctuations in the average ANS West Coast oil price. She highlighted that the average fiscal year 2007 price of oil is \$61.63 per barrel as reported by the Alaska Department of Revenue (DOR). She maintained that the legislature must develop a long-term energy strategy. Finally, she offered that the BBNC also supports the Alaska Federation of Natives' (AFN) resolution that would establish the basics for a long-term energy policy and would provide for the equalization of energy costs for all Alaskans

while providing significant funding for long-term development of alternative energy resources and conservation measures. She thanked members and emphasized that action taken now will save "money, embarrassment, and heartache later." She concluded by stating, "Imagine, if you will, a headline that will advertise that Alaskan communities fragmenting, in migration, infrastructure failing, in a state with a multi-billion dollar surplus. It doesn't make sense."

[4:11:07 PM](#)

CO-CHAIR FAIRCLOUGH inquired as to how Dillingham is preparing for the upcoming winter. She recalled testimony in Barrow that some communities were still using oil or diesel that was purchased under last year's shipment. She further recalled that communities were anticipating dramatic increases in fuel costs when communities would use this summer's bulk fuel at higher prices.

MS. FERGUSON agreed that the situation is very much the same in Dillingham. She offered that the community and many agencies currently are attempting to address fuel costs through discussions with distributors and reviewing the tank situation. She noted that the BBNC is working to develop a policy paper on issues such as the bulk fuel storage, but that it takes time to reach consensus.

CO-CHAIR FAIRCLOUGH recalled testimony that indicated that enough funding was invested in the loan guarantee program. She inquired as to whether other members recalled this and opined that it was not necessary to address increased funding for the bulk fuel loan guarantee program during the special session.

[4:13:34 PM](#)

REPRESENTATIVE NEUMAN offered his understanding that the BBNC has been "doing fairly well." He inquired as to whether the BBNC is offering any cash contributions to its members to assist them with energy costs.

MS. FERGUSON clarified that she is speaking on behalf of the BBNC, which is a "for-profit" corporation. She explained that the BBNC issues dividends on a quarterly basis. She noted about 40 percent of the BBNC's shareholders reside in the region. She further clarified that she is not speaking only about the BBNC's shareholders, but is speaking on behalf of all Alaskans in all

areas of the state. She maintained that rural Alaskans in "off road" communities are in grave danger.

REPRESENTATIVE NEUMAN inquired as to any of BBNC's internal programs to reduce energy costs such as providing investments in alternatives means of power such as solar power or wind power to reduce energy costs.

MS. FERGUSON offered her belief that all of the rural communities are interested in alternative energy solutions. She explained that funding for programs such as weatherization will be available for residents throughout the state and opined that the BBNC will certainly make use of energy programs. She said, "I would make a pitch for 'regional power authority' to enable remote areas of the state access to some of the funds." She spoke in favor of allocating funds for alternative energy fuels currently being considered by the legislature. In further response to Representative Neuman, Ms. Ferguson answered that BBNC is a for-profit corporation that would be interested in investing in alternative energy sources. She related her understanding that Representative Neuman's question is whether BBNC is purchasing wind energy programs for residents. She opined that residents in the region are exploring as many alternative energy sources as possible. She noted that in a recent visit she observed alternative energy "springing up" in Dillingham such as use of external wood boiler stoves that reduce dependence on diesel to zero. However, she noted that limited wood supplies are available in the region.

[4:18:11 PM](#)

REPRESENTATIVE OLSON asked how many bulk fuel dealers operate in Dillingham and about fuel prices.

MS. FERGUSON stated that she thought there were two dealers and home heating fuel costs are currently set at \$5.60 per gallon. However, she pointed out that the community is still utilizing fuel bought at a cheaper rate. She, noting that she is not an expert in this area, offered her belief that fuel prices will reach \$8.00-\$8.50 per gallon.

REPRESENTATIVE SALMON related his understanding of the issues in the Dillingham area. He noted that in his legislative district the current fuel cost in one village has already reached \$8 per gallon. He offered that 150 gallons of heating fuel costs \$1,200. He expressed concern about the impact on rural residents facing winter temperatures of 60 degrees below zero.

He highlighted that HB 4002 will provide relief for only this year. He predicted that the cost of fuel issues will continue. He inquired as to whether Ms. Ferguson could offer any long-range solutions.

MS. FERGUSON surmised that the whole state is "grappling" for solutions. She acknowledged that a \$1,200 fuel rebate would be "a drop in the bucket." She urged the legislature to take immediate action, followed by seeking long-term solutions for fuel costs. She opined that the cost of fuel is a statewide issue that she does not want to turn into an urban-rural discussion.

[4:21:59 PM](#)

REPRESENTATIVE CISSNA suggested that the committee should be briefed on the rural funding mechanisms to better understand rural Alaskan issues. She asked whether Ms. Ferguson could comment.

MS. FERGUSON stated that many experts will provide assistance to help the BBNC develop policy papers to ensure that the legislature has enough information during its deliberations. She maintained the far reaching implications of fuel costs on businesses, schools, stores, and wastewater facilities. She expressed concern that communities need to have sufficient fuel to support the infrastructure or the communities will die. She pointed out that mining and fishing in rural Alaska helps support the economies in urban communities such as Anchorage and Fairbanks. She surmised that it will be difficult to continue with resource development in Alaska without maintaining sufficient infrastructure and port facilities in the state.

CO-CHAIR FAIRCLOUGH reminded members that the issues before the committee are HB 4002 and HB 4003. She highlighted that while the issues raised are important, the committee should not consider those concepts at the expense of the legislation currently before it. She pointed out that the committee is scheduled to hear testimony from the Alaska Energy Authority (AEA) next week.

[4:26:11 PM](#)

REPRESENTATIVE CISSNA posited that an understanding of the dynamics of some of the community and regional affairs issues will also provide an understanding of the overall energy impact for individuals.

CO-CHAIR FAIRCLOUGH noted that Mr. Steve Haagenson, Executive Director, AEA, has prepared a district-cost factor analysis by region, which was recently presented to the Alaska State Chamber of Commerce. She surmised that a rough draft of the analysis would soon be available for the committee to consider.

[4:27:09 PM](#)

ANDREA VEATCH stated that she opposes "the possible indiscriminate squandering of \$1.2 billion dollars." She offered her support for "targeting needs and providing assistance," but she said that she did not think that all needs are equal. She recalled when President Bush decided to send everyone in the United States a check, but a few months later [the terrorist attacks of September 11, 2001] occurred. She opined that the aforementioned scenario illustrates that no one can predict what lies ahead. She spoke in favor of "targeting" needs not only for energy, but for public safety. She expressed concern over the budget reductions to the Department of Public Safety's (DPS) budget, which are small compared to the proposed energy rebates. She noted that Alaska has the highest incidence of rape in the nation. She suggested that the energy rebate funds under consideration could better be used to address public safety issues. She reiterated that her point is that some functions only government can address and that the legislature must determine how to "handle the public problems" such as providing adequate law enforcement for citizens. She maintained her concern that the state needs to address problems such as the high incidence of rape.

MS. VEATCH recalled editorials that addressed issues such as rape, murder, and food banks, regardless of the resident's location. She expressed concern that the [resource rebate] would be issued to all Alaskans and not based on need. She opined that the current proposal needs to be "well-thought out," targeted to those who need relief, and limited to "arenas that only government can serve.

REPRESENTATIVE SALMON inquired as to whether she could offer any solutions since she is opposing the \$1,200 proposed resource rebate program.

MS. VEATCH answered that the needs in rural communities are "dire" and "real" and that the legislature should help them. However, she characterized providing \$1,200 to all residents in Anchorage regardless of their circumstances as ridiculous.

4:31:56 PM

DARYL NELSON stated that the proposed \$1,200 rebate will not solve the problem or even "scratch the surface." He suggested that the state should invest in its own oil wealth and hire its own producers. He pointed out that in Venezuela gas costs approximately \$.30 per gallon since the country owns the wells and the producers do not receive "a big profit." He urged legislators to consider three things: one, to ensure that health care is a right for all Alaskans; secondly, the state should invest in its own oil wells, and, thirdly, the state should invest in mass transit solutions for the entire state.

4:35:51 PM

BONNIE NELSON agreed with the comments of Mr. Daryl Nelson. She opined that the state is in a statewide emergency situation and the \$1,200 rebate being considered does not represent the best management of the state's resources. She surmised that with citizen involvement at the local level government can perform well. She offered her belief that government should be held accountable and should provide public safety, transit, and medical care first. She opined that local government should be empowered to re-direct state and federal funds that are collected from its citizens. She favored distributing rebate funds to local government such as the Matanuska-Susitna Borough, rather than to individuals. She opined that rural communities are affected most and should obtain the greatest share. She wondered if this program is being considered since it "looks good" and may "get votes." She suggested that instead, the funding should be used for investments. With regard to the Alaska Gasline Inducement Act (AGIA) process, she said she does not trust the producers and offered that she agrees with former Governor Hickel that Alaska is an owner state. She opined that Port MacKenzie is a better location than Valdez [for the terminus of an in-state gas line.] She thanked legislators and Governor Palin for their work.

4:40:23 PM

REPRESENTATIVE NEUMAN offered his understanding that the Nelsons are stating that it is better to take the \$1,200 and re-invest it in the state to assist the communities as a whole.

MS. NELSON concurred, adding her preference for state revenue sharing rather than distributions to individuals.

[4:41:22 PM](#)

PAUL D. KENDALL directed attention to Popular Science magazine pictures of what he called "the house of the future," which he stated is an all-fuel cell based house. He then said that he has been involved in energy activism for a long time. He opined that Alaska doesn't have an energy problem since plenty of energy is available. Instead, he opined, what is lacking is "a leadership vision." He further opined that leadership could "command the wellhead and stop the plundering of our homes." He offered his belief that it is our homes that hold us together, allow us to be individuals, and to form societies. Absent societies, "free enterprise" could not exist.

MR. KENDALL characterized the current situation as "a perfect storm" heading Alaska's way. He said: "The one thing I think we have learned is this: we will never be a free people until we secure the energy." He offered to donate his \$1,200 to a collective cause that would ensure electrical generation - based on water, not on fossil fuels - for one village to enable that village to be "all electric" with "electric vehicles." He highlighted that the state has hydroelectric potential. He concluded by opining that one missing element in our "societies" is the "element of time" such that people could converse without having "a sense of urgency."

[4:47:12 PM](#)

MARGARETT MANOUSOFF stated that she wished to submit for the record some analytical papers that discuss the following three topics: why a resource rebate is not in the state's best interest; why motor fuel taxes should not be suspended; and alternative approaches to address Alaska's energy needs. She highlighted some of the most compelling reasons against the \$1,200 rebate, including that the resource rebate is not a viable solution since it will be politically impossible to end the rebate program so long as energy prices remain high. Since the rebates are subject to federal taxes, 10 to 35 percent of the rebate will be remitted to the federal government, she opined. Finally, the program is not targeted to those "most in need" nor does the program require that the resource rebate funds be spent on energy expenses. She noted that Alaskans will soon receive their permanent fund dividend (PFD) checks, which could be applied to energy expenditures, particularly given that the amount of the PFD is expected to increase and will arrive prior to winter. She opined that the distribution of two checks

- the PFD and the resource rebate - may result in undesirable social repercussions such as attracting people to the state who are only interested in the checks and are not interested in establishing residency. She further opined that the resource rebate would be negatively perceived in Washington, D.C., which could have serious consequences in terms of future federal funding for Alaska.

MS. MANOUSOFF opined that common resources should be invested for the common good and should be used for community projects rather than as a windfall to individual citizens. She stated that the Alaska Conservation Solutions believes better ways exist to address the critical problems of soaring energy costs. She referred to a document titled "Energy Relief Savings and Efficiency Plan," which provides suggestions for energy conservation and efficiencies that will benefit Alaskans both now and for decades to come.

MS. MANOUSOFF, with regard to the appropriation bill, noted that the governor has actively sought help. She opined that Alaska is at a "critical crossroads" and could implement a thoughtful and comprehensive strategy that would have immediate and long-term benefits, or it could simply apply "aspirin and band-aids" that will alleviate and mask symptoms, but do little to treat the disease. She stated that if the state simply subsidizes fossil fuel consumption by all Alaskans, it will increase our dependence on foreign supplies of oil, create inequities, fail to address the root causes of the problem, and establish a massive subsidy that will be nearly impossible to undo in the future. She offered that numerous responsible strategies exist that would provide immediate and long-term relief to high energy prices and reduce the state's demand on fossil fuel. She suggested that if the state is prepared to spend over \$800 million for resource rebates, it can use those funds to make "smart, equitable, long-lasting investments" that will benefit the state for years to come - to lower our carbon footprint, make Alaska a model for others, and provide critical relief for people throughout the state, particularly those most in need. In conclusion, she offered Alaska Conservation Solutions' commitment to assist in finding the best ways to address soaring energy costs in Alaska. She urged the committee to incorporate the proposals in the "Energy Relief Savings and Commitment Plan" into the dialogue as the committee works to address the energy issues that currently face Alaskans.

[4:53:12 PM](#)

MARYANNE PEASE, MAP Consulting, stated she is working to assist the BBNC on behalf of energy-related issues. She noted that as winter approaches, Alaskans are facing the economic prospect of unprecedented costs for energy, particularly for heating their homes and businesses. She related that she attended a recent energy summit in Dillingham in which local villages discussed the impending crisis. She related that elders, health clinic officials, and school officials consistently pointed out that the last barge arrives in Dillingham in September, fuel costs are at an unprecedented high, and people are leaving the community. She opined that this crisis isn't occurring in Anchorage, and relayed her belief that the state needs an immediate measure to assist rural Alaskans in a timely manner. She further opined that the PFD will arrive too late to provide the needed relief. She stated that citizens in Western Alaska are dependent on local electric and fuel sources and are burdened by the high cost of the product, particularly due to the enormous transportation costs for fuel. She urged passage of HB 4002 and HB 4003 in an expeditious manner to provide a small measure of assistance to rural residents faced with the economic dilemma of buying energy or other necessities.

MS. PEASE noted that barge costs are escalating and appear to track oil prices. She characterized the resource rebate as a "short-term band-aid on a very large wound that needs much more serious attention." She suggested that the legislature work toward a comprehensive and long-term solution to rural energy costs. She offered that economy of scales associated with energy production and distribution exist, but Alaska's energy costs are disproportionate to the rest of the country, particularly in rural Alaska. She further noted that energy reserves and potential in-state - developed and undeveloped - economic activity continues to be hamstrung by the high energy costs. She said, "Our state has tons of money thanks to record high oil prices, but many of our citizens are bleeding economically for the same exact reason. We need a concerted effort to promote small scale, self-sustaining energy options in rural areas." She pointed out that some people are installing wind-powered turbines. Furthermore, it is not a foregone conclusion that people will use the resource rebate to continue dependence on fossil fuels, she stated. Instead, the resource rebate can be better used to develop wind, hydroelectric, and wood burning alternatives.

MS. PEASE related that regional centers such as Dillingham, Bethel, and Nome are facing the same crises as the outlying villages. She expressed concern that without viable

alternatives to the present situation, entire regions of the state will cease to function economically. She highlighted that renewable energy needs to be part of the strategic plan for energy solutions. However, many projects may take years to implement, she lamented. She concluded by stating that the short-term solution is improved by HB 4002 and HB 4003. She urged members to invest in infrastructure and mandate a "renewable mix with fossil fuels" for our electric utilities as part of the overall state energy plan. She said, "The key message is that the current reliance on fuel oil must be diversified." She urged the committee to provide assistance and leadership, which is critical to the economic survival of rural Alaska. She offered to provide the committee with information on home heating oil equivalents and PCE.

[4:58:54 PM](#)

RAY WARD stated that he is pleased that the governor is "guiding the state." He thanked the committee for working with Governor Palin. While he stated that the intent of HB 4002 and HB 4003 is good; he expressed concern over some "loopholes" such as providing \$1,200 for all Alaskans - even children - instead of allocating the resource rebate to the people who need it the most. He recalled the discussion about the dire need in rural Alaska. He acknowledged that some urban citizens also have dire needs. He offered himself as an example since he is the head of the household, lives alone, and cannot obtain employment due to a chronic debilitating visual condition. He opined that programs offered in HB 4002 and HB 4003 will provide assistance to people to cover their utility bills. He suggested eliminating the resource rebate for children. He said he thinks that the resource rebate funding should be spent to enhance existing energy assistance programs such as weatherization or temporary public assistance for heating costs and should be needs based. He thanked the committee and Governor Palin for their leadership and consideration of the resource rebate and energy issues.

[5:03:44 PM](#)

JODI KAREZ stated, after noting that she has 24 years of transit experience with the Municipality of Anchorage, that she is testifying on behalf of herself. She expressed concern that HB 4002 and HB 4003 won't actually enact change. She remarked, "I think what we need within the state are ways to look at energy use, make our systems 'well enough' so people can change their transportation

patterns. I think we need long- and short-term strategies as far as handling the energy issue." She recalled that Representative Salmon was wondering about long-term strategies beyond this year. She offered several solutions for the committee to consider. She said:

We operate a van pool program within the municipality that takes 600 people a day - which is about 60,000 miles that we reduce per day in our van pool program - people commuting from the [Matanuska-Susitna] Mat-Su Valley into Anchorage. We have a waiting list of 700 people. In order to double our van pool fleet, it would cost about \$1.7 million. At that amount, we would be reducing travel for people in van pools by 120,000 miles per day. I'd also like to point out that our public transportation system is seeing a 10 percent increase in ridership. We have buses that need to be replaced; buses statewide need to be replaced. And public transportation is a very important component to energy relief. I would like to see support for a transit trust fund, funding that could be put into transit systems statewide that are a little more guaranteed. For many years our funding has fluctuated based on a number of factors. I think it would be very helpful statewide for all the systems to know that there is a dedicated source - there is a growth source for funds - and this is not just as an Anchorage issue ... again, it is a statewide issue. Finally, I would like to talk about perhaps, funding for transit fuel. Every time that fuel tank pulls up to our parking lot, I get "a few gray hairs" as I'm thinking of what it's going to cost us and all the transit systems are feeling that pinch as well. I guess I would like to throw up some solutions to HB 4002 and HB 4003 that would again give some long-term impacts.

[5:07:02 PM](#)

SARA SCANLAN, Deputy Director, Rural Alaska Community Action Program, Inc. (RurAL CAP), thanked members for their efforts. She related that RurAL CAP is a statewide organization. She noted that RurAL CAP primarily provides low-income customers with services that allow them to "pull themselves up by their bootstraps" and become self-sufficient. She offered her appreciation for comments made by those who testified such as the BBNC, who are working on an energy plan and are discussing

the "bigger picture." She opined that Alaska is in a crisis and rural Alaska, the state's economic engine, currently faces "tough times." The Department of Commerce, Community, & Economic Development (DCCED) expects the price of heating fuel in remote Alaska villages to rise 30 to 50 percent this winter, she offered. She noted that the Institute of Social and Economic Research (ISER) recently reported that residents in rural communities spend about 41 percent of their income on home energy use while those in Anchorage spend about 4 percent. She further noted that the CITGO's [Petroleum Corporation] Venezuela-owned program may not serve rural Alaska this year. She related that people throughout Alaska are facing choices between purchasing fuel and other necessities such as electricity. She offered that while it seems like a short-term fix, the resource rebate can help families in rural Alaska. Ms. Scanlan offered that PCE has been a mainstay by allowing people to have benefits that all Alaskans should enjoy. She thanked members for the "tough work" they have been charged with and the "good work" they are doing to develop an energy bill that provides short- and long-term solutions. She opined that this crisis will encourage all Alaskans to work together and develop an energy plan.

[5:11:10 PM](#)

SALLY SPIEKER stated that she rides her bicycle and the "People Mover" bus in Anchorage. She noted that today she stood on the bus along with 10 other people, which indicates that the bus was totally full. She offered that a need and demand exists. She thanked the committee and the governor for seeking solutions for Alaskans. She urged members to seek solutions that are sustainable, such as renewable fuel and wind power, and to coordinate a public transportation system throughout the state. She related that she has lived in rural Alaska in Nome and that most people did not own vehicles, but used shared vans. She offered carpooling such as the vans as one solution that reduces fuel consumption. She opined that the state has the opportunity and resources to lead the nation and to plan for long-term solutions for heating, electrical, and transportation needs.

PATRICK LUBY, Advocacy Director, AARP, stated that the AARP has not taken a position on HB 4002 and HB 4003 since the AARP is not sure whether the bills are related to energy costs or if they provide "a second PFD" based on the state's income from natural resources. He opined that if the resource rebate is related to energy costs, that AARP asks the committee to consider several things because the resource rebate program

represents "a lot of money." He then questioned whether the state should invest the funds in ways that can reduce future energy costs and usage such as alternative energy research and development, as well as for mass transit. He offered that Anchorage has some of the lowest fuel costs and according to the ISER study, Fairbanks suffered a 13 percent increase in one year. He said, "The Bush Alaska situation, as you well know, is outrageous compared to what most of us are paying for energy." He questioned whether all citizens should receive the same rebate or if the resource rebate should be allocated based on who has the highest costs; and whether the rebate should be given to households or be based on the number of occupants per household. He posed a scenario in which a single elderly woman lives alone in a house, and next door resides a retired couple whose energy costs are relatively the same. He asked, "Should one household receive twice as much resource rebate as the single person?" He answered, "We don't think so - if it is based on households."

MR. LUBY opined that the state will "never have as much revenue as it would like" and the state "can never do as much for its citizens as it would like to do." He suggested that the legislature may wish to base the resource rebate only on "needs."

CO-CHAIR FAIRCLOUGH commented that the resource rebate may be a bit confusing to citizens. She noted that the program is a resource rebate and since Alaska's state constitution provides Alaskans ownership of the state resources, the administration is advocating the rebate should be distributed equally to all residents. Recalling an earlier reference to the energy crisis as "a perfect storm," she opined that "the storm" is causing Alaska to examine whether it should empower its citizens through a resource rebate. She noted that the energy portion of the rebate is in response to a crisis that the administration observes in Alaska and throughout the nation. She offered that the [Community and Regional Affairs Standing] committee has asked the same questions as Mr. Luby.

REPRESENTATIVE CISSNA concurred with Co-Chair Fairclough regarding the administration's stance on the resource rebate issue. She added that she is seeking feedback from citizens as to the benefits they desire.

MR. LUBY offered his understanding that the governor is also seeking the legislature's review. He said, "We're relying on you."

5:18:44 PM

DIANE HOLMES stated that due to the oil windfall the state has an opportunity to develop long-term solutions for this energy crisis. She remarked:

We have funds to construct renewable energy facilities across the state - wind, tidal power, ... geothermal But, in addition, we can do something immediately to benefit our towns by creating a large endowment for transportation options like mass transit and commuter rail, and this isn't just for Southcentral, this is for all over [Alaska.]. ... The time has come for better options than just paving our way out of the energy crisis. To help our towns and our villages, we need to consider this: Don't rescind the gas tax - use it to support transportation options such as a mass transit commuter rail across the state. Do not give individuals the energy credit check - give the funds to electric, oil and natural gas companies to reduce our heating and electric bills because if you give it only to individuals, you are not benefitting businesses, schools, health clinics, fire departments, or anyone else - those entities still have a lot of needs and yet you are thinking of only giving it to individuals; that is not equitable. But if you do give it to individuals, don't just use the PFD. My neighbor does not get it for philosophical reasons, but that person drives and votes. The best long-term solutions would be for ... wind, solar, geothermal. We have the ability to do so much. We already do not have to do too much research ... we can put them in place almost tomorrow, but we could be the leader instead of selling our oil and gas, we could be selling our research ... on say tidal and wave power. Thank you.

5:21:28 PM

TOM KAKOSH stated that he suffered a disability and has been provided assistance by state agencies. He noted that the state's generosity sometimes may "backfire" and cost the state much more than its expenditures. He opined that the resource rebate is not the proper mechanism to help people that are "in dire straits" due to energy costs. He explained that he found the administration's testimony at a prior hearing frustrating to

understand since the rationale "did not match the language in the bill." He offered that the solution to assist Alaskans burdened by energy costs is not to provide "\$1,200 to someone who owns a fleet of 'hummers'" because in doing so the state would be rewarding those people who created the crisis. He suggested that some people may need to sleep in sleeping bags in frozen homes in rural communities. He characterized the situation as an "emergent need that should be funded through an extension of the existing adult public assistance and energy assistance programs. He expressed concern over creating a new bureaucracy to dispense resource rebate funds, and suggested that the administrative costs to run such a program could provide funds for 800 more people who need them. He related that if the state is truly trying to help Alaskans affected [by the energy crisis,] the state could base it on needs and double the resource rebate for those below the median income. He maintained that there is no correlation between issuing resource rebates to everyone and solving a problem of "people being hurt by the energy costs today."

MR. KAKOSH opined that even if homes are well insulated, the income might not be available to buy the fuel to heat it. He stated that the immediate needs of Alaskans should be met by providing additional funding to existing programs - to offer a one-time extension for emergency needs to supplement programs. He related that the state programs cannot "keep up with the price of oil" which creates a special case in Alaska.

MR. KAKOSH offered his belief that the legislation is poorly written and should be rejected and the "tax suspension" should be voted down. He urged legislators not to reward those who purchased "hummers." He offered to answer questions about the negative impact on those receiving public assistance.

REPRESENTATIVE CISSNA recalled a conversation with Mr. Kakosh. She offered her understanding that the bill does contain provisions to ensure that people aren't disadvantaged such as seniors.

MR. KAKOSH surmised that he wouldn't be adversely affected, given his disability status. He offered his understanding that the resource rebate is a one-time allocation. He noted that the hold-harmless provisions are only extended for four months which could result in the loss of benefits. He posed a scenario in which a person has a subsidy. He asked:

Why wouldn't you just fund the mechanism that gave them the subsidy in the first place - the adult public assistance - so you would not need to pay the hold-harmless costs? If you funded [the resource rebate] through Alaska Housing Finance Corporation, adult public assistance, or energy assistance programs directly, that would not count as income for those people; you would not have to hold them harmless for a loss. By putting in a hold-harmless clause [the state] increases the burden to the fund and ... likely [will] create a situation [in which] the money isn't there to pay the hold-harmless clause because [the state] sent out the checks too quickly and there ... wasn't a reserve left to pay for the hold-harmless; the hold-harmless may not extend to the full harm that is created. It's so silly to cost [the state] more money when all you have to do is fund it through that aid program in the first place.

[5:29:51 PM](#)

REPRESENTATIVE CISSNA agreed to research those issues further. She offered that her suspicion is that it would require substantial time to determine how to add the resource rebate to the other programs - which will simply add to the costs, she opined. She offered her belief that "what we all want to do is make sure we're putting the maximum amount of money in the communities, either through individuals ... or through the programs that will really solve the problem in the end."

MR. KAKOSH suggested speaking to the heads of the respective agencies to find out what changes would be needed to provide supplemental funding of the programs. He opined that the resource rebate should be needs based or people who need the relief most will suffer. He suggested that some of the funds be held to address long-term solutions such as using ceramic paint for insulation. He further suggested that consideration could be given to the simple solutions that exist to reduce energy bills.

[5:33:01 PM](#)

JEFF STEVEN, United Fisherman's Marketing Association (UFMA), explained that the UFMA is a trade association that represents commercial harvesters who fish in the Gulf of Alaska, Bering Sea, and Aleutian Islands. He stated that the UFMA supports both HB 4002 and HB 4003 as currently written. He further

related his support and the support of UFMA for the information and rationale contained in Governor Palin's transmittal letter. He noted his support of PCE. He stated that the UFMA believes that the equal distribution to all residents in the context of surplus revenues from resource extraction "is the right way to go here" and to do it any other way wouldn't be right.

MR. STEVEN offered that the fishing industry will be assisted through the motor fuel tax suspension that is proposed in HB 4004. Although this is not a tremendous amount of money, it is important nonetheless because of the need and crisis, and will make the difference to offset fuel costs. He opined that there is a very significant issue represented by the current trend in fuel prices, which impacts fuel intensive industries such as fishing and the communities that rely on those industries. Thus, the coastal communities are impacted. He offered his belief that the distribution should be made equally to the rural and urban areas. He opined that other ways exist to address alternative energy and energy conservation incentives and initiatives. He noted that he is a member of the school board in Kodiak and although he is not speaking on behalf of the school board, he offered the following comments. He recalled testimony that fuel costs may affect migration from the villages, and agreed that is "a real problem that we're going to have to face." He offered that some of Kodiak's rural schools only have 12-14 students and if one family leaves due to fuel costs, the school may need to close. He opined that HB 4002 and HB 4003 offer relief that might make the difference. He concluded by thanking the committee.

[5:38:09 PM](#)

ROCHELLE VAN DEN BROEK, Executive Director, Cordova District Fishermen United, stated that fishermen and businesses rely on fuel to perform their jobs. She offered that the high fuel costs are crippling the fishing industry and small rural communities. She noted that due to the unusually cold summer in Cordova people have had to heat their homes. She expressed concern about winter fuel costs that she speculated could reach over \$1,000 per month. She pointed out that rural [residents] struggle to upgrade their homes due to high transportation costs to ship construction materials. She offered her support for both HB 4002 and HB 4003 as written. She stressed that the resource rebate should be allocated to individuals and not households since the high cost of fuel affects clothing, food and other consumer goods.

5:41:05 PM

DEBORAH TEMMERMAN offered her support for HB 4002 and HB 4003. She said, "I strongly believe that we need to have this help with all of the increases in fuel. Last month, I just got 50 gallons and the cost was normally more than I paid last winter. I'm just really afraid to see the costs and so many people are leaving."

5:41:48 PM

KEITH VAN DEN BROEK surmised that not many rural residents are against receiving some financial assistance to "get through the winter here." He acknowledged that it is "a band-aid; it's temporary," but it will assist people. He suggested that the funds should be accompanied with education so people can spend the resource rebate wisely. He opined that the resource rebate should be spent on energy home improvements and people should find ways that will help reduce dependence on oil in the future. He commented that if he receives a resource rebate that he will replace windows and siding on his home to make energy improvements.

5:43:54 PM

GARY HAY commented that he noted that older vehicles can consume more gasoline than "hummers" since the vehicles do not use fuel efficiently. He offered that the energy crisis exists outside the Anchorage area. He noted that he spent 5 years in Anchorage, followed by 10 years in Tok. He opined that everyone is affected and that Alaskan's wages have not kept pace with rising fuel costs. For example, he related that home fuel costs have risen for diesel fuel by 500 percent in 6 years whereas his wages have risen only 20 percent during that same timeframe. He acknowledged that people are leaving the state or are relocating to Anchorage where the cost of electricity is \$.08 or \$.12 per kWh. He noted that energy costs have affected rents. He further noted that the legislature passed the weatherization program. However, of the five energy raters contacted in Fairbanks, only two responded and only one was willing to travel to Tok but not until October 7, 2008. He commented that Tok residents will need to make all weatherization improvements "out-of-pocket" and will not be able to take advantage of the state's program. He opined that the resource rebate in HB 4002 is "a great idea" and the sooner it can be distributed, the sooner residents can pay outstanding fuel bills. He commented that fuel distributors are "on the verge of bankruptcy" since

they have carried outstanding accounts past the normal timeframe. He pointed out that people have been receiving notices that the companies cannot deliver any more fuel until the outstanding fuel bills are paid. He further opined that most people in rural Alaska favor HB 4002 and that most people will spend resource rebate checks for fuel costs.

MR. HAY offered, with regard to PCE, that the state should create a subsistence power program, in which the state determines a "subsistence amount of monthly power" and a "statewide kWh cost" such that all Alaskan citizens would receive a subsistence amount of electricity at the subsidized cost. He stated that the program would not be needs based and would encourage conservation since the rate beyond the subsistence monthly allowance would be based on the higher local rate.

[5:48:42 PM](#)

SHEILA HOWE stated that she is a "house-bound" citizen. Further, she stated that she and her husband are senior citizens on a fixed income. While the [resource rebate] "would come in handy" she noted that she has been able to cut her power bills by \$200 per month through home improvements such as replacing windows, insulating her home, and replacing appliances with energy efficient appliances. She opined that rural Alaskans' needs are "so much more critical" due to transportation costs. She expressed her concern that transportation costs will "kill the villages." She suggested that the resource rebate should be needs-based. She further suggested that rural Alaskans need immediate relief since the barges cannot travel during the winter. She opined that alternate energy sources need to be implemented next year that are not based on fossil fuels. She thanked the committee for allowing her to participate and hear testimony from citizens throughout the state. She noted a community in the Hebrides Islands, located at the same latitude as Anchorage, is "off the grid" and totally sustainable.

[5:51:23 PM](#)

GARY HART stated, after relating that rural Alaskans need help immediately, that the intent of HB 4002 and HB 4003 is good, but if the funds were provided to municipalities for energy that the funding would be applied to where it's needed. He recalled a plan proposed by Bernie Karl, in which the state would create a "state fuel cooperative" to be funded by PFDs of interested individuals who sought to join the coop. Thus, the gas and fuel

prices would be obtained at a set rate. He stated that Mr. Karl's figure showed gas rates at \$1 per gallon. He offered his support for this common sense program that could be implemented in 90 days. He stated that landlords are raising rents by \$200 to \$300 per month in Nome and urged legislators to provide relief. He opined that fuel costs are "not going to get any better soon."

[5:53:05 PM](#)

BARBARA MADISON stated her support for HB 4002 and HB 4003. She further stated that she is especially interested in the PCE since costs have risen dramatically. She noted that her region pays \$.32 per kWh and a surcharge of \$.52 per kWh since barges have not been able to reach the area. She pointed out that city services for water and sewer costs have also risen. She characterized HB 4002 as a "good short-term solution" since fuel costs are \$8.40 per gallon, which may increase to over \$10 per gallon. Noting that she paid \$10 for one cabbage, she related that residents struggle to put food on the table. Thus, fuel costs affect all products that go to rural Alaska, she further noted. She explained that citizens are investigating alternative energy sources and are applying for grants to make their homes energy efficient. She suggested that one option may be to provide assistance directly to utility companies and individual villages rather than providing funds directly to individuals. She noted her agreement with many others who've testified on this issue.

[5:57:10 PM](#)

GEORGE GUY offered his support for PCE and the resource rebate program to provide rural residents supplemental income. He noted that fuel prices are at an "all-time high" and electric rates are increasing. He opined that people are making "hard choices" between fuel and utility costs. He stated that rural Alaskans may need to "shut off generators" this winter. He stated that rural Alaska is in "dire need of assistance." He noted that the proposed energy rebate will help pay for costs to heat homes and pay for electrical costs. He asked the committee to support HB 4002 and HB 4003.

[5:59:23 PM](#)

ALVERN CLEVELAND stated that Noorvik is in the Northwest Arctic Borough. He stated that the resource rebate of \$1,200 may be worth more in urban communities, but will not last long in

Northwest Alaska. He noted that fuel prices are so high in rural Alaska that some residents can't afford to live in the area and might have to move to an urban area. He asked legislators to help support rural Alaska and to take actions that will help those in the villages. He thanked legislators for their help.

6:00:49 PM

JAMES HOTAI opined that the \$1,200 resource rebate "won't make a dent in the cost of trying to survive in the winter of Alaska." He stated that the Alaska State Constitution mandates that the resources of the state shall be used to the benefit of all Alaskans. He said:

Currently, all Alaskans are not enjoying any benefit from the mineral resources of the state. The state has a coffer brimming with money. The oil companies have coffers brimming with money. The rest of us are looking for coffins 'cause we're going to die of starvation in this state or freeze to death. We need to take the state's royalty oil and turn some of it over to the local refiner at \$15 a barrel - at cost - with instructions to the refiners ... to pass savings on to the consumers of the state.

MR. HOTAI opined that people cannot survive in the state unless the cost of heating oil is reduced. He stressed that the legislature needs to realize that time is short, winter is impending, and the cost of oil must be reduced. He stated his support for the resource rebate, perhaps dispensing \$1,200 every two months until the state can find solutions to the energy crisis. He further stated that \$1,200 will only purchase 200 gallons of gasoline or diesel in Valdez, which will not heat the average home for a month. He characterized the \$1,200 as a "pitiful attempt to placate the masses." He related that the "people who live in the Bush" are the people everyone is proud of - of the lifestyle in Alaska - that's a dream. However, right now, he stressed that it is a "nightmare." He stated that the only option that exists is to find ways to reduce fuel costs. Otherwise, "you pour money, good after bad, into the pockets of the refiners." He said, "We own the oil, every individual Alaskan owns the oil, the royalty; we are a partner in the mineral industry in Alaska. It's a business; it's not socialism - it's a business." He remarked, "We are getting very little dividend, if any, from our business." He offered his concern for his neighbors, friends, and relatives, and others

across the state. He stated that the cost of food is astronomical due to transportations costs. He maintained the solution lies in reducing diesel costs. He suggested that the state should buy the refineries and run them. He urged legislators to work with refineries to provide reasonable diesel costs instead of offering resource rebates. He said, "We have no other way of surviving unless we jointly reduce the cost of fuel." He thanked legislators for their time.

6:06:16 PM

JAMES FLOYD inquired as to whether the state has considered the devaluation of the U.S. dollar, which has fallen even against the peso in Mexico, he stated. He related that the cost of oil was at \$137 with speculation that it could rise to \$200 or possibly higher depending on world events. He maintained his concern over the devaluation of the dollar, since the resource rebate is based on dollars. He wondered if the legislature would consider rebating gallons of [diesel] or cords of wood instead of dollars.

CO-CHAIR LeDOUX noted that the bill before the legislature is based on dollars. After first determining that no one else wished to testify, Co-Chair LeDoux related that the next hearing is scheduled for July 22, 2008, in Juneau and that the agenda would include testimony by various state agencies. She related that the committee will take continue public testimony on July 23, 2008.

[HB 4002 and HB 4003 were held over.]

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 6:09 p.m.