

HOUSE FINANCE COMMITTEE
April 6, 2010
1:40 p.m.

1:40:06 PM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:40 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Vice-Chair
Representative Allan Austerman
Representative Mike Doogan
Representative Neal Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

None.

ALSO PRESENT

Senator John Coghill; Elizabeth Hensley, Staff Representative Joule; Christine Hess, Staff, Representative Joule; Larry Hartig, Commissioner, Department of Environmental Conservation; Andy Mack, Special Assistant Government and External Affairs, North Slope Borough; Tracey Foster, Executive Director, Alaska House New York

PRESENT VIA TELECONFERENCE

Representative Anna Fairclough; Bill Noll, Anchorage; Mead Treadwell, Chair, the Arctic Research Commission; Tom Okleasik, Northwest Arctic Borough

SUMMARY

HB 168 TRAUMA CARE CENTERS/FUND

CS HB 168(FIN) was REPORTED out of Committee with no recommendation and with new fiscal note from the Department of Health and Social Services and previously published zero fiscal note: FN2 (REV)

HCR 22

ALASKA NORTHERN WATERS TASK FORCE

CS HCR 22 (CRA) was HEARD and HELD in Committee for further consideration.

[1:40:13 PM](#)

#hb168

HOUSE BILL NO. 168

"An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."

[1:40:56 PM](#)

Co-Chair Stoltze noted that public testimony had been closed. He solicited amendments to the bill.

[1:41:11 PM](#)

Co-Chair Stoltze observed the new fiscal note.

CO-CHAIR MIKE HAWKER explained that the legislation was ineffective without the associated funding. He relayed that upon first introduction, the bill had be accompanied by request for an appropriation of \$5 million. A parallel bill had moved through the Senate, which also had a \$5 million fiscal note attached to it. Discussions had concluded that if the bill were to pass, an appropriation would be needed in order to fund the legislation. He thought that the cost associated with the legislation would become a long term operating budget item. The fiscal note reflected a request of \$5 million in FY 11 operating budget, all future years were indeterminate. The funding source was 50 percent federal receipts, and 50 percent general funds, based on the understanding that at those levels there would be disproportionate hospital share authority available under Medicaid.

Co-Chair Stoltze agreed that the fiscal note reflected significant fiscal impact.

[1:46:02 PM](#)

Representative Austerman expressed appreciation for the candid discussion concerning increasing the cost of the operating budget.

[1:46:58 PM](#)

Representative Austerman understood the need for the trauma centers, but he felt that placing an emphasis on trauma prevention would be more beneficial. He thought that adding more troopers along highways to arrest drunk drivers would save lives, preventing the need for increased trauma centers. He thought that trauma prevention should be addressed as well.

Representative Foster cited Page 1, Line 14:

(b) The fund consists of money appropriated to it by the legislature, including donations, recoveries of or reimbursements for awards made from activities under this chapter.

Representative Foster asked if the fund would need to be replenished from year-to-year, and by how much. He said if each year 25 percent of the fund was being spent, the entire appropriation would be spent in four to five years.

[1:49:48 PM](#)

SENATOR JOHN COGHILL, SPONSOR, answered that he did not know. The general area of cost was known due looking at similar programs in other states. He said that there were federal grants and local programs that could be willing to contribute. He directed attention to Tab 4 of the "Trauma Care in Alaska: Creating a Trauma Care Fund" book. In order for Trauma Level 2 status to be achieved, alcohol screening and brief intervention was necessary. He argued that this would create a system that had an intervention component that would provide for teachable moments in people's lives. He agreed that safety issues on the road should be examined.

[1:52:46 PM](#)

Co-Chair Hawker reminded the committee that the legislative proposal had been discussed for over two years. He expressed concern that the proposal was expensive to create and maintain, and could force the state back into deficit spending. However, he felt that the proposal was compelling, and believed that the importance of immediate trauma treatment regardless of the location of the accident should be a priority. He agreed that a stronger state trooper presence along the Seward Highway could be helpful. He stated that the goal should be to build the resources within the state to care for the "innocent victims of stupidity". He offered that Alaska was a high risk state, and that simply living here posed a higher risk than living in other states. He announced support for the legislation and acknowledged the fiscal note associated with the bill. He believed that there was a greater good served by moving the bill forward despite continuing fiscal concerns. He felt that the public understood that the programs would continue for only as long as there was money available to fund them. He recognized that passing the bill would inevitably create financial trauma for the state in the future.

[1:56:52 PM](#)

Representative Kelly expressed concern that the state would be accepting liability for trauma victims, and that the legislation imposed the responsibility of health care on the state. He agreed with the concept of the bill, but harbored deep concern for the financial responsibility.

[1:59:47 PM](#)

Representative Salmon disagreed. He believed that the state needed to begin improvements in the area of trauma response. He argued that lives in rural Alaska could be saved by establishing trauma centers closer to villages to assist in the "golden hour". In emergency medicine, the "golden hour" refers to the time period lasting from a few minutes to several hours following traumatic injury being sustained by a casualty, during which there is the highest likelihood that prompt medical treatment will prevent death.

[2:01:17 PM](#)

Vice-Chair Thomas MOVED to report CS HB 168(FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HB 168(FIN) was REPORTED out of Committee with no recommendation and with new fiscal note from the Department of Health and Social Services and previously published zero fiscal note: FN2 (REV)

[2:01:49 PM](#) AT EASE
[2:14:44 PM](#) RECONVENED

#hcr22
HOUSE CONCURRENT RESOLUTION NO. 22

Establishing and relating to the Alaska Northern Waters Task Force.

[2:15:34 PM](#)

REPRESENTATIVE REGGIE JOULE presented an overview of the bill. The resolution would bring the members of the legislature, along with the affected Northern communities, into the national discussion about the possible opportunities that lay in Alaskan Northern Waters. He informed the committee that he would offer an amendment later in the meeting.

[2:20:47 PM](#)

ELIZABETH HENSLEY, STAFF REPRESENTATIVE JOULE, explained that under passage of the amendment; the task force would be comprised of 12 members appointed by the senate president that would represent communities along the Bering, Chukchi, or Beaufort Seas. There would be three representatives from the same areas, and seven members, appointed jointly by the speaker of the house and senate president, representing the executive branch of Alaska State Government. Other members included; the mayors of the North Slope Borough, the Northwest Arctic Borough, the City of Nome, and the City of Unalaska. The United States Coast Guard and a member of a federal agency with a significant role in addressing Northern waters issues would also be represented. The task force would hold seven meetings total in the communities that were expected to directly feel the impacts of increased Arctic activity; Nome, Kotzebue,

Barrow, and Unalaska. Meetings would also be held in Anchorage. The taskforce would present its findings to the legislature in January 2012. Due to the opening of the Arctic sea ice, activity had increased significantly. Recent warming trends had resulted in the depletion of Arctic perennial sea ice by nine percent per decade. The National Aeronautics and Space Administration (NASA) had observed that the ice would continue to deplete at an increasingly accelerated rate.

[2:23:02 PM](#)

Co-Chair Stoltze suggested that the language pertaining to appointments by the speaker of the house and the senate president be further clarified. He added that committees were often made up of an odd number of people in order to avoid deadlock with full membership votes.

CHRISTINE HESS, CHIEF OF STAFF, REPRESENTATIVE JOULE, explained that on several occasions the state had had a taskforce comprised of an odd number of members. She said that this time it happened to be an even number. She hoped that people would be able to work together successfully to appoint members to the taskforce.

[2:25:03 PM](#)

Co-Chair Hawker offered that it was always challenging to establish a working taskforce during an election year, particularly, if the taskforce was going to be active beyond the election cycle. He thought that there were technical concerns of succession and appointment that should be examined.

[2:26:24 PM](#)

Vice-Chair Thomas thought that the resolution could have benefited from input from a member of the National Oceanic and Atmospheric Association (NOAA), or other knowledgeable fisheries professional. He wondered if the fiscal note was a work draft.

Ms. Hess replied that the fiscal note was a work draft that listed the potential attendees of future hearings in the Northern communities. She explained that there was a bit of guess work involved in drawing up a fiscal note based on the fact that the taskforce was currently a hypothetical taskforce.

Representative Thomas asked if the unmentioned groups were broadly identified on Page 3, 17:

(3) identify and coordinate efforts of mutual concern for federal, state, and local agencies, as well as international interests in the creation of the commission;

Ms. Hess replied yes.

[2:28:31 PM](#)

Representative Kelly expressed concern with the composition of the taskforce. He believed that the parties that should be represented in Arctic discussions were broader than the resolution called for. He opined that a member of the general public was not listed an appointed member. He felt that the ownership and interest in the Arctic was more far-reaching than was reflected in the proposed taskforce membership.

Representative Austerman remembered his earlier involvement in conversations concerning the Arctic. He stated that in the past it was understood that the federal government would eventually establish a commission that would deal with Arctic issues. He revealed that he had been nervous at the prospect of congress dictating what might occur in the Arctic. He said that it had been obvious for over a decade that the waters were warming, the fish were moving north and the state was not responding. He said the Coast Guard and the Navy were in discussions about the future of the arctic and that Alaska had not been involved in those conversations. He asserted that Alaska needed a taskforce that would examine how the state should be involved in the discussions. He understood that the initial recommendation was that the federal government should put together a commission for the northern waters using the North Pacific Fisheries Management Council as a model. He expressed concern that the model worked well for managing fish, but that the council was chosen by the governor, who subsequently drove policy established by the council. He held that policy should be set by the legislature and that the federal government should not solely dictate decisions concerning northern waters.

[2:34:49 PM](#)

Co-Chair Stoltze agreed that if the White House was appointing the commission organizations such as; the Center for Biodiversity, Greenpeace, World Wildlife Fund, and Oceana would be at the top of the member list, leaving little room for Alaskan representation.

Ms. Hensley informed the committee that the White House has created two taskforces that had been holding hearings in Alaska. She shared that the Interagency Ocean Policy Taskforce, the Climate Change Adaptation Taskforce, and approximately 30 other federal agencies were looking at the Arctic, making now an appropriate time for the state to get involved.

[2:36:15 PM](#)

Representative Foster pointed out to the committee that it was important that representatives from the state be involved in discussions at every level. He thought that the commission could be the "go to" entity for the state in discussions on northern waters.

Representative Joule expressed excitement at the level of interest members of the legislature displayed when discussing taskforce membership. He shared that the idea for the taskforce had been born out of the recognition that there was not collective Alaskan representation in current Arctic waters discussions. He credited the offices of Representative Austerman and Representative Foster for bringing the issue to his attention. He hoped that knowledge could be drawn from various interest groups that would inform the policy proposed by a taskforce of this nature.

[2:39:43 PM](#)

LARRY HARTIG, COMMISSIONER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, informed the committee that he chaired the governor's Sub-Cabinet on Climate Change, as well as being a member of the Sub-Cabinets on Rural and Natural Resources. He expressed appreciation that Arctic issues were being discussed in committee, and believed that the key issues had been highlighted by Representative Joule. Currently, there had been a lot of discussions throughout the state surrounding Arctic issues. He believed a successful taskforce on the issue would be comprised of groups operating at all levels; international, national and statewide, respectively; the Arctic Council, the Arctic

Policy Group, and key state agencies handling day-to-day issues. He added that there were jurisdictional boundaries, national and international, that would need to be wholly understood. There could be limits to federal participation in a taskforce of this kind. He explained that there were 8 Arctic Nations that were members of the Arctic Council. The council was an intergovernmental forum, intended to promote cooperation, coordination, and interaction among the Arctic states. There were ministers from each member group that attended the meetings on a bi-annual basis. Senior Arctic officials met every 6 months. Six working groups worked on different research areas and reported back to the body. The decisions of the Arctic Council were non-binding, rather, the council provided research and analysis that helped to inform Arctic issues. The governor's office sent a representative to each of the ministerial, and most of the senior Arctic meetings, to represent Alaska's interests, and to track the activities of the council. The Arctic Policy Group (APG) helped to frame the Alaska state policies that were brought before the council. The APG, comprised of federal agencies, looked at land and natural resource management issues, environmental protection, human health, transportation and other policies relevant to the Arctic. The state participated in the APG meetings.

[2:45:26 PM](#)

Commissioner Hartig said that an ad-hock working group of the state met bi-monthly, and was chaired by a representative from the governor's D.C. office. The group met to determine the issues that would be brought to the APG meetings, to help influence discussions at the Arctic Council. The working group participated with native organizations, university representatives, private sector groups, non-governmental organizations, and federal agencies in Alaska. He stated that there was significant activity happening at the state level. The Coast Guard and the Canadian Coast Guard just completed a joint spill drill exercise. Representatives of the North Slope Borough and village communities also participated. Ship traffic through the Bering Strait to the Arctic was an issue that would be addressed in the near future. Discussions with the U.S. Geological Service had occurred concerning the Arctic Landscape Quad Cooperation Group, which would assess land management, and the formation of a science center to study climate change. He reiterated that if a new group were to be formed, the work of the many existing groups would need

to be respected, and that the work should be done within the recognized forums. He mentioned that the federal agencies were limited by the Federal Advisory Committee Act.

Co-Chair Hawker understood that the state should proceed with caution concerning other agencies on the federal and international level. Commissioner Hartig agreed. He stated that the taskforce proposed could be very beneficial, but the existing structures could not be ignored.

Co-Chair Hawker understood that the formation of the group could be valuable, but possible conflicts with existing groups should be considered. Commissioner Hartig agreed that the state should be cognizant of jurisdictional boundaries.

[2:51:01 PM](#)

Representative Austerman assumed that a representative from the state was present during international policy decision discussions with the U.S. State Department. Commissioner Hartig responded that the Arctic Council does research and analysis of potential policy, but did not sit directly in on international negotiations. The state participated in the Arctic Council meetings through the governor's office. Representative Austerman recommended that the state be become more involved. He said that he had not seen a report from the department, or the governor's office, detailing what was being done concerning Arctic issues. Commissioner Hartig responded the department's activities could be researched on the DEC website.

Representative Austerman asked if the creation of the taskforce could serve to foster broader communication concerning Arctic issues. Commissioner Hartig responded in the affirmative. He felt that the group could identify gaps where there would be an opportunity for further state involvement, particularly on the international level.

[2:54:15 PM](#)

Representative Gara believed that the taskforce was necessary to provide information to the legislature in order to create state policy.

Commissioner Hartig responded that the taskforce could have communication value when working with local communities and the legislature. He pointed out to the committee that the main concern for the department could be found on Page 3, Line 13-14 of the bill, which stated that taskforce would provide an assessment to facilitate the creation of a "state and federal commission responsible for overseeing the development of state and federal northern ocean waters". He believed that conflict with existing groups over the "overseeing" of waters could arise.

[2:57:05 PM](#)

Representative Salmon supported the bill, but thought that the selection of the board was narrowly focused. He thought the problem was statewide and should have statewide representation.

Vice-Chair Thomas asked if cruise ships, commercial fishermen, oil tankers, or other users of the Arctic, were represented in any of the existing groups.

Commissioner Hartig responded that the Arctic Council had work groups that included people looking at specific marine issues, including marine traffic. The state would be working with the Coast Guard to draft the risk assessment associated with the traffic. International governance mechanisms for traffic, not subject to U.S. laws would be examined. At the state level marine industries would be included in discussions. He stressed that talks pertaining to the issue were purely conceptual at this time.

Vice-Chair Thomas understood the importance that the people involved to the talks be educated about issues specific to the different communities and regions of the state.

[3:00:35 PM](#)

Representative Doogan requested clarification as to the state's role in regard to Arctic issues. Commissioner Hartig replied that at the base level, DEC handled the day-to-day business. Specifically to the Arctic the department was discussing future additional ship traffic in the Arctic. The department worked closely with the Coast Guard in the area of marine traffic safety, and to enhance prevention and the ability to respond to emergencies. Currently, an Aleutian Island marine transportation risk

assessment was being conducted and the information gathered could be applied to other northern areas. He said that the discussions were at the preliminary stage and that funding had yet to be procured for future studies.

Commissioner Hartig continued. The Arctic Council was looking at containments that enter into the Arctic in the ecosystem. An international conference in the fall would continue discussions of a monitoring plan to identify and track contaminants entering the state from international sources. The currents and wind patterns into the Arctic make it vulnerable to contaminants. Lastly, climate change issues recommendations had been the result of a year-long work group process. He stated he would need to check with other departments to gain knowledge of their particular initiatives.

Representative Doogan asked if there was anyone in the state who was coordinating a response to climate change issues.

Commissioner Hartig responded that the governor's Sub-Cabinet on Climate Change included the commissioners of DNR, DF&G, and the Department of Commerce.

Representative Doogan thought that the formation of the proposed taskforce would be necessary to bring all the departments involved in Arctic issues to one table. Commissioner Hartig asserted that he had been speaking solely to the issue of climate change.

[3:07:43 PM](#)

Representative Austerman questioned if any commissioners were involved in discussions of a deep water port in northern waters.

Commissioner Hartig replied that DOT&P/F had taken the lead on the issue and was working with the Corps of Engineers and the Denali Commission. In 2009, the Corps of Engineers had finished a report on deep water ports, from which a more detailed look would be drawn.

Representative Austerman referred to Page 3, Line 13, of the legislation. He asked if the department was concerned about the legislature coordinating with the federal government.

Commissioner Hartig stated that the concern was that a federal agency would sit on a taskforce that was comprised of mostly non-federal members, and would be subject to federal laws that would limit them from making decisions or recommendations.

[3:09:50 PM](#)

ANDY MACK, SPECIAL ASSISTANT GOVERNMENT AND EXTERNAL AFFAIRS, NORTH SLOPE BOROUGH, urged support for the bill. He testified that it was imperative that the state be involved in discussions concerning Alaskan northern waters. He shared that the Council on Environmental Quality (CEQ) had been tasked with putting together recommendations on ocean policy for the United States, which included the Arctic, for the White House. Representatives from the North Slope Borough, during visits to Washington D.C., noted that there was an interest in Arctic waters that dwarfed any federal interest in the eastern seaboard or the Gulf of Mexico. He believed that national policy was being crafted and that the state should not miss the opportunity to engage in the discussions. The Arctic Council currently received information from the Protection of the Arctic Marine Environment (PAME) working group on the Arctic marine shipping assessment, which was setting out policy that would aid in establishing the shipping policies for the international community. The state had not been heavily involved in the drafting of the policy which could have substantial implications for Alaska residents in the future. The Protection of the Arctic Marine Environment working group had also established the Arctic oil and gas guidelines; a finished document that had been, or was soon to be adopted by the Arctic Council. He concluded that if the state did not get involved, decisions concerning Arctic waters would be made without an Alaskan voice.

[3:15:06 PM](#)

BILL NOLL, SELF, ANCHORAGE (via teleconference), supported the legislation. He echoed the previous testimony. He shared that in March 2010 he attended a meeting in New York City on the subject of receding sea ice at the Council on Foreign Relations. He testified that there was a very strong international interest across the northern hemisphere that was paying attention to activity in the Arctic, and was eager to engage in talks with Alaska. The

meeting highlighted Norway's desire for bi-lateral discussions with interested Alaskan parties. Norway's interest in Alaska has been long term, particularly in the fishing industry. He thought that the new fiscal note would fund local meetings, but would not be enough for creating a new commission between the state and the federal government.

[3:20:04 PM](#)

Representative Foster solicited suggestions from Mr. Noll for improving the fiscal note numbers.

Mr. Noll responded that he did not have a number in mind, but felt that the numbers need to be higher. He imagined that the note would need to be doubled, and then examined by an economist.

[3:23:28 PM](#)

Representative Kelly asked if there was any basis for concern with the proposed commission's broad membership base.

Mr. Noll believed that the composition was perfectly suited for gathering local opinion and informing the public. However, he believed that members of the Anchorage and Fairbanks business communities should be involved for reasons of commerce. He suggested that the military should also be involved. He said that as far as an awareness campaign, the commission was well staffed.

[3:26:20 PM](#)

MEAD TREADWELL, CHAIR, THE ARCTIC RESEARCH COMMISSION (via teleconference), testified that the state had a responsibility to inform the federal government of the challenges and opportunities of an accessible Arctic. The federal government has an Arctic policy due largely to the information provided by the state. On the issue of shipping, the policy called for a regime that ensured that shipping was safe, secure, and reliable. The commission had been working to educate the United States and the world of the opportunities in the Arctic. As a citizen of Alaska he believed that the taskforce should exist to protect state interests. He relayed that the creation of the taskforce called for the creation of a state and federal co-management of Arctic shipping. He stressed the importance

that the state be involved in northern water issues pertaining to search and rescue. He informed the committee that as a result of the Arctic Marine Shipping Assessment, the International Maritime Organization (IMO) had met in London to set a mandatory code for ships operating in Arctic waters. The code could raise the cost of shipping goods to rural Alaska, but would also increase the safety of tour boats. The federal government was also in the process of revising the state's boundaries by making a claim under the law of the sea, and resolving boundary disputes with Canada. Ship noise and its relation to subsistence was also an issue being examined. There were many rules being made that the task force would make state government more aware of. He continued that the State of Alaska played a major role in port discussions. He believed that Alaska should take the lead when approaching international markets.

[3:35:27 PM](#)

TRACEY FOSTER, EXECUTIVE DIRECTOR, ALASKA HOUSE NEW YORK, testified in support of the legislation. She informed the committee that the Alaska House New York is a non-profit organization working to connect Alaska to the rest of the world. Arctic policy issues had been a main theme of outreach for the organization. The organization had met with the Council on Foreign Relations, four times in the last two years, and had invited experts on the issue to the Alaska House to discuss the latest details. She said that there was a great for the creation of a taskforce, and significant opportunity for the state into the future. She believed that the issue, as one of policy, was complicated. She revealed that there was frustration on the senate floor at the federal level concerning what should be done in Arctic waters. She thought that the state had an opportunity to get ahead of the issue, and that there was a high level of interest on the national level as to the states position on the Arctic. She warned that without a solid fiscal note, there was not enough weight to get representative from the state to travel to the international discussions. She urged serious consideration of adding more heft to the travel budget in preparation for travel to where decisions were made.

[3:38:30 PM](#)

Co-Chair Stoltze solicited further public testimony.

[3:39:47 PM](#)

TOM OKLEASIK, PLANNING DIRECTOR NORTHWEST ARCTIC BOROUGH, KOTZEBUE (via teleconference), voiced support of the bill. He informed the committee that the Inupiaq people were the first group to report climate change and changing climate conditions, including ice conditions, as well as reporting different international interests in the Arctic, particularly marine accessibility and the exploration and exploitation of natural resources both on-shore and off-shore. He encouraged the taskforce to use existing Arctic bodies; the joint North Slope Borough and Northwest Arctic Borough Planning Commissions, and the Arctic Economic Development Summit. He urged the involvement of the corporations of NANA, the Arctic Slope Regional Corporation, and the Bering Strait Native Corporation.

[3:42:46 PM](#)

Co-Chair Stoltze closed public testimony.

Representative Joule thanked the committee.

HCR 22 was HEARD and HELD in Committee for further consideration

#

ADJOURNMENT

The meeting was adjourned at 3:45 PM