

HOUSE FINANCE COMMITTEE  
January 30, 2012  
1:33 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Bill Stoltze, Co-Chair  
Representative Bill Thomas Jr., Co-Chair  
Representative Anna Fairclough, Vice-Chair  
Representative Mia Costello  
Representative Mike Doogan  
Representative Bryce Edgmon  
Representative Les Gara  
Representative Reggie Joule  
Representative Mark Neuman  
Representative Tammie Wilson

MEMBERS ABSENT

Representative David Guttenberg

ALSO PRESENT

Representative Alan Austerman; Aaron Schroder, Staff, Veterans Caucus; Chris Christensen III, Associate Vice President for State Relations, University of Alaska; Cora Campbell, Commissioner, Department of Fish and Game; Kevin Brooks, Administrative Director, Division of Administrative Services, Department of Fish and Game; Susan Bell, Commissioner, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Sara Chambers, Program Coordinator, Division of Professional Licensing, Department of Commerce, Community and Economic Development; Mark, Sansouci, Regional Liaison, Northwest Military Families, United States Department of Defense (DOF), Tacoma.

SUMMARY

HB 282 MILITARY TRAINING CREDIT/TEMP. LICENSE

OPERATING BUDGET OVERVIEWS:

Department of Fish and Game  
Department of Commerce, Community and Economic  
Development

#hb282  
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HOUSE BILL NO. 282

"An Act relating to applying military education, training, and service credit to occupational licensing and certain postsecondary education and employment training requirements; and providing for a temporary occupational license for qualified military service members."

Co-Chair Thomas MOVED to ADOPT a proposed committee substitute for HB 282, work draft 27-LS1116\T.

Co-Chair Stoltze OBJECTED for purpose of discussion.

AARON SCHRODER, STAFF, VETERANS CAUCUS, provided an overview of the proposed committee substitute. He noted that there were five changes to the legislation, none of which affected policy:

- Page 1, line 13 - added "substantially" to allow the department more objectivity when assessing military training;
- Page 2, line 12 - deleted "while on active duty" to broaden the training that could be recognized by the department;
- Page 2, line 18 - added "degree" to recognize the degree from an accredited military institution;
- Page 5, line 28 - deleted "promulgate" and inserted "adopt"; and
- Page 5, Section 6 - added the effective date of December 31, 2012.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO FURTHER OBJECTION, work draft 27-LS1116\T was adopted.

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Mr. Shroeder explained that the goal of House Bill 282 was to assist the transition of service members from active duty to civilian life. He said that 1,200 members separated from the armed services into the state of Alaska in 2010. The Department of Defense (DOD) listed the legislation as one of their top priorities in 2012. He noted that the national unemployment rate for post 9/11 veterans (age 18-24) was just fewer than 22 percent.

Mr. Shroeder explained that HB 282 asked the Division of Professional Licensing, University of Alaska, and Department of Labor to evaluate military training and education, and assign civilian credit where it was appropriate. He emphasized that the department, University of Alaska and several licensing boards had already implemented the practice. He asked for statutory backing in recognition of the military credit.

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Representative Costello questioned whether applicants would have to reapply after the 180 days [granted under a temporary license] and resubmit additional paperwork.

Mr. Shroeder deferred the question to the Department of Commerce, Community and Economic Development (DCCED).

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Representative Neuman asked how military qualification would be approved for certification with the state.

Mr. Shroeder explained that the intent was to ask the DCCED Division of Licensing or the University of Alaska or other school institutions to look at the military equivalent and decide comparability.

Representative Neuman concluded that a certificate would be awarded if there were merit.

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Representative Costello reiterated her previous question.

SARA CHAMBERS, PROGRAM COORDINATOR, DIVISION OF PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), clarified that each program that issued a temporary license could have a slightly different process. There were thirteen programs that offered temporary licenses. Ten had a board or commission to oversee the process. A temporary license could be a separate application, or could be folded into a permanent biannual license. She clarified that the legislation would allow application to any temporary professional license managed through the Division of Corporations, Business and Professional Licenses, and would apply to temporary licenses that had been authorized through regulation. Not every program had established a temporary license. The legislation would require that military credit be applied to current or future authorized licenses.

Representative Costello understood that the legislation would allow for a temporary license for any type of license issued by the state.

Ms. Chambers replied that the bill would apply to any temporary professional license authorized through regulation that was managed through the Division of Corporations, Business and Professional Licenses. She said that not every program had established a temporary license through regulation. She shared that the bill would require that military credit be applied where authorization currently existed, or may exist in the future.

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MARK, SAN SOUCI, REGIONAL LIAISON, NORTHWEST MILITARY FAMILIES, UNITED STATES DEPARTMENT OF DEFENSE (DOD), TACOMA (via teleconference), testified in support. He noted the high number of unemployed veterans: one million in 2011. The post 9/11 unemployment rate was 13.3 percent. The current unemployment rate for age 18-24 veterans was 21.9 percent. He observed that DOD had asked states to give separating service members credit so that they were not held back from finding employment or finishing a degree. Legislative leaders were asked to establish policies that ensure separating service members did not have to repeat requirements completed during their military career, and would allow them to obtain academic credit or an occupational license. Four states had enacted new laws to

help grant that veterans received credit toward licensing and/or academics. In 2012, there were already 27 bills in 15 other states that resembled HB 282.

Mr. Sansouci observed that DOD only sought credit where credit was due. He pointed out that citizens had already paid for veterans' training within DOD schools and for military experience through federal tax dollars. Granting veterans credit would also help open school slots to other students. The DOD had worked with the United States Department of Labor to link service transcripts of military occupations with civil private sector licensure requirements and had asked state regulatory authorities in pilot states (Washington, Illinois and Maryland) to review select military occupations to determine if military experience was sufficient to be useful in rendering licensure credit. Alaska houses thousands of veterans and remained a retirement choice for many; 1,286 military separated back to Alaska in 2010. In 2011, the state of Washington passed two bills: one for medical occupations and one for non-medical occupations. House Bill 282 was modeled after Washington's and would be considered best practice legislation.

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CHRIS CHRISTENSEN III, ASSOCIATE VICE PRESIDENT FOR STATE RELATIONS, UNIVERSITY OF ALASKA, spoke to Section 2, which directed the university's president to adopt policies and procedures to award credit for military training, education, and service. He noted that the university was committed to offering quality educational experiences to active military, veterans, and their dependents.

Mr. Christensen observed that *GI Jobs Magazine*, which was a magazine and web portal that existed specifically to serve people who were transitioning from the military back to civilian life, had designated both the University of Alaska, Anchorage (UAA) and the University of Alaska, Fairbanks (UAF) as "military friendly schools". Only 15 percent of all the colleges, universities, and vocational schools in the country had received the designation, which he felt was a sad commentary on the lower 48, and one of the reasons the DOD has pushed legislation.

Co-Chair Stoltze interjected that there had been a general association [between the state of Alaska and the military] for a decade.

Mr. Christensen observed that the web portal "guidetoonlineschools.com," which billed itself as the most comprehensive authority on distance education and online learning, released its 2012 rankings of the most military-friendly online colleges in the country. The University of Alaska was ranked five of the multitude of schools. The University was proud of its ranking and felt that legislators should also be proud as the entity that made that rating possible through funding decisions.

Mr. Christensen spoke to transfer of credit, as an important issue. He noted that the subject aroused great passion, and military transfer credit was a piece of the bigger issue. The board of regents had adopted a written policy on transfer of credit. All three campuses had established transfer credit policies designed to give maximum credit for courses and training taken elsewhere, including in the military. The University believed that awarding appropriate credit for military training was one of the university's responsibilities, and another way it could show commitment to recruit and retain military and veteran students.

Mr. Christensen felt that there were a lot of misconceptions about what the university actually did for military students. He maintained that there was a great deal of uniformity in the system. All three campuses transfer credit based on recommendations made by "ACE," which was the acronym for the American Council of Education. He explained that ACE had had an agreement with the defense department since the end of WWII to review military training and experience for the award of equivalent college credits. The American Council of Education's recommendations on equivalent college credits were utilized by thousands of universities across the country. All three Alaskan campuses had written agreements with DOD to follow the ACE guidelines.

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Mr. Christensen observed that all three campuses were also members of the Service Members Opportunity Colleges (SOC) consortium, which is a consortium of over 1,900 colleges

and universities that enroll active duty military, veterans, and dependents in special degree programs, both on-campus and through distance learning. The purpose of SOC was to let the military get degrees, rather than just accumulate credits as they moved from base to base. The University of Alaska signed written agreements to follow specific guidelines in accepting military transfer of credit from member schools and to limit the number of credits military students had to earn at UA, in order to get a UA degree. For example, military students working on a SOC degree at UAA only needed 3 UAA credits to earn the degree; UAA would take all the rest of the credits from other schools in the SOC consortium.

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Mr. Christensen explained that the university was currently accepting approximately 51 credits per student from those military students who attended regionally accredited military institutions such as: service academies, the Community College of the Air Force, the Defense Language Institute and others.

Mr. Christensen pointed out that a military student could use approximately 30 credits of typical training for the bachelor of emergency management degree, which was setup with military students in mind. Neither UAA nor UAF had any limitation on the number of military transfer credits. Limitations were eliminated at UAA in the past year as part of their continual process to review the system and make it more student-friendly.

Mr. Christensen observed that UAA alone accepted over 15,000 hours of military transfer credit for training, for education, and even for time spent in the service in 2011. In 2011, approximately 99.5% of the students who requested military transfer credits received those credits.

Mr. Christensen emphasized that Alaska was widely known to service members as a state that welcomed and appreciated the military. The university, as demonstrated by existing credit transfer policies, reflected the state's positive prevailing social values.

Representative Doogan asked if there was a recognized appeals process.

Mr. Christensen affirmed and stressed that military credit appeals would be handled in a timely manner.

Vice-chair Fairclough observed that 99 percent of military transfers were accepted. She queried if credits were transferred toward a degree or elective credits.

Mr. Christensen clarified that there were some of each. Whether credits were applied as an elective or requirement depended on several factors.

Vice-chair Fairclough noted that it was easy to except electives but more difficult to accept credits toward requirements.

Vice-chair Fairclough asked if the university felt it could implement a policy with satisfactory evidence.

Mr. Christensen affirmed and indicated that they already had such a policy in place. He pointed out that the university's hands were tied by the written agreements that had been signed with DOD.

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Co-Chair Stoltze commented that it would be a shame if UAF accepted credits that were not transferable to UAA.

Mr. Christensen acknowledged the importance of the issue among legislator's constituents and asked representatives to forward any constituent concerns so that they could be addressed.

Vice-chair Fairclough looked forward to seeing the first diploma received.

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Co-Chair Stoltze noted that there were several zero fiscal notes. [Co-Chair Stoltze later noted that a new fiscal note would be forthcoming from the Department of Commerce, Community and Economic Development.]

Co-Chair Thomas MOVED to report CSHB 282 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSHB 282 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with three previously published fiscal notes (#1, #2, and #3); and a new "forthcoming" fiscal note from the Department of Commerce, Community and Economic Development.

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^BUDGET OVERVIEW: DEPARTMENT OF FISH AND GAME

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CORA CAMPBELL, COMMISSIONER, DEPARTMENT OF FISH AND GAME, introduced staff and provided members with PowerPoint presentation: Alaska Department of Fish and Game Overview, House Finance Committee, January 30, 2012 (copy on file). She observed that the department's mission statement was based upon the Alaska State Constitution (Article 8) and Alaska Statutes (Title 16):

To protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their uses and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle.

Commissioner Campbell reviewed the department's six core services:

- Harvest Management: provide opportunity to utilize fish and wildlife resources
- Stock Assessment: Ensure sustainability and harvestable surplus of fish and wildlife resources
- Customer Service: Provide information to all customers
- Public Involvement: Involve the public in management of fish and wildlife resources

- State Sovereignty: Protect the state's sovereignty to manage fish and wildlife resources
- Habitat Protection: Protect important fish and wildlife habitat during permit and project review

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Co-Chair Stoltze referred to issues faced by the public when obtaining or entering drawings for permits for hunting and fishing. He believed the department could improve public relations.

Commissioner Campbell believed the department had worked to improve the draw program. She said that the draw program had been a source of frustration for the department. She shared that the department was trying to provide a lot of information to a lot of Alaskans. She said that the department had faced challenges in establishing an on-line program to be more user friendly. She stated that she would be interested in hearing any constituent suggestions that had been relayed to committee members.

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Co-Chair Stoltze stressed the level of complaints and the magnitude of the issue.

Vice-chair Fairclough referred to a constituent unable to participate in an on-line drawing due to a power outage. She wondered about an appeals process that people could go through if they were unable to comply based on situations beyond their control.

Commissioner Campbell acknowledged that the deadline fell on a weekend in 2011, which was not optimal. She explained that the department had considered moving the deadline to a weekday to allow people the alternative of calling or visiting a fish and game office to complete their application should they have difficulty getting into the online system.

Vice-chair Fairclough noted that there could be extenuating circumstances due to climate that would make meeting the application deadline difficult.

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Representative Joule wondered about the issue of subsistence was being handled in the relationship between the department and the federal government.

Commissioner Campbell thought that there was some inefficiency and confusion that stemmed from the two sets of regulations. She felt that the federal system had been considered as temporary, but as time has gone on that was not the case. She said that the department had worked to make the two management systems work for users.

Representative Joule wondered why the federal regulations had been considered temporary.

Commissioner Campbell replied that many thought the federal government regulations would be temporary while the state found a way to come into compliance with the Alaska National Interest Lands Conservation Act (ANILCA). She acknowledged that it had been 20 years since the "temporary" program had come into effect. She reiterated that the department worked to make the two systems as user friendly as possible. She noted that it was difficult to work with the two different regulatory systems.

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Commissioner Campbell reviewed the department's structure:  
Under the Office of the Commissioner:

- Board Support Section
- Division of Commercial Fisheries
- Division of Sport Fish
- Division of Wildlife Conservation
- Division of Habitat
- Division of Subsistence
- Division of Administrative Services

Commissioner Campbell added that the Exxon Valdez Oil Spill and the Commercial Fisheries Entry Commission were attached to the department for administrative purposes. She noted the map on page 6, which detailed where the department offices were located around the state.

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Representative Costello asked if the department would be willing to work with the Department of Motor Vehicle (DMV)

concerning offering renewals of fishing licenses at DMV offices.

Commissioner Campbell stressed the department had an interest to make renewals as easy as possible, as the revenue from license sales was an important contributor to the department's budget. She said that she would talk to the Commissioner of Administration about the practicality of the proposal.

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Commissioner Campbell continued with her presentation:

Commissioner's Office  
Commissioner Cora Campbell

10 permanent full time positions  
\$1,850.4 FY13 Operating Request  
1% of ADF&G's Operating Budget

Commissioner Campbell relayed that the office was responsible for providing support and policy direction to the department programs, as well as budget and planning coordination.

Commissioner Campbell continued:

Commercial Fisheries  
Director Jeff Regnart

309 permanent full time positions  
431 permanent part time/seasonal positions  
\$70,456.8 FY 13 Operating Budget Request  
34 percent of ADF&G's operating budget

Commissioner Campbell added that the division was responsible for stock assessment, research and management for commercial fisheries, and some subsistence fisheries, as well as in charge of permitting for aquaculture projects throughout the state.

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Commissioner Campbell continued:

Sport Fish

Director Charlie Swanton  
218 permanent full time positions  
184 permanent part time/seasonal positions  
\$49,738.5 FY13 Operating Request  
24 percent of ADF&G's Operating Budget

Commissioner Campbell noted that the division was responsible for management and stock assessment for sport fisheries, as well as most personal use fisheries. She shared that the division provided additional recreational opportunities through production of hatchery fish and was responsible for protecting and improving public access to recreational fisheries resources. The division's funding came primarily from sale of fishing licenses and stamps, as well as from federal excise taxes.

Commissioner Campbell continued:

Wildlife Conservation  
Acting Director Doug Vincent-Lang

191 permanent full time positions  
60 permanent part time/seasonal employees  
\$44,483.3 FY13 Operating Request  
21% of ADF&G's Operating Budget

Commissioner Campbell shared that the division was responsible for management of wildlife and wildlife stock assessments. She said that the division also provided hunter safety education and participated in the Board of Game process, as well as managed the state's wildlife refuges, critical habitat areas and wildlife sanctuaries.

Commissioner Campbell highlighted the smaller divisions:

Subsistence  
Director Hazel Nelson

24 permanent full time positions  
14 permanent part time/seasonal positions  
\$7,442.8 FY13 Operating Request  
4 percent ADF&G's Operating Budget

Commissioner Campbell stated that the division was a research division that was primarily responsible for the amount, quantity and usage of subsistence resources by Alaskan's.

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Commissioner Campbell continued:

Habitat

Director Randy Bates

49 permanent full time positions  
2 permanent part time/seasonal positions  
\$6,767.1 FY13 Operating Request  
3 percent of ADFG's Budget

Commissioner Campbell added that the division was primarily a permitting division that was responsible for reviewing development projects, authorized by other agencies, for compatibility for protection of fish and wildlife habitat.

Administrative Services

Director Kevin Brooks

70 permanent full time positions  
11 permanent part time/seasonal positions  
\$12,431.0 FY13 Operating Request  
\$7,138.8 FY13 Facility Related Components  
9 percent of ADF&G's Operating Budget

Commissioner Campbell stated that the division administered the fish and game licensing program and provided overall logistical support.

Boards Support Section

Executive Director Monica Wellard

6 permanent full time positions  
5 permanent part time/seasonal positions  
\$2,106.8 FY13 Operating Request  
1 percent of ADF&G's Operating Budget

Commissioner Campbell explained that the section was important for public involvement. She said that the section provided support for the activities for the Board of Fish and the Board of Game, as well as the 82 local advisory committees.

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Commissioner Campbell spoke to the department's independent agencies:

Commercial Fisheries Entry Commission  
Bruce Twomley, Chairman

28 permanent full time positions  
2 permanent part time/seasonal positions  
\$4,291.3 FY13 Operating Request  
2 percent of ADF&G's Operating Budget

Exxon Valdez Oil Spill Trustee Council  
Elise Hsieh, Executive Director

6 permanent full time positions  
\$2,602.7 FY13 Operating Request  
1 percent of ADF&G's Operating Budget

Commissioner Campbell noted that the agencies were a small part of the overall budget.

Representative Gara asked if the state had reopened the Exxon Valdez settlement litigation in order to collect on unexpected additional damages due to the disaster.

Commissioner Campbell replied that the question should be referred to the Department of Law.

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Commissioner Campbell spoke to Slide 16, which was a pie chart that broke down the FY 2013 budget by division and fund source. She highlighted that the biggest funding sources for the department were general funds, federal funds and fish and game funds. She continued to Slide 17, which charted the FY 2013 budgeted positions. She pointed out to the committee that the department had 911 full time positions; but 1,690 total positions, which reflected the departments reliance on seasonal staff.

Representative Edgmon asked about 288 vacant positions that had been eliminated.

Commissioner Campbell noted that positions had been vacant for a long time and did not think there would be an impact

on existing programs. She stated that vacancies would be handled more carefully in the future.

KEVIN BROOKS, ADMINISTRATIVE DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF FISH AND GAME, added that 59 total positions, vacant for at least 11 months, had been eliminated. He said that flexibility had been given to the department to decide which vacancies should be eliminated. He assured the committee that no jobs had been lost and no projects were directly impacted.

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Representative Edgmon understood that of the 59 positions the majority were temporary or seasonal.

Mr. Brooks replied that it was 15 permanent fulltime and approximately 40 permanent part-time positions. He said that the vast majority were seasonal part time positions.

Representative Neuman wondered if there were unfilled positions that the department expected funding for in the FY 2013 budget.

Mr. Brooks explained the way the budget worked: if the division had 100 positions, funding would be received for 94 percent of them. He said that the department had a vacancy factor of 6 to 10 percent built in, so position funding through the operating budget Representative Salmon not 100 percent. He stated that the department was not requesting funding for unfilled positions.

Representative Neuman asked about the funding ability for a "true up." He thought that the department had created a new problem by eliminating the positions.

Mr. Brooks replied that if the department was able to receive federal grants some positions could be added. He said that the general fund allocations for positions had been fully allocated. He added that were there were known federal dollars coming in the positions had all been filled.

Representative Gara asked how many biologist positions had been lost.

Mr. Brooks stated that a listing could be provided to the committee at a later date.

Representative Gara stated that the state needed biologists for permitting, habitat protection and federal level representation. He understood that federal level biologists made a higher income because of the cost of living adjustment (COLA). He asked what the department did to competitively attract biologists.

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Mr. Brooks responded that the department was actively reviewing the issue.

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Commissioner Campbell referred to department's issues and challenges for FY 2013 listed on Slide 18:

#### Issues and Challenges for FY 2013

The department's FY 2013 budget request will address the following issues:

- Yukon River Chinook Salmon Fisheries
- South-central Chinook Salmon Fisheries
- Susitna and Cook Inlet Sockeye Salmon Stocks
- State Sovereignty and Endangered Species Issues
- Invasive Species - Tunicates in Whiting Harbor
- New Sport Fish hatcheries in Anchorage and Fairbanks
- Fish and Game Fund Revenue from License Sales
- Federal Aid Funding (DJ and PR funds) for SF and WC
- Loss of federal funds for core programs -- \$1 million per year (FY 2014)

Co-Chair Thomas asked about the first three bullet points. He queried the effectiveness of bycatch resolutions passed by the legislature. He wondered which villages had mid-water trawlers that could be impacted by the Yukon and other river systems. He said that the state should not be complaining about a lack of fish if it was directly responsible for the impact.

Representative Doogan asked about the abbreviations in the second to last bullet point.

Commissioner Campbell replied that DJ and PR stood for Dingell-Johnson and Pittman-Robertson, respectively, and were federal aid funding sources. She explained that the funds were for sport fish and wildlife conservation. She said that the funds were generated by excise taxes from people purchasing fishing tackle, ammunition, or supplies related to sport fisheries or wildlife conservation. She highlighted that the funds were variable.

Representative Doogan understood that the last two items were related.

Commissioner Campbell answered that the department wanted to plan for the loss of federal funds for core programs, approximately \$1 million per year (FY 2014).

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Representative Doogan pointed to positions that would need to be back-filled due to declining federal dollars. He opined that the federal government could spend more money than the state could provide.

Representative Costello asked about invasive species related to Salmon Lake in Anchorage. She wondered whether the department had a comprehensive list related to invasive species problems.

Commissioner Campbell replied that the department had an invasive species program coordinator working on the issue. She stressed that the program was small and was short of being a comprehensive, proactive, state-wide approach to invasive species. She referred to the marine invasive species in Whiting Harbor in Sitka. She said that the department made a specific capital budget request in FY13 out of concern that the species could spread to other waters if it was not eradicated. She clarified that this was not the only invasive species issue that the department had recognized.

Representative Wilson asked for an update on the cost of heating the fish hatchery in Fairbanks.

Commissioner Campbell replied that the exact numbers on what it was going to cost to operate the hatchery were not

immediately available. She offered to provide the numbers at a later date.

Co-Chair Stoltze demanded open, candid, and transparent dialogue between the department's and the committee to address issues and increases in licensing costs. He wanted common sense, understandable and clear proposals for the public. He said that terms like "balancing the books" and "shifting some funds around" really meant the extension of revenue bonds.

Commissioner Campbell reported that the bonds had been refinanced in the fall.

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Mr. Brooks explained that the terms on the bonds had been reduced, not extended. He offered to provide further details.

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Representative Gara queried the progress on increasing fish counting capacity on the Yukon River and what efforts the department was making to restore commercial fisheries on the river.

Commissioner Campbell directed attention to Slide 19, which listed the Tanana River Sonar Project as a budgetary highlight. She stated that the biggest interest was to have another data source between the sonar pilot station and the sonar at Eagle. She said that data about run strength on the Tanana would help to understand what was going on with the Yukon fisheries as a whole. She stated that this was the best project that the department could come up with to answer outstanding questions about the assessment projects on the Yukon River. She added that in the meantime the department was looking to provide opportunities for a fishery on Chum Salmon.

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Representative Gara asked if there was anything that can be done additionally to restore the King Salmon fishery on the Yukon.

Commissioner Campbell responded that the department had worked to understand the reason for the low runs. She felt

that there were a variety of contributing factors to the problem. She asserted that until it could be concluded what the root cause of the problem was, it was difficult to set about restoring the runs. She stated that the department was focused on approving assessment in the area and then would provide opportunity on other, more abundant types of salmon.

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Co-Chair Thomas shared that the department was looking to repeal the reciprocating license between Canadians and Alaskans. He worried that the change would put pressure on Lynn Canal and Icy Strait fisheries. He understood that Canadians had no problem with paying for the non-resident license.

Representative Doogan asked what the word "tunicate", listed on Slide 21, meant.

Commissioner Campbell responded that a tunicate was an invasive species in Whiting Harbor, also referred to as "sea vomit."

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Commissioner Campbell directed attention to Slide 20 the presentation:

Division of Subsistence  
\$317.1 - Funding for Core Services  
\$60.0 - Lower Kuskokwim Caribou Harvest Study  
\$1,100.0 - I/A Receipts from DNR, Pipeline Corridor  
Harvest Surveys

Commissioner Campbell explained that it had been recently discovered that the information that the division collected was critical to the decision making process for resource development and transportation projects.

Boards Support Section  
\$191.5 - Funding for Core Services, Boards and  
Advisory Committees

Commissioner Campbell stated that the section had had a baseline budget for many years and had absorbed cost

increases, which had limited that funding for advisory committees.

Habitat Division

\$353.5 - Title 16 and 41 Project Reviews, Permitting, Monitoring

\$200.0 - I/A Receipts from DNR, Right-of-Way Work

Commissioner Campbell relayed that the division's workload had increased in the areas of project reviews, permitting and monitoring. She said that funding for the division had been stable, but that some areas had lost funding.

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Representative Joule noted that a Board of Game made a decision several years ago with regard to out-of-state take on the Central Arctic Caribou Herd. He wondered whether data had come in that could prompt revisiting the issue.

Commissioner Campbell responded that she did not have a recent update on the decision.

Representative Joule observed that the Alaska National Wildlife Refuge (ANWAR) had been mentioned on the floor. He said that one of the issues touted in discussions about ANWAR centered on how caribou herds had grown. He found it unfortunate that the board's decisions did not reflect their touted accomplishments.

Representative Edgmon asked for more information regarding the \$353.5 for Title 16 and 41 Project Reviews, Permitting, Monitoring. He asked if it pertained to expediting backlogged permits.

Commissioner Campbell replied that there was a combination of issues due to a loss of funding. She explained that the Habitat Division had received some funds from the Department of Natural Resources in association with the Alaska Coastal Management Program (ACMP), which they were no longer receiving. She asserted that it was more effective for the division to be involved early on in the process because projects could be shaped early on to minimize interactions or impacts to fish and wildlife habitat.

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Representative Edgmon asked if the division was absorbing some of the employees from the defunct ACMP. Commissioner Campbell explained that the division had received a reimbursable service agreement (RSA) from the ACMP. When the ACMP program ended the RSA was discontinued, but the work involved in permitting remained.

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Representative Neuman asked about ocean zoning at the federal level would affect the state.

Commissioner Campbell replied that the issue had been nebulous; National Oceans Policy: Coastal Marine Spatial Planning could mean many things. She said that it had been difficult to get details from the federal government about how the program would be implemented here in Alaska. She opined that the department had yet to receive a clear answer from the federal government to any questions about how the new policy interacted with existing federal law, what it meant to the existing federal decision making processes, and what kind of representation the state was going to have on regional planning bodies.

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Representative Joule pointed out that Alaska's congressional delegation opposed Coastal Marine Spatial Planning. He that the current practice as it related to working in arctic waters was initiated through an executive order from former President Bush and that the current Obama Administration was building off of that. He understood that funding for the program had yet to be considered by congress.

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Commissioner Campbell reviewed FY 13 capital projects requests listed on Slide 21:

New Projects and Initiatives

- Kenai River King Salmon Sonar Assessment Program; \$1,813.0 GF
- Wild/Hatchery Salmon Management Tools; \$2,500.0 CFEC Receipts

- Susitna River Sockeye Salmon Migration; \$625.0 CFEC Receipts
- Upper Cook Inlet Chinook Salmon Harvest Patterns; \$789.0 CFEC Receipts
- Replacement of Research Vessel Resolution; \$3,700.0 GF
- Research of Endangered Species Act Candidate Species; \$1,550.0 GF
- Boards of Fisheries and Game Sound System Replacement; \$100.0 GF
- Eradication of Invasive Tunicates in Whiting Harbor; \$500.0 GF

Representative Doogan asked for more information concerning the Commercial Fisheries Entry Commission's (CFEC) contribution to the capital budget.

Commissioner Campbell said that the projects were identified on the slide.

Co-Chair Stoltze questioned how the department was collaborating with other departments on the issue of invasive species.

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Commissioner Campbell answered that the department coordinated closely with DNR. She explained that DF&G focused on invasive species in the marine environment, while DNR focused mainly on invasive plants.

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AT EASE

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RECONVENED

^BUDGET OVERVIEW: DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

[3:19:18 PM](#)

SUSAN BELL, COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, introduced her support staff and directed attention to her presentation (copy on file). She highlighted Slide 2, which detailed the corporate and core

agencies of the department and noted the department's mission: Promote a healthy economy, strong communities, and protect consumers in Alaska.

Commissioner Bell said that the distinction was made between corporate and core agencies because of the involvement of Alaska's citizens in boards and commissions and in recognition of the fact that 50 percent of the budget request was for corporate support.

Commissioner Bell spoke to the departments' priority programs listed on Slides 4 and 5:

#### Priority Programs

##### Economic Growth

- Division of Economic Development, AIDEA and ASMI
- Net increase of \$15 million
- Tourism marketing, AIDEA development projects

##### Sustainable Energy

- Alaska Energy Authority
- Net increase of \$4 million
- Power Cost Equalization, Renewable Energy Fund grant management, Susitna-Watana Hydroelectric Project positions, emergency generators

##### Strong Communities

- Community and Regional Affairs, Serve Alaska
- \$18.3 million decrease
- Decrement for one-time community revenue sharing

##### Consumer Protection

- Banking and Securities; Insurance; Corporations, Business, and Professional Licensing; Regulatory Commission of Alaska
- Net increase \$1.5 million
- Emerging utility and pipeline issues, CBPL indirect costs and professional board travel

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Commissioner Bell touched on the overall challenges faced by the department:

- High cost of energy impacts communities and economic development efforts

- Gaps in critical infrastructure such as roads, ports, communications, and processing facilities
- Higher cost of goods and services in rural areas
- Federal regulatory permitting delays and denials
- Uncertainty hampering private investment and federal funding for rural programs
- Limited awareness in national and international markets about Alaska products and services
- State and regional economic activities are spread across many entities (DCCED, AIDEA, International Trade, Natural Resources, Education, and Regional Economic Associations)
- Historical practices and unaddressed audit issues related to professional and business licensing
- Upward pressure on the utility rate base and increase in complex filings with critical deadlines
- Growth of new financial programs that increase fraud and misinformation for consumers
- Recruitment and retention of specialized staff

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Commissioner Bell described accomplishments in economic growth:

Division of Economic Development

- 313 loans totalling \$30 million
- \$4.8 million Salmon Enhancement Tax to aquaculture
- AVSP VI: visitor volume, spending, profiles, marketing data
- Marketing: tourism, minerals, film
- Development of underutilized seafood species/aquatic plants
- Forest product opportunities, supply needs, barriers
- Pre-qualified 33 productions, 17 productions completed, referrals
- Awarded \$330,000 STEP grant, increase small business skills to export to China

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Commissioner Bell continued to Slide 8 of the presentation:

Economic Development Programs (cont)

Alaska Industrial Development and Export Authority

- Increased asset value to over \$1 billion
- FY11 37 loan participations, \$105 million
- 4 Recovery Zone Facility bonds, \$27 million
- Ketchikan shipyard, Skagway ore terminal expansions
- Cook Inlet jack-up rig
- Providence Hospital conduit revenue bond

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Commissioner Bell spoke to Slide 9:

Economic Development Programs (cont)

Alaska Seafood Marketing Institute

- Continued retail, foodservice, university, culinary school programs
- Traditional media exposure through national and international publicity in newspapers, magazines, radio, TV, and internet
- Expanding market reach through fish taco contest, mobile apps, social media
- Market analysis and education supporting recent industry announcement to shift to sustainability certification by United Nation's Food and Agriculture Organization
- Expanded collaboration with tourism marketing, new opportunities featuring Alaska Grown, Alaska Railroad, other agencies

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Commissioner Bell continued to Slide 10:

Sustainable Energy

Alaska Energy Authority

- Preliminary Application Document filed with FERC for the Susitna-Watana Hydroelectric Project

- \$176.6 million in grants for 207 renewable energy projects
- Disbursed \$31.8 million in PCE payments
- 3 bulk fuel upgrades (71 of 107 completed to date)
- 4 rural power system upgrades (51 of 110 completed to date)
- Issued 52 bulk fuel revolving loans
- Trained 47 rural residents
- Launched Alaska Commercial Energy Audit Program

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Commissioner Bell highlighted Slide 11:

#### Strong Communities

##### Community and Regional Affairs

- RUBA assisted 208 communities, 82 communities met sustainability indicators (5 more than prior year), trained 147 utility managers
- \$1.4 billion distributed through 1,800 state/federal grants
- \$29 million distributed: PILT, NFR, fisheries business tax, fisheries landing tax
- \$80 million Community Revenue Sharing
- \$1.5 million to 1,200 SE fishermen
- Finalized ANCSA re-conveyance for Minto, completed 14 land transactions in 8 communities, completed Ninilchik survey and title conveyance
- 15 Bulk Fuel Bridge Loans (6 less than prior year)

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Commissioner Bell continued:

#### Strong Communities

##### Community and Regional Affairs (cont)

- 801 fuel watch calls to community 341 entities
- Finalized digital orthophoto maps in 19 communities
- Emergency response, National Flood Insurance Program support

- Launched new E-grant program, community database, lien watch
- State assessor, Local Boundary Commission support

#### Serve Alaska

- 286,195 hours of volunteer service, over \$6 million value
- Meeting critical needs in education, health and environment

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Commissioner Bell continued to Slide 13:

#### Consumer Protection Banking and Securities

- 58 exams of depository institutions
- 4,700 mutual fund and investment trust filings
- 1,289 broker-dealers registered/renewed
- 329 security filings/notice filings
- Finalized multi-state security settlements, \$1.6 million in fines and millions refunded to Alaskans
- New licensing programs: mortgage lenders and money services
- Updated ANCSA proxy regulations, expedited complaint process

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Commissioner Bell continued to discuss consumer protection:

#### Corporations, Business and Professional Licensing

- Management restructure, comprehensive review of financial foundation, procedural upgrades, board engagement
- Issued 119,256 commercial and professional licenses
- 1,155 complaints, resulting in 330 new cases
- Increased online renewals
- Big Game Commercial Services board investigation
- Corrective actions to historical practices

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Commissioner Bell continued:

Insurance

- More than 39,000 licenses issued
- Opened 77 criminal investigations, closed 56
- Registered 21 purchasing groups, admitted 20 new companies, 8 surplus lines insurers, 2 risk retention groups
- Investigated 294 consumer complaints, closed 259 complaints, consumers received \$356,000

Regulatory Commission of Alaska

- Approved the first certificate of public convenience and necessity for Cook Inlet natural gas storage
- Decided over 20 rate proceedings and 475 tariff proceedings
- Concurrent TAPS rate revision hearings with FERC
- Provided assurance that \$197 million electrical plant investment could be recovered in future rates

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Commissioner Bell stated that the consumer protection element was an important indicator for departmental problem solving. She noted the four program areas on the Slide 16 pie chart, which detailed the percentage of the budget dedicated to each: Consumer Protection, 17 percent; Economic Growth, 31 percent; Strong Communities, 21 percent; Sustainable Energy, 31 percent.

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Representative Doogan probed what the state could expect to receive for the \$4 million increase for tourism marketing.

Commissioner Bell replied that it was important to recognize that there were big drops in the industry in 2009 and 2010. She said the recovery took a combination of increasing the state's visibility through marketing, reducing taxation levels on the industry and reaching out to the industry. She said that an increase of over 50 thousand visitors was anticipated in the 2012 season, with another 40 thousand in 2013. She stressed that the state was still on the path to recovery in terms of total

visitation. She added that the seafood and tourism marketing programs stood out nationwide in terms of putting Alaska on the map.

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Representative Doogan requested concrete information about what the state could expect for the \$4 million. He noted that the Alaska Seafood Marketing Institute needed an extra \$500,000 in "unrealizable federal receipts." He asked if that was the same as back filling.

Commissioner Bell explained that the department had been monitoring the Market Access Program (MAP). She said that it had been flagged in an attempt to remember the balance between industry taxation and the state's contribution.

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Co-Chair Stoltze pointed out that the tourism industry was second largest employer in the state.

Vice-chair Fairclough voiced support for state's energy policy in trying to reach 50 percent sustainable, renewable energy. She pointed out that the state had invested \$176.6 million in grants to 207 renewable energy projects. She said that she had made a request to the Alaska Energy Authority (AEA) to discuss wind power in order to determine if the presented projects were delivering the energy promised. She shared that the production was not meeting the investment. She expressed concern that maintenance on wind turbines was heavier than what had been proposed. She queried the return of energy versus the amount that the state had invested in the projects.

Commissioner Bell commented that the AEA estimated that by 2013, 10 million gallons of diesel would be saved annually. She said that the department had requested additional resident cost saving information from AEA. She added that the electrical generation from renewable resources was anticipated to be at 23 percent by 2025, and not the previously estimation of 50 percent.

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Vice-chair Fairclough stated that she was specifically seeking the components of the renewable and sustainable energy streams. She noted that the state had improved air-

quality by reducing diesel consumption, but wanted to know specifically which projects were "winning."

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Representative Edgmon thought that HB 152 had created a bunch of tiny incremental projects throughout the state that would make renewable energy more successful.

Co-Chair Thomas interjected that several projects had been built throughout the state that had significantly improved community's dependence on diesel.

Representative Gara asked what coordination was being done to ensure over the long-term that localities had trained people within the communities for maintenance. He wondered why the department's general fund budget had increased by 20 percent.

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Commissioner Bell answered that the tourism increment was a significant component; it had been in the capital budget in FY2012, and the \$16 million was now in the operating budget.

Representative Gara understood that the \$16 million moved from the capital to the operating budget. He mentioned the 50/50 match between the state and the industry for tourism marketing. He asked where the \$4 million dollar increase put the state in terms of the 50/50 match. Additionally, wondered if the state had been active in advertising its ski resorts on a national level.

Commissioner Bell explained that the industry generated approximately \$2.7 million in toward the 50/50 match. She said that the department's public relations program had highlighted the winter skiing in the state.

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Co-Chair Thomas recognized the forthcoming fiscal notes for the committee substitute for HB 282.

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Co-Chair Thomas noted that oil was declining and the budgets were gaining which would put the state in a deficit within the next two years. He urged the department's to refrain from over spending.

#

ADJOURNMENT

[4:01:59 PM](#)

The meeting was adjourned at 4:02 PM.