

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**May 11, 2007**  
**9:18 a.m.**

**CALL TO ORDER**

Co-Chair Bert Stedman convened the meeting at approximately [9:18:51 AM](#).

**PRESENT**

Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice Chair  
Senator Kim Elton  
Senator Joe Thomas  
Senator Fred Dyson

**Also Attending:** REPRESENTATIVE MIKE KELLY;

**Attending via Teleconference:** From an offnet location: DICK MYLIUS, Director, Division of Mining, Land and Water, Department of Natural Resources;

**SUMMARY INFORMATION**

HB 87-CITIZEN ADVISORY COMM ON FEDERAL AREAS

The Committee heard from the sponsor and the Department of Natural Resources. The bill was reported from Committee.

SB 144-TOURISM CONTRACT MATCHING FUNDS

The bill was reported from Committee.

#HB87

[9:19:40 AM](#)

CS FOR HOUSE BILL NO. 87(FIN) am  
"An Act relating to the Citizens' Advisory Commission on Federal Management Areas in Alaska; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

[9:19:43 AM](#)

Co-Chair Stedman announced intent to report this bill from Committee at this hearing.

[9:19:51 AM](#)

REPRESENTATIVE MIKE KELLY, Sponsor of the bill, testified that in the year 1981 Senator Bettye Fahrenkamp facilitated the creation of the Citizens Advisory Commission on Federal Management Areas. During the 1990s oil prices declined to nine dollars per barrel and when the scheduled termination date of the Commission neared, then Governor Frank Murkowski chose to allow the program "sunset" rather than be extended as part of an effort to reduce State expenditures.

Representative Kelly stated that this legislation would reinstate the Commission with a reduced staff of two positions. This should assist in containing costs.

[9:21:14 AM](#)

Representative Kelly reported that in response to concerns raised by Representative Mary Nelson regarding representation on the Commission from all areas of the state, the legislation was amended to specify that the Commission would be comprised of members from each geographic region.

[9:21:33 AM](#)

Representative Kelly told of the approximately 230 million acres of federally-owned land in the state. The Commission would be tasked to provide knowledge and resources for Alaskans utilizing federally owned lands. The Commission would be familiar with the rules and regulations governing these lands, as well as having a personal relationship with the land managers. The Commission would have the experience and expertise to advise land users whether their claims for usage were valid.

[9:22:27 AM](#)

Representative Kelly summarized that the Commission "could actually help us with access issues no matter who the party is."

[9:22:45 AM](#)

Senator Olson asked the reason the Executive Branch chose to allow the Commission to expire.

[9:22:52 AM](#)

Representative Kelly reiterated the primary reason to reduce State spending given the lower revenue generated as a result of lower oil prices.

Senator Olson clarified that no problems were associated with the Commission's actions or decisions.

[9:23:13 AM](#)

Representative Kelly confirmed and noted that the Commission had no adjudication authority and only served in an advisory capacity.

[9:23:26 AM](#)

DICK MYLIUS, Director, Division of Mining, Land and Water, Department of Natural Resources, testified via teleconference from an offnet location in support of this legislation. The Commission could assist Alaskans with issues regarding federal land management. Although the Division currently includes positions charged with such relationships, the focus is on State government interests with no time or resources available to address citizens' concerns. The Commission would assist private Alaskan citizens in several aspects of interaction with federal land management.

[9:24:43 AM](#)

Mr. Mylius acknowledged the "significant" estimated cost reflected on the fiscal note. To adequately conduct the Commission's activities, a staff of two positions would be necessary. Those positions would be located in Fairbanks.

[9:25:05 AM](#)

Senator Elton spoke to a resolution addressed by the Senate in response to a ruling by the federal subsistence board pertaining to preference for subsistence activity on the Kenai Peninsula. He asked whether such reactions to subsistence board determinations would be in the purview of the Commission.

[9:25:30 AM](#)

Mr. Mylius replied that the Commission would not be involved in activities related solely to fish and game use. Instead the Commission would address land use issues unless it determined that subsistence board actions affected land use.

[9:26:14 AM](#)

Co-Chair Stedman asked if the Department supported this legislation.

Mr. Mylius repeated his earlier affirmation of the bill.

[9:26:22 AM](#)

Co-Chair Stedman directed the witness to detail the fiscal note.

[9:26:31 AM](#)

Mr. Mylius responded that most of the funding would be required for positions to staff the Commission consisting of a director compensated at a Range 20 and an assistant compensated at a Range 16. The salaries would be adjusted to provide for the higher cost of living in Fairbanks compared to that of Anchorage. Travel expenses would be significant due to the disbursement of membership to all regions of the state and because the Commission would meet three to four times annually. Additional funding would be utilized to lease office space, for utilities and other equipment.

[9:27:42 AM](#)

Mr. Mylius compared the operating expenses to past budgets. The Commission initially had three to four staff positions, which were reduced to two and then to one executive director position. At that point, the Commission was difficult to function.

Mr. Mylius affirmed Representative Kelly's statement that the Commission had been eliminated for budgetary reasons.

[9:28:50 AM](#)

Co-Chair Stedman established that no further testimony was forthcoming.

[9:28:58 AM](#)

Senator Thomas requested an explanation of the membership representing each region of the state as provided in subsection (b) of Sec. 41.37.170. Membership and officers., added in Section 1. He asked if the regions were already delineated.

[9:29:32 AM](#)

Representative Kelly responded that the original version of the bill provided that representation would consist of at least one person from each of the state's four judicial districts. Representative Nelson expressed concern that rural communities might not be represented. The regions provided in the committee substitute were satisfactory to the representative from Southwestern Alaska.

[9:30:06 AM](#)

Co-Chair Stedman directed the sponsor to elaborate on the regions.

[9:30:12 AM](#)

Representative Kelly relayed the concern that if the membership was based on judicial districts, the Commission could become comprised exclusively of members from major population centers. He agreed this should not occur. Subsequently in consultation with the Division of Legal and Research Services, the geographic regions were selected. He noted these regions are also codified elsewhere in statute as pertaining to other subjects.

[9:30:49 AM](#)

Co-Chair Stedman understood the amendment language would provide for better representation on the Commission from remote areas.

[9:30:58 AM](#)

Representative Kelly affirmed.

[9:31:00 AM](#)

Senator Huggins alluded to the complexity of veterans' land claims. He asked whether the Commission would address this issue.

[9:31:23 AM](#)

Representative Kelly conceived of a situation in which an Alaskan resident could be in dispute with a federal land manager over these lands and the Commission could become involved.

[9:32:01 AM](#)

Co-Chair Hoffman offered a motion to report the bill from Committee with individual recommendations and accompanying fiscal notes.

[9:32:28 AM](#)

Senator Elton objected. He requested the sponsor provide him with information regarding the intended scope of duties of the Commission. He considered the Department of Natural Resources an advocate for Alaskans in matters pertaining to use of federally-owned lands. He expressed concern that the Commission could have expanded duties that include advocating for a specific user group or individual, which may be in contradiction to the best interest of the majority of residents.

[9:33:45 AM](#)

Representative Kelly offered examples of previous cases in which the Commission had been involved.

[9:34:18 AM](#)

Senator Elton withdrew his objection to the motion.

[9:34:24 AM](#)

Without further objection, CS HB 87 (FIN)am was REPORTED FROM COMMITTEE with zero fiscal note #2 from the Legislative Affairs Agency and fiscal note #4 for \$246,200 from the Department of Natural Resources.

#SB144

[9:34:37 AM](#)

CS FOR SENATE BILL NO. 144(STA)

"An Act relating to matching funds in state tourism marketing contracts with trade associations; establishing the Alaska Tourism Marketing Funding Task Force; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

[9:34:55 AM](#)

Co-Chair Stedman directed attention to a new fiscal note from the Department of Commerce, Community and Economic Development.

[9:35:08 AM](#)

Senator Elton announced he would not object to reporting this bill from Committee. However he would object to implications that the cruise ship industry might not contribute to the Alaska Travel Industry Association in protest of the passenger tax approved by voters in the last general election. The cruise ship industry has contributed approximately \$2 million to this "generic marketing program" and should continue to do so. To not participate would "bootstrap" small businesses.

Senator Elton spoke of the "market test" in which State funding would be appropriate. He exemplified the Alaska Seafood Marketing Institute's promotion of certain fisheries, such as winter king salmon.

[9:37:46 AM](#)

Senator Elton stressed the need to market to independent travelers. He reiterated his disapproval of the possibility that

the cruise industry could "withdraw" \$2 million from generic marketing of travel to Alaska.

[9:38:19 AM](#)

Senator Elton considered this legislation a one-year temporary solution, which he was willing to tolerate. However, he was critical of any future action to appropriate State funds to a generic marketing program if all participants do not contribute. Cruise ship industry participation is "extremely important."

[9:39:05 AM](#)

Co-Chair Hoffman offered a motion to report the bill from Committee with individual recommendations and new fiscal note.

[9:39:29 AM](#)

Senator Huggins objected to the motion to thank the sponsor on behalf of constituents in the Mat-Su Valley region that do not have the benefit of large cruise ships bringing many visitors to the area. He removed his objection.

[9:40:07 AM](#)

There was no further objection and CS SB 144 (STA) was REPORTED FROM COMMITTEE with a new fiscal note dated 5/9/07 from the Department of Commerce, Community and Economic Development.

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#### **ADJOURNMENT**

Co-Chair Bert Stedman adjourned the meeting at [9:40:42 AM](#)