

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 3, 2010

3:34 p.m.

MEMBERS PRESENT

Senator Lesil McGuire, Co-Chair
Senator Bill Wielechowski, Co-Chair
Senator Charlie Huggins, Vice Chair
Senator Hollis French
Senator Bert Stedman
Senator Gary Stevens
Senator Thomas Wagoner

MEMBERS ABSENT

All members present

OTHER MEMBERS PRESENT

Senator Joe Thomas
Senator Dennis Egan
Representative Guttenberg

COMMITTEE CALENDAR

SENATE BILL NO. 195

"An Act relating to the repeal of the establishment of the Goldstream Public Use Area."

HEARD AND HELD

SENATE BILL NO. 104

"An Act amending the boundaries of the Stan Price State Wildlife Sanctuary and relating to bear viewing in the sanctuary."

HEARD AND HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 20(FIN)

"An Act relating to commercial fishing loans for energy efficiency upgrades and increasing the maximum amount for certain loans under the Commercial Fishing Loan Act; and providing for an effective date."

HEARD AND HELD

SENATE BILL NO. 220

"An Act declaring a state energy policy; relating to energy efficiency and alternative energy; establishing the energy

efficiency grant fund, an emerging energy technology fund, a renewable energy production tax credit, and an energy use index; and relating to a fuel purchasing cooperative, to energy codes and efficiency standards, to energy conservation targets in public buildings, to a state agency energy use reduction plan, to the alternative energy revolving loan fund, and to the renewable energy grant fund."

HEARING POSTPONED

PREVIOUS COMMITTEE ACTION

BILL: SB 195

SHORT TITLE: MAKE GOLDSTREAM PUBLIC USE AREA PERMANENT

SPONSOR(s): SENATOR(s) THOMAS

01/19/10 (S) PREFILE RELEASED 1/8/10
01/19/10 (S) READ THE FIRST TIME - REFERRALS
01/19/10 (S) RES
02/03/10 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 104

SHORT TITLE: STAN PRICE STATE WILDLIFE SANCTUARY

SPONSOR(s): SENATOR(s) ELTON

02/09/09 (S) READ THE FIRST TIME - REFERRALS
02/09/09 (S) RES, FIN
02/03/10 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HB 20

SHORT TITLE: FISHERIES LOANS: ENERGY EFFICIENCY/AMOUNT

SPONSOR(s): REPRESENTATIVE(s) EDGMON, BUCH

01/20/09 (H) PREFILE RELEASED 1/9/09
01/20/09 (H) READ THE FIRST TIME - REFERRALS
01/20/09 (H) FSH, FIN
02/03/09 (H) FSH AT 10:00 AM BARNES 124
02/03/09 (H) Moved CSHB 20(FSH) Out of Committee
02/03/09 (H) MINUTE(FSH)
02/04/09 (H) FSH RPT CS(FSH) NT 3DP 3NR 1AM
02/04/09 (H) DP: EDGMON, BUCH, MUNOZ
02/04/09 (H) NR: JOHNSON, MILLETT, KELLER
02/04/09 (H) AM: KAWASAKI
02/17/09 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/17/09 (H) Heard & Held
02/17/09 (H) MINUTE(FIN)
03/25/09 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/25/09 (H) Heard & Held

03/25/09 (H) MINUTE(FIN)
 03/30/09 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/30/09 (H) Moved CSHB 20(FIN) Out of Committee
 03/30/09 (H) MINUTE(FIN)
 04/01/09 (H) FIN RPT CS(FIN) NT 7DP 2NR
 04/01/09 (H) DP: THOMAS, FOSTER, CRAWFORD, JOULE,
 GARA, AUSTERMAN, FAIRCLOUGH
 04/01/09 (H) NR: SALMON, STOLTZE
 04/10/09 (H) TRANSMITTED TO (S)
 04/10/09 (H) VERSION: CSHB 20(FIN)
 04/11/09 (S) READ THE FIRST TIME - REFERRALS
 04/11/09 (S) RES, FIN
 02/03/10 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR THOMAS
 Alaska State Legislature
 Juneau, AK
POSITION STATEMENT: Sponsor of SB 195.

JENNIFER YUHAS, Legislative Liaison
 Alaska Department of Fish and Game (ADF&G)
 Juneau, AK
POSITION STATEMENT: Supported SB 195.

DICK MYLIUS, Director
 Division of Mining, Land and Water
 Department of Natural Resources (DNR)
POSITION STATEMENT: Supported SB 195.

RICHARD BISHOP, representing himself
 Fairbanks, AK
POSITION STATEMENT: Supported SB 195.

SENATOR DENNIS EGAN
 Alaska State Legislature
 Juneau, AK
POSITION STATEMENT: Presented SB 104 for Senator Elton who was
 its sponsor.

K.J.METCALF, President
 Friends of Admiralty Island
 Juneau, AK
POSITION STATEMENT: Supported SB 104.

WAYNE REGELIN, President

Territorial Sportsmen
Juneau, AK
POSITION STATEMENT: Supported SB 104.

SARAH DUNLAP, representing herself
Juneau, AK
POSITION STATEMENT: Supported SB 104.

BUTCH LAUGHLIN, representing himself
Juneau, AK
POSITION STATEMENT: Supported SB 104.

GREG BROWN, owner
Weather Permitting Alaska
Tee Harbor, AK
POSITION STATEMENT: Supported SB 104.

TINA BROWN, representing herself
Juneau, AK
POSITION STATEMENT: Supported SB 104.

DAVID SUMMERS, licensed big game transporter and fishing guide
POSITION STATEMENT: Suggested amendments to SB 104.

DICK MYLIUS, Director
Division of Mining, Land and Water
Department of Natural Resources (DNR)
POSITION STATEMENT: Commented on SB 104.

TIM CLARK
Staff to Representative Edgmon
Alaska State Legislature
Juneau, AK
POSITION STATEMENT: Commented on HB 20 for the sponsor.

GREG WINEGAR, Director
Division of Investments
Department of Commerce, Community & Economic Development (DCCED)
POSITION STATEMENT: Answered questions regarding HB 20.

JERRY MCCUNE
United Fishermen of Alaska (UFA)
Juneau, AK
POSITION STATEMENT: Wholeheartedly supported HB 20.

JASON BRUNE, Executive Director
Resource Development Council (RDC)

POSITION STATEMENT: Supported HB 20.

ACTION NARRATIVE

[3:34:40 PM](#)

CO-CHAIR WIELECHOWSKI called the Senate Resources Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators Stevens, French, McGuire, and Wielechowski.

SB 195-MAKE GOLDSTREAM PUBLIC USE AREA PERMANENT

[3:35:52 PM](#)

CO-CHAIR WIELECHOWSKI announced SB 195 to be up for consideration.

SENATOR THOMAS, sponsor of SB 195, explained that the Goldstream Public Use Area (GPUA) was first established by Senator Bettye Fahrenkamp and Representative Mike Davis in 1990 in order to preserve the recreational opportunities, traditional uses and atmosphere of the local neighborhoods. He emphasized that this measure is not repealing the establishment of the GPUA, but rather it is a repeal of the sunset that was placed on it when it was originally put in place. He said it is scheduled to sunset on July 1, 2010 unless SB 195 is passed this session.

He said GPUA encompasses nearly 2000 acres of state land bordered by Sheep Creek Rd. to the east, Goldstream Rd. to the north and the Steese Highway to the west. This is home to an ever-growing network of trails that connect users to the Chatanika River Valley and White Mountains in the Fairbanks area all from location central to the Fairbanks population base. It is passively managed by the state and trails are maintained by volunteers at no cost to taxpayers. He said that all uses are allowed in the GPUA and it is used year-round.

[3:38:13 PM](#)

The repeal of the GPUA's sunset clause is actively supported by the Alaska Outdoor Council, Alaska Dog Mushing Association, Alaska Miners Association, Nordic Ski Club of Fairbanks, Alaska Trapper's Association, Skijoring and Polk Association, Fairbanks Snow Travelers, Northern Area State Parks Advisory Board, Fairbanks North Star Borough Trails Advisory Board, Alaska Trails, Interior Trails Preservation Coalition, Interior Alaska Land Trust, Arctic Audubon Society, and the Fairbanks Daily News-Miner.

He said their packets include nearly 100 letters of support from people who use the area.

[3:40:30 PM](#)

SENATOR FRENCH asked if anyone is opposed to this.

SENATOR THOMAS replied no.

[3:41:08 PM](#)

JENNIFER YUHAS, Legislative Liaison, Alaska Department of Fish and Game (ADF&G), said the department supported SB 195. She said the GPUA area's model works well; it serves both consumptive and non-consumptive users, motorized and non-motorized, and they would like to see it used more often.

[3:41:56 PM](#)

DICK MYLIUS, Director, Division of Mining, Land and Water, Department of Natural Resources (DNR), supported SB 195. He said GPUA is entirely managed by his division and mentioned that it is open to mining. It has been a success. The biggest impact of a public use area designation, he stated, is that it guarantees that the land will remain in state ownership. So the one use that isn't allowed is land sales - one of the original intents of the bill.

[3:42:48 PM](#)

SENATOR WAGONER joined the committee.

[3:42:54 PM](#)

RICHARD BISHOP, representing himself, Fairbanks, Alaska, supported SB 195. He said he lives about two miles as the Raven flies from the Goldstream Valley. He was involved in the original proposal for the GPUA in 1989 when it came to his and others' attention that the Valley's access was threatened with deterioration due to the breakup of homesteads and the potential for state land disposals in that area.

He said the area lies in a broad flat area of the Valley that is largely underlain by permafrost. So it didn't turn out to be very good for homesteading or for structures. Yet there was quite a bit of interest in the state making land available for homes and other development. It appeared that these lands would be put up for disposal which would interfere with traditional public uses of the area. One of the things they tried to emphasize is to not preclude uses that had been traditionally carried on there as long as they were consistent with the

purposes of the public use area which were to provide access for the public and maintain the fish and wildlife habitats, which were very good. Twenty years of use have shown it to be a wonderful asset; it is largely self sustaining and is widely used by all the uses Senator Thomas mentioned.

CO-CHAIR WIELECHOWSKI thanked everyone for their testimony, and finding no further testimony announced that SB 195 would be held.

SB 104-STAN PRICE STATE WILDLIFE SANCTUARY

[3:48:36 PM](#)

CO-CHAIR WIELECHOWSKI announced SB 104 to be up for consideration.

[3:48:54 PM](#)

SENATOR DENNIS EGAN said he is presenting SB 104 for Senator Elton who was its sponsor. He said the purpose of SB 104 is to set in statute the game management regime that exists today and has existed in the Stan Price Wildlife Sanctuary for the past 25 years. In 1984 the Board of Game established the upper Seymour Canal Closed Area as a buffer zone to further protect the human habituated areas at Pack Creek. Since 1984, the board has seven times declined to open the area to bear hunting - each time after exhaustive public debate and overwhelming opposition. After the last event in 2006, the board put a 10-year moratorium on hearing another petition to open the area to bear hunting. He said this bill would put in statute that which is a settled matter of sound scientific game management. It also supports the tourism businesses that have grown to serve the many visitors that come to Southeast Alaska precisely to experience the unique bear-viewing opportunities of the Refuge.

SENATOR EGAN explained that the blank committee substitute (CS) further clarifies that all other hunting and fishing is to be allowed within the Refuge.

[3:50:38 PM](#)

SENATOR WAGONER moved to adopt the CS to SB 104. There were no objections and CSSB 104(RES) 26-LS0545\S was before the committee.

[3:51:51 PM](#)

K.J.METCALF, President, Friends of Admiralty Island, said they had been in existence since 1987 and were very supportive if SB

104. He said that while Stan Price was alive, he did a wonderful job of nurturing the female bears that came down to his place; so they have become female population. They are not afraid of humans and bring their young down to nurse allowing a wonderful viewing opportunity. They really want to protect that population of female bears. Adopting this legislation puts the 25-year closure by the Board of Game into statute. He said the existing Stan Price Sanctuary is just the small area, other state lands would be added to it that are currently managed by the Department of Natural Resources (DNR). So they would all be under management by the Alaska Department of Fish and Game (ADF&G).

[3:53:14 PM](#)

SENATOR HUGGINS joined the committee.

MR. METCALF also said the management of the fish and game in this area is a model and this bill would codify that in statute also. "It just seems like a really good thing to do."

[3:54:07 PM](#)

WAYNE REGELIN, President, Territorial Sportsmen, supported SB 104. He said the Territorial Sportsmen is a sportsmen organization that was established in 1950 to promote hunting, fishing and trapping, and has about 1800 members. They recognize the importance of protecting the bears at Pack Creek. "They are a unique resource that are enjoyed by a lot of people."

He explained that the area is closed to hunting on the tidelands. Opening it to bear hunting came up every three years and got everybody all excited and there is just no reason to put the public through that every year. He suggested a little revision to the sponsor who inserted language saying that the area that is closed is only closed to hunting bears, but other uses of hunting and fishing are allowed.

[3:55:42 PM](#)

SARAH DUNLAP, representing herself, Juneau, Alaska, supported SB 104. She summarized her testimony saying that for the past 19 years she and her husband have made their living guiding people into bear viewing opportunities in Pack Creek, Windfall Harbor and Swan Cove. Through that they have gained an understanding of how valuable this area is to the tourism economy as well as being a very special place. They are supporting this bill because they think it is important to expand that tiny sanctuary area into the areas that have been long-closed to bear viewing. Their experience has shown them how vulnerable bears would be to

hunting if it were to ever be opened to hunting again and how it would affect the viewing there. There is the controlled experience at Pack Creek, with the rangers; but Windfall Harbor has more of a wilderness experience. When permits at Pack Creek are not available, Windfall is usually available. They take an average of 90 clients into Windfall Harbor and Pack Creek every year (since 2000) and that's in addition to the 180 clients they take into Pack Creek each year. Pack Creek, itself, sees about 1200 visitors every season.

MS. DUNLAP said it is well understood that wildlife watching is big business in Alaska and is an important aspect of Juneau's tourism economy, but it isn't that well-known how much of this business is done by small, locally-owned operators. That is particularly true of this Pack Creek, Windfall, Swan complex, she said. These tours are not sold on the cruise ships. She said that Pack Creek is a destination spot that brings independent travelers into the Juneau community. That business flows through B&Bs, restaurants and retail establishments. So, all-in-all it's the local people who are benefiting from the bear viewing activity that goes on there. Not only does the income they make flow back through the economy, but a very significant amount of that money goes back to underwriting the cost of managing Pack Creek.

She stressed that her business's Pack Creek permit fees average about \$5,000 each year and that the permit fees bring in \$40,000 annually. She mentioned that the fees generated by wildlife watching are really important sources of revenue for the agencies that manage public lands and this is very true in the case of Pack Creek.

MS. DUNLAP stressed this is not an anti-hunting measure. The only hunting that would not be allowed in these areas is bear hunting and these lands were closed to bear hunting in 1984 at the same time other lands on Admiralty Island were open to bear hunting. So these closures never resulted in any net loss of hunting opportunities on Admiralty Island and over 90 percent of the Island remains available to bear hunters. It is appropriate that wildlife viewers have their own locations on Admiralty, particularly this very important premier destination for bear viewers.

MS. DUNLAP said the Board of Game was very wise when it created this situation 25 years ago, and they have thoroughly reviewed the decision over the years since. It is one of the most

scientifically supported, agency approved publicly popular land use allocations in Alaskan history.

[4:01:41 PM](#)

BUTCH LAUGHLIN, representing himself, Juneau, Alaska, said his wife, Ms. Dunlap, covered most of their testimony. He does the flying and the guiding and sees what is happening on the ground every day. He sees how many bears use all the areas of the sanctuary. All this bill does is expand the legislative protection to the lands that have long been closed to hunting and it doesn't seek to make a radical change to the area; it's simply to keep the status quo of the area that is in place now. Just the designation of the tidelands would be changed. He supported SB 104.

[4:03:05 PM](#)

GREG BROWN, owner, Weather Permitting Alaska, Tee Harbor, Alaska, said he does custom trips for whale watching and other non-consumptive uses. He is also on the Advisory Board for the Board of Game representing Juneau.

MR. BROWN said nonconsumptive users in the U.S. have grown to number 62 million people and spend over \$29 billion, but hunting in the U.S. has been declining for decades. In Alaska, hunting brings in \$124 million annually. It is considered a stable industry, which is a little misleading because the state pumps about \$3.8 million into it for intensive management control. On the other hand, wildlife viewing brings in \$581 million - five times more than consumptive users. He really believes there is not much more opportunity to grow the consumptive business in Alaska, but the \$581 million is the future of the wildlife of Alaska.

He said he spent last week at the Board of Game meeting in Anchorage and "if we spent half as much time working on developing this economically, we could have an billion-dollar business here in literally a couple of years." Last year he had two trips to the Pack Creek and Windfall area, one of them was a film crew from PBS. They were able to view the same two bears for both trips and he made \$4000 each trip. "These animals have great value. This is a very, very special place - almost mystical place to be."

[4:06:07 PM](#)

SENATOR WAGONER quipped that those must have been pretty well mounted bears.

4:06:21 PM

TINA BROWN, representing herself, Juneau, Alaska, said tourists value the bears, but the people who live here do, too. One of the main reasons she and her husband chose to retire in Juneau is because it is close to these brown bears. She and her husband bought a house and now have a small business, they pay taxes, and this has helped the community as well.

MS. BROWN stated that a lot of people are here because of the wildlife and she appreciated having this opportunity to preserve it. There are many places to hunt, but not many places for "world-class" brown bear viewing like this.

4:07:50 PM

DAVID SUMMERS, licensed big game transporter and fishing guide, agreed that a live bear can be worth more than a dead bear and suggested a couple of small changes to SB 104. The first was in on page 2, line 20, where it says "other fish and wildlife populations, and their habitats" which he said is extremely broad language. If the intent is to preserve the area specifically for the bears, he said the language should speak specifically to that.

He asked why the number of commercial permits to bring people ashore to view bears isn't increased and suggested adding "commercial" to the list of purposes (page 2, line 22).

4:10:17 PM

CO-CHAIR WIELECHOWSKI asked Mr. Mylius what he thought about Mr. Summers' suggestions.

DICK MYLIUS, Director, Division of Mining, Land and Water, Department of Natural Resources (DNR), said he is primarily on line to answer questions since this is on state tide and submerged lands. But the Sanctuary would be managed by the Alaska Department of Fish and Game (ADF&G) and those questions could be answered by them.

CO-CHAIR WIELECHOWSKI asked him to run that by the department.

4:11:23 PM

SENATOR HUGGINS asked if Mr. Summers wanted to delete the language: "the department shall allow".

CO-CHAIR WIELECHOWSKI noted that his staff just told him that Mr. Summers' suggestions would change the statutory purpose that has been established for over 20-plus years.

SENATOR HUGGINS said he is a consumptive guy and it is valuable to have what is permitted as well as what is prohibited in language because interpretations later on can get skewed.

CO-CHAIR WIELECHOWSKI directed people to work on language and set SB 104 aside.

HB 20-FISHERIES LOANS:ENERGY EFFICIENCY/AMOUNT

[4:13:43 PM](#)

CO-CHAIR WIELECHOWSKI announced HB 20 to be up for consideration. [CSHB 20(FIN) was before the committee.]

[4:14:03 PM](#)

TIM CLARK, staff to Representative Edgmon, sponsor of HB 20, explained that the current loan fund has six loan programs. They are divided into subsections in statute and indicated by letters A through F. This bill addresses, for the most part, only changes in how the programs in subsections A and B are administered. He explained that section A loans are for up to \$300,000 for entry permits and existing vessel and gear upgrades to improve seafood quality. Section B loans can be up to \$100,000 and be used for entry permits, vessel and gear upgrades for nearly any purpose including energy efficiency, vessel and gear purchases and new vessel construction; section C loans are for purchasing quota shares; section D loans are to help satisfy past due federal tax obligations; section E loans are to purchase quota shares by a community quota entity; and section F loans are for existing tender vessel and gear improvements relating to seafood quality.

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MR. CLARK said in 2008 the Division of Investments promoted a program under subsection B that made loans for the purposes of improvements for energy efficiency on existing vessels and gear. Because it is so successful, they want to make the program available to a larger number of people in the fishing industry. So, HB 20 adds improving energy efficiency to the purposes for which the A loans can be made and eliminates a prohibition for a borrower who has never had a loan out under subsection A from applying for a subsequent loan in the subsection B program. But it is only eliminated if the purpose of the B loan is specifically for improving energy efficiency.

MR. CLARK said the other amendment raises the total allowable balance outstanding on loans to an individual who has both A and B loans from \$300,000 to \$400,000 - recognizing the increased cost for a lot of their equipment. He reported that overall programs under the loan fund have a cap of \$400,000 for total outstanding debt and this increase does not change that total. SB 104 has an immediate effective date.

[4:19:47 PM](#)

SENATOR STEVENS said it looks like these loans go to only Alaskans, but at the beginning of the commercial fishing loan summary it says "predominantly resident fisheries" and he wanted to know what that meant.

MR. CLARK answered that no loans under the fund are available to non-residents.

SENATOR STEVENS said he absolutely supports this program.

SENATOR WAGONER explained that some vessels are home ported in Alaska and also fish in Alaska, but he also knew of one Alaskan who fished the herring fishery in San Francisco.

[4:21:41 PM](#)

SENATOR HUGGINS said some guys live in Senator Wagoner's area who do halibut charters and he asked where they would fall in the definition of commercial.

[4:22:45 PM](#)

SENATOR STEDMAN joined the committee.

MR. CLARK replied that these commercial fishing loan fund programs would not be open to sport fish and charter operations. He has been told that those loans are also administered through the Division of Investments.

[4:22:57 PM](#)

CO-CHAIR WIELECHOWSKI asked if "energy efficiency" has been defined.

MR. CLARK replied that the division has successfully written regulations that ensure the loans go for the proper purpose.

[4:23:53 PM](#)

GREG WINEGAR, Director, Division of Investments, Department of Commerce, Community & Economic Development (DCCED), said he administers the commercial fishing revolving loan fund that

would be amended by HB 20. He said the program has been around since the early 70s and its purpose is to create a predominantly resident fishery. It does that by making loans to Alaskan residents (of two years). This fund has been very successful from both policy and fiscal standpoints and it has been totally self sufficient for many years. The bill allows both sections A and B borrowers to obtain a low interest loan to upgrade vessels to improve energy efficiency. In most cases they are talking about a more fuel efficient engine.

He said that this would help increase fishermen's profitability and it has the added benefit of helping the environment by lowering the industry's carbon footprint. The fiscal note indicates an uptick in loan demand and the fund has sufficient capital to handle that.

SENATOR STEDMAN asked if this would encourage instate development of fisheries. He asked how this bill would "help bring home our permits out of Washington."

MR. WINEGAR replied that the overall intent is to create a "predominantly resident fishery." This will help a larger portion of the Alaskan fleet obtain low interest loans to put in more energy efficient engines, which would lower their operating costs. It helps the whole industry by lowering its carbon footprint.

CO-CHAIR WIELECHOWSKI asked if it is constitutional to limit loans to residents. Had it been tested?

MR. WINEGAR replied yes it had been tested. At one time the program had a five-year residency requirement, but that ran into constitutional issues. The legislature made a change some years ago and dropped it down to two years, which has not been tested in court. It was felt at the time that two years was justifiable because the fishing industry is a fairly mobile industry and people move around quite a bit back and forth, as Senator Wagoner mentioned.

SENATOR STEDMAN asked if hand trollers would qualify too.

MR. WINEGAR answered yes.

SENATOR STEDMAN asked if the boat has to have a percentage of its business in the hand troll business or does one just have to own a hand toll license and land a couple of fish to qualify.

MR. WINEGAR answered that the boat could qualify under both sections A and B. Under section A they would have had to fish three of the past five years including the preceding season. Section B criteria is a little different; you basically have to be in an area that doesn't have any other occupational opportunities other than fishing or you have to have had 25 percent of your income over the past two years from commercial fishing.

[4:28:48 PM](#)

JERRY MCCUNE, United Fishermen of Alaska (UFA), said he wholeheartedly supported HB 20. New engines that create less emissions have been designed, he said, which are wonderful, but he has just found out that he can't use his outdrives, because of the back pressure. So he has to buy all new engines which will cost around \$50,000. A lot of that will be going on with other fishermen. He said this will help everyone across the state, especially the little guys who can get new outboards that put out fewer emissions. Everyone is going to have to repower some time. New EPA rules are also coming out.

SENATOR WAGONER asked which fisheries are excluded from this program.

MR. MCCUNE said he didn't know of any fishery that had been excluded.

[4:31:48 PM](#)

JASON BRUNE, Executive Director, Resource Development Council (RDC), supported HB 20. He said the RDC is comprised of individuals and companies from all the major sectors of Alaska's economy including the fisheries. Its purpose is to link these diverse interests together to encourage a strong diversified private sector in Alaska. He said that Alaskans have been struggling with high energy costs for the last several years and fuel costs and usage have escalated as fishermen are required to go further out for their catch due to impacts from endangered species listing, critical habitat designations, marine protection areas and fish movement. Opportunities to improve energy efficiency through state loans are important not only for the pocketbooks of the fishermen who harvest over half of our nation's total catch, but also for the communities in which they live and, of course, for the environment. Increased efficiency will likely lead to lower costs and ultimately decreased carbon emissions.

MR. BRUNE noted that this bill has bipartisan support on the House side, with both the Majority and Minority signing on as co-sponsors. It makes good sense and he urged its expeditious passage.

CO-CHAIR WIELECHOWSKI closed public testimony.

[4:34:02 PM](#)

SENATOR HUGGINS said the cruise ship industry has standards for discharges and other things. He asked if it said somewhere what an upgrade really is.

[4:35:39 PM](#)

MR. WINEGAR answered that 3 AAC 80.0550 has fairly general language that says "an engine efficiency upgrade an applicant must establish to the satisfaction of the department that the upgrade to be financed with the loan will reduce emissions or improve fuel productivity." Significant savings have been seen in the loans they have done so far.

SENATOR HUGGINS said this is a great idea; he has listened to a number of people in the Kenai being irritated by the fact that you can use "X" engine for certain periods of time and "Y" in others; they have other equipment made in various parts of the world, but for loaning money he wanted some degree of comfort that what they are doing makes sense.

MR. WINEGAR said they look at each loan on an individual basis and ask the borrower to demonstrate what the savings will be. They also look at the literature on the engines as part of the evaluation process.

SENATOR HUGGINS asked if he takes out the loan and makes the modification, then decides to move to Seattle, does the loan get modified.

MR. WINEGAR replied that the division doesn't have the legal ability to call the loan, because of constitutional issues, but if a person needs an extension on the loan and is still a resident, they have the legal ability to put the interest into a non-accruing account. If the borrower is no longer a resident that interest can be added to the balance like a bank loan.

[4:38:41 PM](#)

SENATOR HUGGINS asked what happens if he sells the boat.

MR. WINEGAR replied that the division takes a security position in the vessel, so he would be required to pay off the loan.

4:39:47 PM

CO-CHAIR WIELECHOWSKI thanked everyone for their testimony and finding no further business to come before the committee, he adjourned the meeting at 4:40 p.m.