

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS**

February 8, 2011

1:03 p.m.

**MEMBERS PRESENT**

Representative Dan Saddler, Co-Chair  
Representative Steve Thompson, Co-Chair  
Representative Carl Gatto, Vice Chair  
Representative Alan Austerman  
Representative Bob Lynn  
Representative Sharon Cissna  
Representative Bob Miller

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 27

"An Act relating to the disposition of remains of a member of the military if the member dies while in a duty status."

- MOVED CSHB 27(MLV) OUT OF COMMITTEE

EO 115 - REALIGNING THE OVERSIGHT AUTHORITY OF THE ALASKA AEROSPACE CORPORATION

- EXECUTIVE ORDER 115 ADVANCED

SENATE BILL NO. 33

"An Act relating to the disposition of remains of a member of the military if the member dies while in a duty status."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 27

SHORT TITLE: DISPOSITION OF SERVICE MEMBERS' REMAINS

SPONSOR(S): REPRESENTATIVE(S) THOMAS, HERRON, FEIGE, SADDLER

01/18/11	(H)	PREFILE RELEASED 1/7/11
01/18/11	(H)	READ THE FIRST TIME - REFERRALS
01/18/11	(H)	MLV, STA

02/08/11

(H)

MLV AT 1:00 PM CAPITOL 120

**WITNESS REGISTER**

CECILE ELLIOTT, Staff  
Representative Bill Thomas  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 27 on behalf of one of the co-prime sponsors, Representative Bill Thomas.

MARK SAN SOUCI, Regional Liaison Northwest  
Defense State Liaison Office  
Office of the Deputy Assistant Secretary of Defense  
Deputy Under Secretary of Defense (Military Community and Family Policy)

U.S. Department of Defense  
Tacoma, Washington

**POSITION STATEMENT:** Testified in support of HB 27.

VERDIE BOWEN, Director  
Office of Veteran Affairs  
Department of Military & Veterans' Affairs (DMVA)  
Fort Richardson, Alaska

**POSITION STATEMENT:** Testified in support of HB 27.

RIC DAVIDGE, President  
Vietnam Veterans of America  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 27.

DALE NASH, Chief Executive Officer  
Alaska Aerospace Corporation (AAC)  
Department of Commerce, Community, and Economic Development (DCCED)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of EO 115.

CRAIG CAMPBELL, President and Chief Operating Officer Designee  
Alaska Aerospace Corporation (AAC)  
Department of Commerce, Community & Economic Development (DCCED)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of EO 115.

MIKE FORD, Assistant Attorney General & Legislative Liaison  
Legislation & Regulations Section  
Department of Law (DOL)

Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on EO 115.

CURTIS THAYER, Deputy Commissioner

Office of the Commissioner

Department of Commerce, Community & Economic Development (DCCED)

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of EO 115.

MAJOR GENERAL TOM KATKUS, Adjutant General/Commissioner

Department of Military & Veterans' Affairs (DMVA)

Fort Richardson, Alaska

**POSITION STATEMENT:** Testified in support of EO 115.

MCHUGH PIERRE, Deputy Commissioner/Chief of Staff

Office of the Commissioner

Department of Military & Veterans' Affairs (DMVA)

Fort Richardson, Alaska

**POSITION STATEMENT:** Answered a question during the hearing on EO 115.

#### **ACTION NARRATIVE**

[1:03:51 PM](#)

**CO-CHAIR DAN SADDLER** called the House Special Committee on Military and Veterans' Affairs meeting to order at 1:03 p.m. Representatives Saddler, Thompson, Gatto, Austerman, Lynn, and Miller were present at the call to order. Representative Cissna arrived as the meeting was in progress.

#### **HB 27-DISPOSITION OF SERVICE MEMBERS' REMAINS**

[1:04:53 PM](#)

**CO-CHAIR SADDLER** announced that the first order of business would be HOUSE BILL NO. 27, "An Act relating to the disposition of remains of a member of the military if the member dies while in a duty status."

[1:05:01 PM](#)

**CO-CHAIR THOMPSON** moved to adopt the committee substitute (CS) for proposed HB 27, Version B, 27-LS0191\B, Bannister, 1/26/11, as the working document. There being no objection, Version B was before the committee.

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CECILE ELLIOTT, Staff, Representative Bill Thomas, Alaska State Legislature, explained that HB 27, Version B, would close a loophole in statute in order to acknowledge and support the wishes of those who are serving our country. The Department of Defense requires all service members, reservists, and guard members complete a record of emergency data - DD Form 93 or CG2020D - which directs and authorizes the disposition of human remains. Alaska state law does not currently recognize either form, and this ambiguity can add an additional layer of stress to grieving families. Much care and honor is given to a deceased soldier, and CSHB 27 allows for a smooth transition at home and follows the service members' directives.

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REPRESENTATIVE GATTO asked if there is a difference between the terms "armed services" and "armed forces."

MS. ELLIOT responded that the term "armed services" was incorporated in the CS to encompass the U. S. Coast Guard (Guard).

1:07:30 PM

CO-CHAIR SADDLER called attention to a memo found in the committee packet from Representative Thomas that clarifies the changes in the CS regarding the Guard.

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MARK SAN SOUCI, Regional Liaison for Military Families - Northwest, Defense State Liaison Office, Office of the Deputy Assistant Secretary of Defense, Deputy Under Secretary of Defense (DUSD), U.S. Department of Defense, informed the committee this issue has surfaced because military people fill out a federal form that is frequently not aligned with state statutes. He gave an example of a service member, estranged from his wife, who picked his brother to be responsible for his remains if he died. State law, however, defaults the responsibility to the surviving spouse and, after his death, a conflict within the family arose. Corrective measures by other states have been endorsed by the National Funeral Directors Association; in fact, a majority of states already recognize DD Form 93, or are currently considering amendments to their

statutes to do so. He noted that the Senate companion bill passed.

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CO-CHAIR SADDLER surmised the CS aligns the House and Senate versions of the bill.

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MR. SAN SOUCI credited Alaska legislative staff with correcting the omission of the Guard.

[1:10:27 PM](#)

VERDIE BOWEN, Director, Office of Veteran Affairs, Department of Military & Veterans' Affairs (DMVA), related that an incident similar to the example given occurred in Alaska, and he opined passage of the proposed legislation would prevent this from happening.

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RIC DAVIDGE, President, Vietnam Veterans of America, expressed his appreciation to legislative staff for amending the bill to include Guard members. He explained that notifying next of kin can be very difficult; in fact, his organization is sometimes called upon to recognize the passing of a veteran if family members cannot be located. Local funeral homes and the National Cemetery Association are very helpful in these circumstances. Mr. Davidge urged the committee to pass the bill out of committee as soon as possible.

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REPRESENTATIVE GATTO described a situation in which a soldier's burial wishes were ignored. He said that type of situation would be prevented by the passage of the bill.

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CO-CHAIR SADDLER said he was impressed with the military's efforts to take care of its own.

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CO-CHAIR SADDLER closed public testimony.

[1:14:32 PM](#)

CO-CHAIR THOMPSON moved to report the committee substitute for HB 27, Version 27-LS0191\B, Bannister, 1/26/11, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 27(MLV) was reported from the House Special Committee on Military and Veterans' Affairs Committee.

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The committee took an at-ease from 1:15 p.m. to 1:17 p.m.

[1:17:33 PM](#)

**EO 115 - Realigning the Oversight Authority of the Alaska  
Aerospace Corporation**

[1:17:33 PM](#)

CO-CHAIR SADDLER announced that the final order of business would be Executive Order 115 which would transfer the Alaska Aerospace Corporation (AAC) from the Department of Commerce, Community, and Economic Development (DCCED) to the Department of Military and Veterans Affairs (DMLV). He stated there are three options when hearing an Executive Order (EO): 1. Do nothing, thus the EO takes effect 60 days from transmittal; 2. Approve; 3. Disapprove, with a special concurrent resolution. Furthermore, no amendments or changes can be made to an EO, and it differs from a bill in that there are no individual recommendations by committee members.

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DALE NASH, Chief Executive Officer, Alaska Aerospace Corporation (AAC), Department of Commerce, Community, and Economic Development (DCCED), informed the committee AAC is a state-owned independent corporation - similar to the Alaska Railroad or the Alaska Housing Finance Corporation - which currently is administered through DCCED. At the time AAC was created, the vision was for it to launch satellites and rockets out of the Poker Flat Research Range (PFRR) facility; however, there are populations downrange of that launch complex endangered by stages of rockets falling back to earth. In the U.S. orbital launch facilities such as Cape Canaveral, Florida, and Wallops Flight Facility, Virginia, are situated so that rockets with

equatorial orbits launched from west to east fall back into the ocean. Similarly, Vandenberg Air Force Base in California is positioned as far west as possible. Therefore, even though Alaska is sparsely populated, there was a reluctance to launch rockets into orbit from PFRR as rocket stages could fall on the North Slope oil fields or on the Anchorage and Mat-Su areas. After further research by aerospace engineers, the Kodiak Launch Complex (KLC) was developed.

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MR. NASH continued to explain that at the time of AAC's inception, it was also envisioned by the corporation, the U.S. Air Force (USAF), other space research agencies, and other states that there would be a huge a market for commercial rockets and the government would be the secondary market. This was the rationale for placing AAC in DCCED. However, currently 85-90 percent of launches that go worldwide are government launches: in fact, in the U.S. most rockets are launched by the USAF, the National Aeronautics and Space Administration (NASA), the Department of Defense (DOD), the National Oceanic and Atmospheric Administration (NOAA), and the DOD Missile Defense Agency (MDA). He stated that the 15 launches by KLC were closely tied to the aforementioned customers, and this market requires AAC to be aligned with DMVA. He said:

It helps us look more like a federal range. We are state-owned; as we launch for the Air Force we need to look like the Air Force to Vandenberg Air Force Base. We launch for NASA we need to look like NASA, we launch for Missile Defense, we need to look like Missile Defense. Very often discussions come about about our close interface with the, if we need support, for responsive launches, or for security, because the satellites are a high priority government asset, who do we rely upon?

MR. NASH recalled his previous contact with former Adjutant General Campbell regarding National Guard (Guard) operators at Fort Greely who, in the case of a responsive launch, could be cross-trained to help AAC's range safety system during the launch of a high priority, high security satellite. As a matter of fact, one of the biggest factors in support of cross-training is that the Guard works closely with the Eastern Range space processing and launch infrastructure. Mr. Nash stressed that AAC wants to maintain a close relationship with DCCED and the transfer to DMVA will not preclude completing commercial

launches, because commercial customers often own and operate rockets under contracts with DOD or NASA. He concluded that the transfer to DMVA "is a very good fit and can help add to several opportunities for working together, teaming together, and synergy as we move forward."

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CRAIG CAMPBELL, President and Chief Operating Officer designee, Alaska Aerospace Corporation (AAC), Department of Commerce, Community & Economic Development (DCCED), stressed that the move to DMVA is an administrative, not an operational, move and explained that AAC has a separate board of directors to provide oversight and direction. Thus, oversight provided by the department within government is primarily to ensure that AAC complies with state law, and to provide a conduit to the budget. Furthermore, federal funding for KLC was administered through DMVA, and was a "pass through" from DMVA to DCCED. Mr. Campbell opined that DOD questioned this structure, and he supported the move to properly align AAC for better understanding by the federal government.

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CO-CHAIR THOMPSON stated his support for the transfer, but questioned the accuracy of the zero fiscal note.

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MR. CAMPBELL affirmed there is a zero fiscal note for the transfer from DCCED to DMLV, however, there may be impacts on the state budget for operations; for example, AAC has a funding request for \$4 million in the capital budget.

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REPRESENTATIVE AUSTERMAN asked whether there are any "bright stars" in the private sector market.

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MR. NASH said AAC still believes there are opportunities in the commercial market; for example, there are two rockets under development by NASA's Commercial Orbital Transportation Services (COTS) program. The program has paid \$1.5 billion each to Orbital Sciences Corporation (Orbital) and SpaceX to develop rockets to resupply the International Space Station (ISS) and to

replace the Delta II rocket, which is the most-launched medium-lift rocket, weighing about 12,000-14,000 pounds and lifting to low-Earth orbit. Currently, AAC launches small-lift, 80-foot rockets weighing 4,000 pounds to low-Earth orbit. The Delta II rocket has launched about 148 times, putting up approximately 250 satellites, and launched Meridian and NAVSTAR Global Positioning System (GPS) satellites. The rockets under development are SpaceX's Falcon 9 and Orbital's Taurus II, both of which launch from east coast facilities; however, 40 percent of launches are polar orbits launched from west coast sites and AAC wants to win one of these contracts. An Iridium Communications Inc. satellite is scheduled to be launched to polar orbit on the SpaceX Falcon 9, and there are negotiations underway about launching from KLC.

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MR. NASH turned to discussions with Orbital about the Taurus II and noted AAC has toured its Virginia facilities; in fact, KLC's last launch was an Orbital rocket and another is scheduled for May. He pointed out that those rockets will launch GPS, Iridium, communication satellites, and many military payloads. He re-stated that 60 percent of launches are equatorial orbits from the east coast and 40 percent are west coast. A contract for launching either rocket is "a win" for a generation. Both companies have west coast launches contracted in 2014. Moreover, winning one of these bids for one or two launches per year would establish a tenant customer "for as far as the eye can see." Mr. Nash indicated that KLC's new and modern technology makes for quicker scheduling and response than is possible at Vandenberg Air Force Base, and can ensure that a rocket is safe or destroy it in a day or two. Also, rockets launched from Kodiak fly directly into orbit versus a dog-leg flight pattern, and can have a 15-20 percent payload advantage.

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MR. NASH assured the committee KLC has several other advantages such as accommodating medium-lift rockets that launch 40-80 percent of the satellites.

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REPRESENTATIVE AUSTERMAN asked Mr. Nash to explain further why AAC must have a "look alike federal side of it," when it is much easier to launch from a complex like KLC.

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MR. NASH said, "We want [customers] to think we look like Vandenberg, but realize how different we are in our responsiveness and flexibility." He noted that launch procedures are unique and KLC can make changes and decisions in days that may take 60-180 days at large, well-established ranges, because they are a bureaucracy. The interest in KLC is because of its responsive nature - although KLC abides by the same regulations, it keeps to the basics without adding overhead and bureaucracy.

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REPRESENTATIVE AUSTERMAN then referred to page 1, line 8, of the EO that adds a new chapter. He asked for clarity as to the contents of the original chapter, pointing out the name change from the Alaska Aerospace Development Corporation to the Alaska Aerospace Corporation.

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MIKE FORD, Assistant Attorney General & Legislative Liaison, Legislation & Regulations Section, Department of Law (DOL), directed attention to page 19, line 29, section 4, of the executive order, which listed the repealed statutes. He explained that the executive order repeals existing law and creates a new chapter with "one small difference." The initial statutes of the corporation were put in Title 14 because of the corporation's original connection with the University of Alaska (UA). With the new direction and organization of the corporation, the intention is to move the relevant statutes to Title 26, which is the DMVA title. He advised the only significant change in language is in the composition of the board, which now includes the adjutant general of DMVA. In further response to Representative Austerman, he said the addition of the adjutant general did not increase the size of the board, but replaced the position of the commissioner of DCCED.

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REPRESENTATIVE GATTO referred to page 1, line 13, asked for clarification of the language, "affiliated with the University of Alaska but with a separate and independent legal existence."

MR. FORD said abovementioned language is existing law, and he opined the reference is in keeping with the original educational goals and duties of the university and AAC; however, the language does not have significance other than that it was a part of the existing mission of the corporation.

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MR. FORD, in further response to Representative Gatto, said he is not aware of any problems created by this language since it is just recognition of a past association. No new duties or obligations are created.

REPRESENTATIVE GATTO then asked for clarification of page 1, line 15, of the executive order that read:

(b) The corporation may not be terminated as long as it has bonds, notes, or other obligations outstanding.

MR. FORD explained that this language is intended to recognize legal obligations; for instance, if a corporation is terminated without satisfying its legal obligations, other legal issues arise.

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CO-CHAIR SADDLER concluded a corporation could cease operations if its legal obligations are "paid off."

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REPRESENTATIVE AUSTERMAN called attention to page 5, line 7, of the executive order regarding the six purposes of the corporation and pointed out that two purposes are not related to the university, and four purposes are related. He observed that AAC's scope of work has changed over the years in terms of unmanned flights, and he asked where that is incorporated in the new language; in fact, in the new chapter there is not a stronger presence of the future of AAC, beyond its affiliation with UA.

MR. NASH expressed his understanding that the change in the initial legislation deals with the movement from DCCED to DMVA. He recalled that the name of the corporation was changed from the Alaska Aerospace Development Corporation to ACC two years ago at the withdrawal from PFRR and UA. Initially, there was an understanding that all rockets would be launched from PFRR;

however, Kodiak is one of the best locations on Earth from which to launch polar orbits. He acknowledged that a rewrite of the purpose of ACC is needed, and that the corporation has become "an unbelievable world-class launch facility on a rock in Kodiak." He gave his personal reasons for working at ACC.

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MR. NASH continued, saying KLC is the essential core of AAC and, like Florida and its space program, there are related industries such as aircraft, radar, and communication built around the complex. He expressed his view that KLC is an "enabler" to create an Alaska aerospace industry, and has teamed with Lockheed Martin in a partnership that he hopes will result in a ground base defense system with a sizeable workforce in the Delta Junction area. There are also plans to team with the UA system to win research projects and grants, and with the National Guard to attract launches of USAF unmanned aircraft systems to help with homeland security, fisheries enforcement, weather monitoring, and other tasks. Mr. Nash concluded that AAC's new chapter is based around DOD government contracts and AAC will grow, at Kodiak and beyond, to build Alaska's aerospace industry to rival its military presence.

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MR. CAMPBELL expressed his interest in joining Mr. Nash and the board of directors to develop a future for AAC. The first step is to draft a strategic plan that encompasses the larger aerospace industry in Alaska, and that defines how to achieve its plan. The strategic plan will also refine the transition from the original Alaska Aerospace Development Corporation to the new AAC.

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REPRESENTATIVE AUSTERMAN stated it is not his goal to reject the EO.

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REPRESENTATIVE CISSNA spoke of Alaska's strategic geographic position; in fact, Cold Bay is an alternate landing location for NASA. She asked, "Does that tie into this in some way?"

MR. CAMPBELL said it could. He recalled his past experience and efforts to have DMVA develop a strategic plan to identify what

needs to be done in the future. The development of a strategic plan requires everyone to contribute and evaluate their thoughts. At that point all of the possibilities along the spectrum of human space flight are open; although KLC will probably not launch the space shuttle, or resupply missions, there are plenty of other possibilities.

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CO-CHAIR SADDLER turned attention to line 27, paragraph 6, page 5, of EO 115, that called for "developing of a state strategy to encourage space-related business." He asked whether there is currently a strategy extent that will be changing in the future.

MR. NASH said yes. He added that AAC will continue to build on that strategy to include emerging opportunities, a statewide focus, and partnerships with UA and prime contractors like Lockheed and others. The strategic plan is expected to be released in another month after it is reviewed by the board of directors.

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REPRESENTATIVE GATTO asked how many manmade satellites and pieces of "space junk" are circling the Earth.

MR. NASH estimated 1,000-2,000 manmade satellites are in orbit; in fact, satellites break away from Earth at the same speed as gravity is pulling them back, so objects tend to remain in orbit. About 1,500-2,000 satellites have been launched and about 15,000-20,000 pieces of golf ball-sized debris are being tracked. Additionally, there is transitory debris from asteroid belts and natural sources. He recalled a collision three years ago when China destroyed one of its own satellites to demonstrate its offensive capability. This event raised interest in KLC because of its "responsive nature in space." He concluded that space is congested and contested, thus the open orbits possible from KLC are desirable.

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CO-CHAIR SADDLER asked whether EO 115 holds any changes in the disposition of personnel, assets, or money.

MR. NASH indicated no.

[1:59:37 PM](#)

REPRESENTATIVE GATTO asked if all satellites travel in the same direction.

MR. NASH explained that orbits travel in the same direction - whether launched north or south on a Polar orbit - so a launch may be delayed for a short time to avoid an intercept.

2:01:04 PM

CURTIS THAYER, Deputy Commissioner, Office of the Commissioner, Department of Commerce, Community & Economic Development (DCCED), explained that he is the commissioner's designee on AAC's board of directors. The department is fully supportive of the development and growth of AAC, and of the aerospace industry in Alaska. He recalled his first visit to the Kodiak launch site in 1995, and the growth that has taken place up to its latest launch in November 2010. The department has overseen AAC since its inception, supporting its significant development, progress and growth; in fact, an early study found the facility's contribution to the economy to be \$28.7 million in direct and indirect spending, 235 jobs, and \$12.5 million in payroll. Furthermore, 260 Alaska firms provided goods and services to the Alaska aerospace industry in Fiscal Year 2008 (FY 08). Launch periods increase economic development even more, clarifying AAC's role in economic development. In order for this growth to continue, AAC needs to expand its core mission to encompass U.S. government, military-supported operations. For this reason, Mr. Thayer explained, switching oversight authority to DMVA will better support AAC's continued growth and growth of the aerospace industry. Furthermore, DMVA has the capacity to partner with ACC's ongoing operations, as well as the development of new infrastructure. He opined changing the oversight authority will mean better access to the federal military command structure, and a greater opportunity to attract the military contracts that will directly support KLC. Additionally, the change will provide related private sector opportunities and will give AAC a clear opportunity for contacts to secure future launches. He concluded that because DCCED wants AAC to be successful, the department would like to retain a seat on the board of directors in order to support and cultivate the economic development components of AAC's operations.

2:04:51 PM

REPRESENTATIVE AUSTERMAN asked whether a seat for DCCED on the board of directors requires changes within the current statute.

MR. THAYER said no. The EO transfers the seat between the two commissioners, but does not add a seat.

[2:05:43 PM](#)

CO-CHAIR SADDLER asked for an estimate of the economic benefit to Kodiak and Alaska.

MR. THAYER deferred to Mr. Nash.

[2:06:26 PM](#)

MR. NASH stated the benefit has been as high as \$54 million in one year during construction of infrastructure and the Kodiak Kenai Fiber Link. Annual economic studies reveal an economic benefit of from \$20-\$30 million in a typical year. The corporation contributes approximately 11 percent of Kodiak's economy. Benefits also accrue to Anchorage and Cordova due to AAC's off axis site in Cordova.

[2:08:00 PM](#)

REPRESENTATIVE AUSTERMAN added the benefits of Kenai's learning center and the downlink stations in Fairbanks.

MR. NASH confirmed that ACC operations led to downlink stations in Fairbanks and radar sites in Juneau. He noted that the Challenger Learning Center is an excellent addition to Kenai. In addition, AAC tries to support 40 UA scholarships per year; in fact, UAA is one of 50 NASA space grant universities, and the money given to UAA is matched by NASA for space-related student activities. He concluded that the launch complex itself is a multi-use facility that supports grazing buffalo and cattle, and recreational use.

[2:10:05 PM](#)

REPRESENTATIVE MILLER referred to page 7, line 18, indicating that the corporation can apply to the federal government for a grant allowing the designation of corporation territory as a foreign trade zone. He asked for a definition of "corporate territory" and the ramifications of the designation as a foreign trade zone.

MR. NASH deferred to DOL on the definition of "corporate territory." However, he first explained that although AAC has not launched any foreign satellites, the designation of free trade zone means that foreign satellites can be launched without charging a tariff.

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MR. FORD opined "corporate territory" is land that the corporation owns and that could be designated as a foreign trade zone.

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REPRESENTATIVE MILLER assumed that a privately-owned corporation with its own territory and relief from taxes would no longer fall under the jurisdiction of the state.

MR. NASH responded that AAC has long-term leases with the state as that is more cost effective than owning land. The Alaska Railroad Corporation is the model AAC is using regarding facilities and assets. The corporation supports its status as a tax-free zone, and would also like to qualify as an economic development zone so it may apply for new market tax credits. He provided an example of the financing capabilities of tax credits and how they are used to build capital infrastructure. Mr. Nash was unsure about sovereign territory and said, "We very much like, when we go in we say, 'We have the State of Alaska behind us,' just like Florida likes to go in and say, 'We're Florida, Incorporated' and Virginia does the same."

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REPRESENTATIVE MILLER maintained his question about the application and meaning of the abovementioned two phrases.

MR. FORD offered to provide answers at a later date. He asked whether AAC has received a grant or has been designated as a foreign trade zone.

[2:15:41 PM](#)

MR. NASH confirmed that AAC has been designated as free trade zone. In addition, AAC receives federal grants; in fact, the most recent grant helped pay for paving a road. However, further meaning surpasses his understanding.

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REPRESENTATIVE AUSTERMAN recalled the designation of corporate territory and land and advised that the objective was to bring in satellite components so that satellites can be built in Kodiak and then launched on rockets. The ability to have a duty-free zone as a tax base keeps costs down, and encourages business.

REPRESENTATIVE MILLER asked for a legal clarification.

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MR. FORD will provide clarification.

[2:17:55 PM](#)

MAJOR GENERAL TOM KATKUS, Adjutant General/Commissioner, Department of Military & Veterans' Affairs (DMVA), expressed his support of the move. He observed that changes in technology make the military AAC's best customer base, and the military also has "a sense of comfort, [when] dealing with fellow military members." This is true in administrative functions, control, and looking out for the welfare of the state and of developing businesses. Major General Katkus expressed his interest in the challenge ahead and his expectation of working closely with the commissioner of DCCED. He concluded that the executive order creates synergy and will move an advanced product into the marketplace.

[2:19:17 PM](#)

CO-CHAIR SADDLER asked whether EO 115 makes any personnel or structural changes to DMVA, with the exception of the change to the board of directors.

MAJOR GENERAL KATKUS assured the committee "it's a zero cost movement from one department to the other."

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CO-CHAIR SADDLER closed public testimony.

[2:20:13 PM](#)

REPRESENTATIVE AUSTERMAN asked whether the language of an executive order can be changed or amended.

CO-CHAIR SADDLER expressed his belief that the committee cannot change the text of an executive order; the options are to approve, disapprove, or do nothing.

REPRESENTATIVE AUSTERMAN was unsure whether Alaska statutes can be changed by an executive order without participation by the legislature.

[2:21:19 PM](#)

REPRESENTATIVE CISSNA opined after two years the legislature can create laws to overcome even executive orders.

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MR. FORD confirmed that the options for the committee are acceptance or rejection, without amendment. However, the legislature can always introduce bills to change existing laws.

[2:22:06 PM](#)

MCHUGH PIERRE, Deputy Commissioner/Chief of Staff, Office of the Commissioner, Department of Military & Veterans' Affairs (DMVA), in response to Representative Austerman, explained that the existing DMVA statute does not have an existing chapter to facilitate housing this body of language, thus DOL created Chapter 27 of Title 26, which is a new chapter.

[2:22:54 PM](#)

REPRESENTATIVE AUSTERMAN moved to advance EO 115, 27-GH1013\A, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, EO 115 was advanced from the House Special Committee on Military and Veterans' Affairs.

[2:23:28 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 2:23 p.m.