

HOUSE FINANCE COMMITTEE  
March 20, 2012  
9:20 a.m.

[9:20:58 AM](#)

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 9:20 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Mike Doogan

ALSO PRESENT

Joe Michel, Staff, Co-Chair Stoltze; Wanetta Ayers, Division Director, Division of Economic Development, Department of Commerce, Community and Economic Development; Bruce Twomley, Chairmen, Commercial Fisherman Limited Entry; Jerry McCune, United Fishermen of Alaska; Representative Mike Hawker; Tom Wright, Staff, Representative Mike Chenault; Rena Delbridge, Staff, Representative Mike Hawker.

PRESENT VIA TELECONFERENCE

Scott Ruby, Director, Division of Community and Regional Affairs, Department of Commerce, Community and Economic Development; Del Conrad, CEO, Rural Alaska Fuel Services; Meera Kohler, President and CEO, Alaska Village Electric Co-op.

SUMMARY

HB 9 IN-STATE GASLINE DEVELOPMENT CORP

HB 9 was HEARD and HELD in committee for further consideration.

HB 196 BULK FUEL LOANS/POWER PROJECT FUND

HB 196 was HEARD and HELD in committee for further consideration.

HB 261 COMMERCIAL FISHING ENTRY PERMIT LOANS

HB 261 was HEARD and HELD in committee for further consideration.

#hb261

HOUSE BILL NO. 261

"An Act relating to loans for the purchase of commercial fishing entry permits; and providing for an effective date."

[9:21:04 AM](#)

Co-Chair Thomas MOVED to ADOPT proposed committee substitute for HB 261, Work Draft 27-LS0968\B, (Bullard, 3/19/12) as a working document.

Co-Chair Stoltze OBJECTED for purpose of discussion.

JOE MICHEL, STAFF, CO-CHAIR STOLTZE, reported the changes to the work draft. He noted that three sections (Section 1, Section 4, and Section 5, Paragraph B), were removed from the previous version [CSHB 261(FSH)], of the legislation and nothing was added. The omitted sections removed the provision that reduced the interest on the loan two percent below the prime rate to avoid competition with commercial banks and maintain the focus of the bill. The primary purpose remained increasing the loan limit. The sponsor concurred with the changes.

Co-Chair Stoltze WITHDREW the objection. HB 261, Work Draft 27-LS0968\B (Bullard, 3/19/12) was adopted as a working document.

9:25:45 AM

Representative Edgmon explained that HB 261 dealt with the Commercial Fishing Revolving Loan Fund Act. The program was implemented in the 1980's and was designed to assist commercial fishers. Over the years, the legislature enacted modifications to the program. The statute contained six sections and HB 261 pertained to Section B, of the act. Section B increased the loan limit from \$100,000 to \$200,000. The provision allowed economically disadvantaged fishermen to purchase limited entry permits that were rising in value. He expounded that the original bill attempted to do more. The earlier version offered the loan at two percent below the prime rate, which was currently 5.25 percent. After discussions with the Department of Commerce, Community and Economic Development (DCCED), Division of Economic Development, it was decided that interest rates were likely to rise in the future. The interest rate provision was considered too "ambitious." The bill was scaled back to contain only one provision; raising the loan limit. He outlined the eligibility requirements. A commercial fisher must be turned down by conventional lending institutions or CFAB (Commercial Fisheries and Agriculture Bank), proven economically disadvantaged, and participated in commercial fishing for two years.

Co-Chair Stoltze wondered how CFAB was performing. He repeatedly heard of fishers and farmers being turned down by CFAB for loans. Representative Edgmon answered that he was uncertain.

Representative Edgmon voiced that the projected demand for the loan program was relatively modest; 25 to 50 loans. He expected that the applicants would be younger fishers without other means to purchase a limited entry permit. The opportunity for young fishers to obtain a permit provided multiple benefits. The economic multiplier effect for the small coastal communities where many of the young fishers resided was potent.

Co-Chair Stoltze remarked that his district contained a number of commercial fishers.

Representative Edgmon spoke to the new zero fiscal note by DCCED. He pointed to an error in the narrative on the second page. The second sentence referenced the interest

reduction provision that was not included in the work draft.

[9:34:05 AM](#)

Representative Guttenberg questioned whether raising the loan limit for young people new to a fishery was burdening them with excessive debt. Representative Edgmon replied that entering the fishing business was more expensive than ever. Limited entry permits and associated fishing costs had skyrocketed. The higher loan availability afforded the opportunity for new young fishers to make a living.

Representative Wilson asked how many loans ended in default. Representative Edgmon answered that historically the default rate was very low. The loan portfolio performed "admirably." The principle in the loan fund was approximately \$80 million. The program actually returned funds to the Department of Fish and Game (DFG).

Co-Chair Stoltze asked whether the loan program was a true revolving fund. Representative Edgmon responded that the program was a true revolving fund.

Representative Costello asked what the costs of permits were over the time period of the loan program. Representative Edgmon elaborated that permit prices varied widely over time. Speaking exclusively of salmon permits, prices correlated to the ex-vessel price of salmon. He related that in Bristol Bay in the early 2000's the price of limited entry permits plummeted to \$18,000 when salmon prices tumbled. Bristol Bay gillnet permits were now worth \$150,000. Permit prices raise and lower dramatically.

Representative Costello asked what the average age of a commercial fisher in Alaska was. Representative Edgmon relayed that the age of the average limited entry permit holder was creeping upwards. The average was 50 years of age.

[9:39:51 AM](#)

Representative Gara asked whether a residency requirement applied to loan applicants. Representative Edgmon replied that the applicant must clearly establish residency for a period of two years preceding the date of the application

and participated in commercial fishing for two of the last five years.

Representative Gara asked if a lower interest rate could be offered to young applicants that would not cost the state to lose money. Representative Edgmon explained that the current statute authorized an interest rate of two points above prime. There was another provision in statute that allowed a one percent deduction if the loan payments were paid on time for the first year.

Co-Chair Stoltze added that the loan was a securitized loan and not a signature loan.

Representative Neuman asked if different interest rates were specified in statute. Representative Edgmon responded that the loan rate was specifically tied to the prime rate.

Representative Neuman asked whether a board had any authority to determine the interest rate in the revolving loan fund or if the rate was set statutorily. Representative Edgmon restated that the intent of the original bill was to allow the division to deduct 2 percent off of the prime interest rate, which was removed in the current version. The rules were defined in statute and set at two percent above prime.

Representative Neuman inquired if different loan rates applied for different fisheries under the program. Representative Edgmon exemplified the passage of HB 20 two years ago. The legislation authorized energy efficiency loans to commercial fishers at 2 percent below the prime interest rate for energy efficient engines, generator sets, etc.

[9:45:39 AM](#)

WANETTA AYERS, DIVISION DIRECTOR, DIVISION OF ECONOMIC DEVELOPMENT, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, indicated that different interest rates for different purposes existed in statute for the Commercial Fishing Revolving Loan Fund. The senior loan committee within the division cannot consider different interest rates other than the interest rates outlined in statute. Representative Neuman believed that a board was better suited to set the most applicable interest rate that reflected the current conditions of the fishery.

Co-Chair Stoltze asked if the loans could be refinanced. Ms. Ayers replied that the interest was fixed for the term of the loan. A re-financing option was available.

Co-Chair Thomas referenced the student loan forgiveness program. He wondered why one profession was chosen over another for state loan forgiveness, especially since the commercial fishing fleet was "graying." He asked why \$200,000 was chosen as the loan limit when some permits cost \$400,000. Representative Edgmon felt that the number addressed the majority of salmon fisheries permit costs in the state. The amount was set to accommodate the most number of fishers.

Co-Chair Stoltze reiterated that the loan limit was doubling from \$100,000 to \$200,000.

[9:49:25 AM](#)

BRUCE TWOMLEY, CHAIRMEN, COMMERCIAL FISHERMAN LIMITED ENTRY COMMISSION, addressed Representative Guttenberg's concern that the increased loan limit might burden new young fishers with too much debt. He explained that the commission monitored the price of permits from 1980 through 2011. The price of permits reflected the amount that fishers were willing to invest in the fishery and their expected returns. He felt that the best measure was the individual fishermen's willingness to put their own money at risk based on expectations. He reported that Bristol Bay was the largest salmon fishery. Out of the 32 years that the commission tracked permit prices, the average and median price for a Bristol Bay gillnet permit was \$100,000 for 16 years. Currently, the price exceeded \$100,000. He felt that the \$200,000 loan limit was a good estimate. The loan program provided rural fisher's access to credit that otherwise was unobtainable. He was pleased that the legislation was introduced to increase the loan limit for Section B loans since the price of Bristol Bay permits exceeded the limit. He believed that the legislation was a "concrete response" to facilitating the entry of young Alaskans into commercial fishing that was addressed in HCR 18 (Commercial Fisheries Programs.)

Co-Chair Stoltze questioned what happened when a limited entry permit dropped in value and the borrower defaulted. Mr. Twomley responded that the loan program had a

"tremendous" success rate. In case of a foreclosure the division was required to sell the permit. Procedural protections existed for the fishermen under statute. Very few loans went into foreclosure. The program was very successful.

Co-Chair Stoltze questioned whether the fisher had enhanced protection under statute than other debtors had. Mr. Twomley stated that was correct.

Co-Chair Thomas recalled bidding online for a repossessed Bristol Bay gillnet permit that was foreclosed on.

Vice-chair Fairclough referred to a letter of opposition from CFAB dated January 25, 2012 (copy on file). She asked whether CFAB was still in opposition or if its concerns were addressed. Representative Edgmon replied that the letter addressed an earlier version of the bill opposing the interest rate reduction. He had not heard from CFAB regarding the new version.

[9:56:22 AM](#)

Representative Gara related that when the state granted a limited entry license the recipient was able to sell it when they stopped fishing. He felt that created an unfair opportunity to make money on a public resource. He asked whether the state changed the rules. Mr. Twomley responded that free transferability still existed. He felt that the transferability was useful to help Alaskans get limited entry permits. If the limited entry permits were reissued to the state the process would be accessible outside of the state. Transferability gave Alaskans a fair chance. Over the years transfers to Alaskan residents grew over non-Alaskans.

Representative Gara inquired how the current system keeps more permits in Alaskan communities. Mr. Twomley replied that transferability created the opportunity for Alaskan ownership. The provisions in Article 8 of the Alaska Constitution prohibited the state from directing the distribution of permits. He explained that transferability "created the opportunity" to direct permits to Alaskan communities. He highlighted that the Bristol Bay Economic Development Corporation operated a regional permit brokerage and loan guarantee program. The loan guarantee program influenced where the permits went.

Co-Chair Stoltze spoke to the constitutional aspect. The Constitution contained non-exclusive rights to fisheries. A constitutional amendment adopted in 1972 allowed exclusive rights for conservation and economic distress. He thought that although not a mandate, the constitutional amendment allowed amending the limited entry permit statute to include exclusive fishery rights. He asked for clarification. Mr. Twomley reported that when the state tried to direct benefits the efforts were always reversed in the Alaska Supreme Court under the equal protection clause. He exemplified reversals of rural preference for subsistence in times of scarcity or local hire provisions. He concluded that it was highly unlikely that the state Supreme Court would concur with a program that granted resource entitlements to particular communities or individuals.

Co-Chair Stoltze countered that the exclusive rights amendment was not a constitutional right but an allowance within the statutory framework. He interpreted the constitutional amendment as, allowing for a deviation from the non-exclusive right but was not a guaranteed exclusive right. Mr. Twomley agreed that an amendment to modify the limited entry statute could be recommended and added that the permit was not a right but a privilege.

Co-Chair Thomas concurred that a limited entry permit was a privilege from the state to harvest the resource. He felt that it did not give commercial fishers an inherent right to block other industries from developing resources. The state granted the fishers the privilege to work by making limited entry permits available to purchase. He did not want commercial fishers to limit other Alaskans opportunity to jobs in other industries through protest claiming they have exclusive rights. He added that Alaskan fishers pay 7 percent of gross income in raw fish tax, enhancement tax and a marketing fee. Alaskan fishers generated the revenue to operate the Commercial Fisheries Entry Commission via limited entry permit purchases and vessel licenses fees and even generated surplus funding.

Co-Chair Stoltze OPENED public testimony.

[10:04:25 AM](#)

JERRY MCCUNE, UNITED FISHERMEN OF ALASKA spoke in support of the legislation. He felt the bill provided a good opportunity to support new younger entrants into the fisheries. He identified the three ways to obtain a limited entry permit; CFAB, Division of Economic Development, or a private lending institution. A private lender required collateral. He related that groups like Sea Grant and Bristol Bay Economic Development Corporation educated young fishers on how to repay the loans and helped them with financial planning. New entrants into the fisheries needed to implement a business plan. Commercial fishing was a business and a professional approach was required for success. He furthered that permit prices were dictated by permit availability, previous season's conditions, and fish prices. Permit prices dropped after a bad season as quickly as they rose with good seasons.

Representative Joule asked what ages encompassed the "young" demographic. Representative Edgmon thought that the demographic was fisher's in their 20's.

Mr. McCune related from his experience in the Copper River fishery that approximately 50 "young" fisher's, 20 to 30 years of age participated in the fishery. Many permits get passed on to family members. The legislation aided new entrants into the fishery who had to purchase the permit.

[10:09:39 AM](#)

Co-Chair Stoltze CLOSED public testimony.

HB 261 was HEARD and HELD in committee for further consideration.

#hb196

HOUSE BILL 196

"An Act relating to the power project fund and to the bulk fuel revolving loan fund; establishing a bulk fuel loan account and making the bulk fuel loan account and the bulk fuel bridge loan account separate accounts in the bulk fuel revolving loan fund; providing for technical assistance to rural borrowers under the bulk fuel bridge loan program; relating to the administration and investment of the bulk fuel revolving loan fund by the division in the Department of Commerce, Community, and Economic Development

responsible for community and regional affairs; and providing for an effective date."

Representative Edgmon introduced the legislation. He explained that the bill took two bulk fuel loan programs, housed in the Department of Commerce, Community and Economic Development (DCCED) and administered them from one location. The Bulk Fuel Revolving Loan Fund was administered by the Alaska Energy Authority (AEA) and the Bulk Fuel Bridge Loan Program resided in the Division of Community and Regional Affairs. He noted that consolidating the programs administration was a recommendation in the "Governor's Report on Energy" and from AEA. The consolidation made both programs more accessible for the public. Applicants that were turned down for the revolving loan would not have to re-apply for the bridge loan. He questioned the fiscal note by the division.

Ms. Ayers reported that the Division of Community and Regional Affairs (DCRA) would perform all of the underwriting, and work directly with the borrowers for the consolidated loan fund. The Division of Economic Development (DED) would provide loan servicing.

SCOTT RUBY, DIRECTOR, DIVISION OF COMMUNITY AND REGIONAL AFFAIRS, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), spoke to the new fiscal note (FN CED 3/19/12). He determined that the cost to administer the consolidated programs would increase to \$216.6 thousand for FY 2013 and \$209.8 thousand in FY 2014. The AEA currently administered the loans at a cost of \$53.6 thousand dollars. Presently, within the division an existing employee was servicing the small number of bridge loans without charging the personnel costs to the program. The consolidated loan program increased the workload from administering 12 to approximately 70 loans. The division was not able to perform the additional work without an additional position. The division had an RSA (reimbursable services agreement) with the Division of Economic Development for invoicing and loan accounting. The DED required an extra position to provide more of the services to DCRA with the increase in loans. He noted that the new fiscal note (FN CED 3/20/2012) for DED was funded through inter agency receipts.

Vice-chair Fairclough questioned why additional funding was needed considering the work was being consolidated.

Representative Edgmon had the same question. He indicated that AEA had a staff position dedicated half-time to service the loans that would transfer to DCRA. He mentioned confusion with the fiscal notes. He was aware of a fiscal note that appropriated a local government specialist at a range 17 to DCRA and an appropriation to DED for an Accounting Tech II. The DCRA contracted out technical services, credit checks, and loan counseling with a third party. The loans primarily helped small communities with populations less than 2000.

Vice-chair Fairclough asked if the state was using existing technology such as online grant applications to assist the process. Mr. Ruby answered, "no." He stated that people can download the application online and most return it by fax for review. The bulk fuel bridge loan typically responded to emergency type situations. Recently, two villages applied because less than seven days' worth of fuel was available. The third party contractor was instrumental in helping the communities with a high credit risk apply for and manage the loan.

[10:21:03 AM](#)

Vice-chair Fairclough remarked that DCRA planned to manage the loans much differently than AEA and still questioned the fiscal notes.

Co-Chair Thomas asked if the same clients applied for the loan each year. He felt that the personal services request in the fiscal note was problematic.

Vice-chair Fairclough believed that the use of technology via online applications, where information was recalled for future applications could streamline the process.

Representative Gara thought that DCRA proposed "the worst example of streamlining." He suggested that the consolidation should transfer to AEA. He recommended that AEA transfer the half time position to DED for a "net zero cost." He argued that streamlining created efficiencies that required fewer personnel. He questioned the need for more personnel. Ms. Ayers responded that the challenge was turning one operating unit into two. The division did not inherit 100 percent cost savings from AEA because only a half time position was dedicated to service its portion of the loans. The division's workload increased from servicing

12 accounts to 70 accounts. She stressed the need for additional staff to simultaneously respond to both loan populations. Time sensitivity was a factor in processing the bridge loans. Often a fuel barge was waiting to deliver fuel.

[10:25:41 AM](#)

Representative Edgmon responded to Representative Gara's suggestion to transfer the consolidated loan servicing to AEA instead of DCRA. He elaborated that AEA was strongly favored when the idea first came forward. The switch to DCRA was made to utilize DCRA's seven local government specialist offices spread throughout the state. The specialists would work with the third party contractor; Rural Alaska Fuels. The consolidation was intended to streamline the process and improve the services for the community. The process was supposed to be simplified for a community to apply for the bulk fuel revolving loan and if turned down the application would quickly be processed as a bridge loan. He remained perplexed why extra personnel were necessary. He emphasized that he did not receive a "clear response" from the department and that it was not his intent to introduce the bill with extra personnel costs.

Representative Costello asked why the choice was made to shift the loan services to DCRA. She mentioned that the budget process was focused on departmental missions. She relayed that DCRA was the only division with a constitutional mandate; Article 10, Section 14, which mandated a report on the status of communities. The mission of AEA was to reduce energy costs in the state. She thought that AEA was the more appropriate division for the loan consolidation. Representative Edgmon commented that one of the reasons that DCRA was chosen over AEA was that AEA was taking on more responsibilities including the Susitna project. The premise was that with the DCRA offices located in rural parts of the state, its capabilities were better suited to assist smaller communities.

Representative Costello was informed that communities were filling out an application for the first loan process and had to re-apply for the bridge loan from scratch if turned down. She noted that the board for Alaska Industrial Development and Export Authority, (AIDEA) was the same for AEA, which the commissioner of DCCED was a member. She queried if the problem was ever brought to the board for

resolution. Ms. Ayers believed that discussions were held. She reiterated that the loans were time sensitive and required focus and responsiveness to keep the process moving forward.

[10:31:43 AM](#)

Representative Wilson asked for clarification on the number of loans. She deduced that the increase from 12 to 70 loans was an actual increase of 58, which serviced the same communities every year. Ms. Ayers stated that was correct and added that some communities applied several times a year.

Representative Wilson felt that the division could educate the communities to be more proactive and apply for the loans before it was an emergency situation and deal with the communities on a more regular basis. She concurred with the other committee members' call for more efficiency, elimination of repetitive paperwork for the communities, and questioned the need for additional staff. Ms. Ayers hoped that the department would achieve efficiencies through consolidation of the loan program by DCRA working with the borrower on a more regular basis.

Mr. Ruby revealed that the department was proactive in getting the communities to apply for loans. The department implemented a plan called "fuel watch." The department contacted every bulk fuel purchaser in rural Alaska to determine the status of payments. He mentioned that 8 to 10 communities each year apply late for various reasons. Currently, there were 49 loans to process and some of the communities had to fly in fuel. Each time a community needed more fuel another loan was necessary. Only one approval process was required, but arrangements for delivery were made, invoices were processed, and repayment schedules developed for each refill. A lot of the staff time was spent working with the communities on cash flow issues. Most of the work within DED was not application oriented but appraising cash flow and developing procedures to repay the loan. Representative Edgmon discussed the larger issues embedded in the situation. Frequent turnover of city administrators and personnel in smaller communities was a problem. The application process was complex and detailed financial statements were necessary. The high cost of fuel created challenging circumstances and cash flow problems.

[10:38:27 AM](#)

Co-Chair Thomas OPENED public testimony.

DEL CONRAD, CEO, RURAL ALASKA FUEL SERVICES (via teleconference) testified strongly in favor of the bill. He reported that during the first six years of the bridge loan program his company managed the program. The program was initially set up as a grant. The funds were given to the contractor under the provision that any unused funds were returned to the state. The company reviewed the application and forwarded a recommendation to the department. After approval from the department the company issued a check to the fuel vendor, issued monthly invoices, and processed collections. The company also interfaced with the communities and would work with them on pricing and collection. He explained that the program was changed to a loan program approximately two years earlier and state involvement increased. He believed from experience that additional staff was unnecessary. He elucidated that much of his work with financially distressed communities involved establishing a budget and pricing. He felt that combining the programs eliminated duplication for both the state and the communities. The focus of DCRA was on sustainable communities and thought that was the appropriate place to administer the loans. The local government specialists were familiar with the communities and understood the issues to better serve economically distressed communities in contrast to AEA that acted as a bank.

[10:41:58 AM](#)

MEERA KOHLER, PRESIDENT AND CEO, ALASKA VILLAGE ELECTRIC CO-OP (via teleconference), spoke in support of the legislation. She discussed that several years earlier acting as a member of the Alaska Village of Council Presidents had chaired a subcommittee on rural fuel issues. The subcommittee had determined that the communities' credit risk was the largest deterrent for the community to receive timely fuel delivery with better pricing. She revealed that part of the problem was the formidable loan application process. She was in favor of consolidation. She reiterated that AEA was a banking institution. She believed DCRA was a better agency to handle the program. The division developed the inroads and relationships with

villages that could enable the villages to become more financially sustainable. She opined that HB 196 represented a move in the right direction.

Co-Chair Thomas CLOSED public testimony.

HB 196 was HEARD and HELD in committee for further consideration.

[10:45:25 AM](#)

AT EASE

[10:46:33 AM](#)

RECONVENED

#hb9

HOUSE BILL NO. 9

"An Act requiring the Joint In-State Gasline Development Team to report to the legislature recommended changes to state law that are required to enable or facilitate the design, financing, and construction of an in-state natural gas pipeline so that the in-state natural gas pipeline is operational before 2016; and providing for an effective date."

[10:46:48 AM](#)

REPRESENTATIVE MIKE HAWKER, DISTRICT 32, announced that the sponsors submitted two amendments to HB 9. He reported that one amendment dealt with confidentiality and the provisions of state agencies. The other amendment was considerable and concerned "regulatory authority under the Regulatory Commission of Alaska (RCA) for contract carrier pipelines."

TOM WRIGHT, STAFF, REPRESENTATIVE MIKE CHENAULT, briefly synopsised that Amendment 2 was requested by the Department of Law (DOL) to ensure that any information the state obtained remained confidential. The amendment was a collaboration between the DOL and Alaska Gasline Development Corporation (AGDC). The amendment required the consent of the third-party to allow AGDC access to the information.

RENA DELBRIDGE, STAFF, REPRESENTATIVE MIKE HAWKER explained that the other amendment replaced three sections in HB 9. The amendment would exempt the gasline from regulatory

oversight. The amendment would insert a new chapter into the Regulatory Commission of Alaska (RCA) statutes that indicated how the gasline was regulated within the Regulatory Commission of Alaska's statutory framework for regulating an instate gas pipeline explicitly authorized to operate as a contract carrier. Currently no statutes existed to regulate a contract carrier pipeline. The amendment created the framework for regulation and "required regulation on the front end through approval of contracts as just and reasonable provided they were entered into at arm's length, and required a special limited scope certificate of public convenience and necessity for the special pipeline."

[10:50:53 AM](#)

Representative Gara spoke to amendment 3. He highlighted that the amendment proposed that the gas pipeline advanced only if it was the most efficient project that offered the lowest prices to Alaskan consumers. The amendment mandated the Alaska Natural Gas Development Authority (ANGDA) to analyze alternative projects such as determining if Cook Inlet contained enough natural gas reserves for further development as a stop gap until a large pipeline project was built. He opined that a large diameter pipeline produced the lowest price gas and generated the most revenue for the state. He added that another amendment would maintain RCA's current statutory framework. The RCA's process protected the consumer.

Co-Chair Stoltze announced that all of the amendments were posted on BASIS for the public's interest and participation.

HB 9 was HEARD and HELD in committee for further consideration.

#  
ADJOURNMENT

The meeting was adjourned at 10:55 a.m.