

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

February 16, 2012

1:07 p.m.

MEMBERS PRESENT

Representative Steve Thompson, Co-Chair
Representative Bob Lynn
Representative Sharon Cissna
Representative Bob Miller

MEMBERS ABSENT

Representative Dan Saddler, Co-Chair
Representative Carl Gatto, Vice Chair
Representative Alan Austerman

OTHER LEGISLATORS PRESENT

Representative Bob Herron

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 34

Urging the United States Congress to fund all the facilities and vessels necessary for the United States Coast Guard to fulfill its Arctic missions, including icebreakers and an Arctic Coast Guard base.

- MOVED CSHJR 34(MLV) OUT OF COMMITTEE

HOUSE BILL NO. 316

"An Act relating to military facility zones in the state; relating to the development of housing in military facility zones; relating to the financing of projects in military facility zones; and providing for an effective date."

- MOVED HB 316 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 34

SHORT TITLE: COAST GUARD ICEBREAKERS & ARCTIC BASE

SPONSOR(S): REPRESENTATIVE(S) HERRON

02/03/12 (H) READ THE FIRST TIME - REFERRALS

02/03/12 (H) MLV, STA
02/16/12 (H) MLV AT 1:00 PM CAPITOL 120

BILL: HB 316

SHORT TITLE: MILITARY FACILITY ZONES

SPONSOR(s): REPRESENTATIVE(s) THOMPSON

02/08/12 (H) READ THE FIRST TIME - REFERRALS
02/08/12 (H) MLV, STA
02/16/12 (H) MLV AT 1:00 PM CAPITOL 120

WITNESS REGISTER

REPRESENTATIVE BOB HERRON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HJR 34, as sponsor.

ED PAGE, Executive Director
Marine Exchange of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified in support of HJR 34 and answered questions.

JEFFREY GARRETT, Maritime Affairs Consultant
Mercer Island, Washington

POSITION STATEMENT: Testified in support of HJR 34.

LAWSON W. BRIGHAM, Ph.D.
Distinguished Professor of Geography & Arctic Policy
University of Alaska Fairbanks (UAF)
Fairbanks, Alaska

POSITION STATEMENT: Recommended changes to HJR 34.

THOMAS STUDLER, Staff
Representative Steve Thompson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sponsor statement for HB 316 on behalf of Representative Thompson, sponsor.

DALE NASH, Chief Executive Officer
Alaska Aerospace Corporation
Department of Military & Veterans' Affairs
Ft. Richardson, Alaska

POSITION STATEMENT: Testified in support of HB 316 on behalf of the Alaska Aerospace Corporation and answered questions.

MCHUGH PIERRE, Deputy Commissioner
Office of the Commissioner/Adjutant General
Department of Military & Veterans' Affairs
Ft. Richardson, Alaska

POSITION STATEMENT: Testified in support of HB 316 on behalf of the Department of Military & Veterans' Affairs and answered questions.

JEFF TROAN, Vice President
Economic Development
Lockheed Martin Corporation
Washington, D.C.

POSITION STATEMENT: Testified in support of HB 316.

ACTION NARRATIVE

[1:07:34 PM](#)

CO-CHAIR STEVE THOMPSON called the House Special Committee on Military and Veterans' Affairs meeting to order at 1:07 p.m. Representatives Thompson, Miller, Cissna, and Lynn were present at the call to order. Representatives Gatto, Austerman, and Saddler were excused. Representative Herron was also present.

HJR 34-COAST GUARD ICEBREAKERS & ARCTIC BASE

[1:08:26 PM](#)

CO-CHAIR THOMPSON announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 34, Urging the United States Congress to fund all the facilities and vessels necessary for the United States Coast Guard to fulfill its Arctic missions, including icebreakers and an Arctic Coast Guard base.

[1:08:59 PM](#)

REPRESENTATIVE BOB HERRON, Alaska State Legislature, introduced HJR 34, as sponsor. Representative Herron called attention to the supporting documents provided in the committee packet. He said the resolution is the result of the work Alaskans put into the Alaska Northern Waters Task Force, including testimony from throughout the state. The task force concluded that the U.S. Coast Guard needs an Arctic-capable icebreaker and a forward base located closer to the Arctic than the current base at Kodiak. The base at Kodiak is valuable to the U.S., however, a base near Nome or Barrow would protect the interests of Alaska

and the nation. The task force found there is increased Arctic activity, thus an icebreaker and an Arctic base would enable the responsible development of resources, foster maritime commerce, safeguard Arctic residents and their ecosystems, provide emergency and disaster preparedness and response, and protect sovereignty. Representative Herron pointed out that Alaska is the Arctic state, and it and the Coast Guard "need the tools" to address the important resources there; even nations without an Arctic border are building icebreakers. He said the supporting documents were provided by the lieutenant governor of Alaska and others, and more expert testimony will follow this introduction. There is a zero fiscal note attached, and the resolution will be further vetted by the House State Affairs Standing Committee. He advised that U.S. Senator Lisa Murkowski has invited legislators and others to attend a hearing of the Homeland Security Subcommittee, U. S. Senate Committee on Appropriations, in Washington, D.C., on 3/8/12. Passage of the resolution will demonstrate serious support in Alaska for the funding of icebreakers and facilities to enhance the Coast Guard presence in the Arctic. Recent events on the seas highlight the need for the Coast Guard to be an important aspect of life in Alaska.

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CO-CHAIR THOMPSON opened public testimony.

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ED PAGE, Executive Director, Marine Exchange of Alaska ("marine exchange"), said the marine exchange is supported by the state, the Coast Guard, and the maritime industry to provide a marine tracking system. As personal history, he noted he retired from the Coast Guard 11 years ago as an officer with service on the East and West Coasts. Mr. Page advised that since World War II the Coast Guard has provided icebreaking support for the Great Lakes and for New York Harbor, but not for Alaska. His last tour in the Coast Guard was as Chief of Marine Safety and Environmental Protection for Alaska Region, but at that time "the Arctic wasn't on our radar screen [be]cause nothing was happening." Since then, the marine exchange vessel tracking system has revealed that passage in the Arctic has increased dramatically, by cruise ships, Chinese icebreakers, cargo ships, tugs and barges, supply vessels, and tankers from Russia traveling to the Far East. Clearly, now there is a need for a U.S. presence to establish sovereignty, emergency response, and oversight of compliance with safety and environmental regulations. Unfortunately, Coast Guard icebreakers are

reaching the end of their lifespans, even though activities in the Arctic are national issues and affect the entire country. The Coast Guard is recognized worldwide as a leader in maritime safety and environmental protection, however, its present capability in the Arctic is limited. Mr. Page urged for continued support from the state for the U.S. to provide for a Coast Guard presence as required.

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CO-CHAIR THOMPSON asked what Coast Guard icebreakers are available if needed on the Arctic coast.

MR. PAGE said the U.S. Coast Guard Cutter (USCGC) Healy is operational and suitable, and there are smaller icebreakers on the East Coast. However, the USCGC Healy was designed primarily as a research vessel with icebreaking capabilities. Although access to McMurdo Station in Antarctica is an important mission, he opined the Arctic mission is more pressing, and the more appropriate place to stage icebreakers. In further response to Co-Chair Thompson, he said USCGC Healy is in Seattle at this time.

REPRESENTATIVE MILLER asked what the capabilities of a fully equipped icebreaker would be.

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MR. PAGE advised a fully equipped icebreaker would have a stern configured so it could back up in ice, and it would have larger displacement and greater horsepower than the USCGC Healy. The legacy icebreakers like the USCGC Polar Star and USCGC Polar Sea have more horsepower and different hull configurations.

REPRESENTATIVE MILLER asked how long it would take an icebreaker to get from Kodiak to the Arctic.

MR. PAGE estimated one week, depending on the thickness of the ice. In further response to Representative Miller, he confirmed that the response would take days, unless the icebreaker was already in the Arctic.

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REPRESENTATIVE LYNN asked several questions about the capabilities of an icebreaker.

MR. PAGE said he has limited knowledge, but the design of an icebreaker involves the thickness and design of the hull so that it rides on top of the ice. Icebreakers have ballast systems that move water from the stern to the bow and propellers and steering gear that are well protected from ice, along with more power and displacement to break thicker ice. In further response to Representative Lynn, he said the USCGC Healy can travel through ice six feet thick.

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REPRESENTATIVE CISSNA expressed her understanding that military organizations need to prepare to be ready for difficult tasks. She asked if the resolution goes far enough to support readiness.

MR. PAGE said current operations are increasing - 350 vessels travelled through the Bering Strait last year - and the resolution seeks to ensure that Coast Guard capabilities grow as the pace of the traffic grows. The Coast Guard plans to go to the Arctic this summer with vessels and aircraft, and there will be challenges with equipment that may not be designed for cold weather. He opined the resolution identifies a mission: the future need for more facilities, capabilities, and icebreakers. In further response to Representative Cissna, he said HJR 34 is a good beginning and an important endorsement from the state.

MR. PAGE, in response to Representative Lynn, said helicopters are standard equipment on icebreakers.

[1:29:32 PM](#)

JEFFREY GARRETT, Maritime Affairs Consultant and retired Coast Guard Rear Admiral, provided a brief history of his experience serving in the icebreaker fleet. He served in both Polar Regions, and particularly in Arctic Alaska, although during his career most operations were limited to defense support and the support of science programs. However, transformational changes occurring in the Arctic affect the Coast Guard's statutory responsibilities. More recently, the Coast Guard is seeking to project an Arctic presence by deploying cutters, boats, aircraft, and specialized teams to test equipment, but during this time of growing need, its polar icebreaker capabilities are drifting into "obsolescence." He observed that the Coast Guard has been unable to deploy an icebreaker for Arctic multi-mission purposes for over two years, and plans for the USCGC Polar Sea have been canceled, forcing the U.S. to charter a Russian vessel

to serve bases in Antarctica. In addition, the USCGC Healy's mission to deliver fuel to Nome this year disrupted its planned maintenance and operations schedule. Mr. Garrett commended HJR 34 and Alaska's strong call for the federal government to provide the Coast Guard with the capabilities, particularly polar icebreakers, to meet national needs in the Arctic. He was encouraged by the 2013 federal budget which contains funding to begin the acquisition of an icebreaker, and urged quick action to restore the USCGC Polar Star and the USCGC Polar Sea to full operational capabilities.

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LAWSON W. BRIGHAM, Ph.D., Distinguished Professor of Geography & Arctic Policy, University of Alaska Fairbanks (UAF), informed the committee he is a former commander of the USCGC Polar Sea. Dr. Brigham raised a question of protocol regarding the resolution, noting that the draft form of the resolution was sent to Senior Arctic Officials of the Arctic states but he recommended that the resolution be sent to the Foreign Ministers of the Arctic states. On a more substantive matter, he observed the last passage of the resolution urges the U. S. Congress and the administration to consider all options to finance icebreakers, including charging fees, leasing, and giving icebreakers to the private sector. Dr. Brigham highly recommended that legislators remove that section because user fees have no place in the operation of the Coast Guard. The Congress and administration should fund the Coast Guard as it does the Navy or Air Force, and ships should not be leased for use by the Coast Guard.

[1:35:43 PM](#)

REPRESENTATIVE MILLER called attention to page 2, line 1, of the resolution which read:

WHEREAS ice cover in the Arctic is at historic lows,
and multiyear ice is decreasing;

REPRESENTATIVE MILLER asked whether this loss of ice will affect how many icebreakers are needed, and if this passage applies exclusively to the Arctic, or also to the Bering and Chukchi Seas.

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DR. BRIGHAM said the multiyear ice will disappear in the Arctic, aiding navigation, but the retreat of ice and the thinning of ice has drawn traffic and opened sea lanes leading to more responsibility for the Coast Guard for presence, law enforcement, security, and science. It is a misconception that less ice reduces the need for icebreakers when, in fact, it is the opposite due to the greater use of the whole of the Arctic Ocean. This is related to natural resource development and the longer season of open navigation.

REPRESENTATIVE MILLER surmised a less than fully-equipped icebreaker may be designed for these conditions.

[1:38:11 PM](#)

DR. BRIGHAM reminded the committee the Bering Sea to the Arctic Ocean is fully ice-covered so if industry seeks to operate year around, or in the fall and spring, the need for an icebreaker with USCGC Polar Sea capability is more necessary. Operations deep in the winter season, such as exploration in the Bering Strait, would be beyond the capability of the USCGC Healy.

DR. BRIGHAM, in response to Representative Lynn, estimated the time needed to build an icebreaker is eight to ten years, due to the budget process in Washington, D.C.

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REPRESENTATIVE HERRON supported Dr. Brigham's recommendation on protocol. Regarding the resolve on leasing, he offered to address Dr. Brigham's concerns during the hearing process on the resolution. He then asked whether the USCGC Polar Star's return to service and its projected length of service is accurate in the resolution.

DR. BRIGHAM indicated yes. The challenge is to appropriate sufficient funds to keep the ships running in the short run, with the hope of funding the acquisition of a new ship. He agreed that the costs are extraordinary and a challenging budget issue.

[1:43:25 PM](#)

REPRESENTATIVE HERRON inquired whether the action of the USCGC Healy for the community of Nome, and the fact that China is building another world-class icebreaker, will convince the administration and the Navy to invest in icebreakers.

DR. BRIGHAM opined these events show the high readiness of the Coast Guard and that it only lacks assets; it has quality staff and readiness. Other less visible factors, such as offshore development, require a presence on the ice and in the shallower waters around Alaska. He suggested buoy tenders are also necessary.

[1:46:01 PM](#)

REPRESENTATIVE HERRON heard the Navy has ordered 51 warships at \$500 million each, and he suggested that one should be an icebreaker.

DR. BRIGHAM agreed saying, "Two of them could equate to an icebreaker, [of] course that's not necessarily how Washington works." Because the U.S. has an extraordinary investment in Antarctica, he encouraged investment in America's presence in both Polar Regions by increasing the nation's icebreaker capability to support both Antarctica and the Arctic.

[Although not specifically stated, public testimony was closed and HJR 34 was set aside and taken up later in the meeting.]

[1:48:03 PM](#)

The committee took an at-ease from 1:48 p.m. to 1:50 p.m.

[1:50:04 PM](#)

Co-Chair Thompson called the meeting back to order at 1:50 p.m.

HB 316-MILITARY FACILITY ZONES

[1:50:18 PM](#)

CO-CHAIR THOMPSON announced that the next order of business would be HOUSE BILL NO. 316, "An Act relating to military facility zones in the state; relating to the development of housing in military facility zones; relating to the financing of projects in military facility zones; and providing for an effective date."

[1:50:33 PM](#)

THOMAS STUDLER, staff, Representative Steve Thompson, Alaska State Legislature, introduced HB 316 on behalf of Representative

Thompson, sponsor. Mr. Studler said the bill gives statutory authority to the Department of Military & Veterans' Affairs (DMVA) to establish military facility zones within the state. These zones are designated areas nearby military bases or facilities where industrial or economic development will directly enhance the military's ability to fulfill its mission. Military facility zones are successfully employed in other states as vehicles to obtain and administer funds for business development specifically relating to military activities. Funding for such zones in Alaska may be available from the Alaska Industrial Development and Export Authority (AIDEA), the Alaska Housing Finance Corporation (AHFC), or from federal New Market Tax Credits. Federal, state, or local public or private funding sources, credit, or guarantee programs can be made available directly to municipalities and boroughs that are working on specifically approved projects within a military facility zone. Military facility zones create opportunities for significant benefits to Alaska and to the nation. They will enhance economic activity near military installations and thereby facilitate economic growth and development in the state, especially where local governments are working in close partnership with their military counterparts. The zones promote expansion of infrastructure to benefit both military and civilian objectives, such as civil defense, homeland security, and emergency response. They will enhance the nation's military capabilities by helping bases operate more effectively and efficiently. Finally, military facility zones in Alaska will clearly demonstrate the state's continuing and substantive support for the armed services, and help defend against the negative impacts on Alaska's regional economies and military communities that might occur should Congress choose to implement the federal Base Realignment and Closure Act (BRAC).

[1:53:28 PM](#)

REPRESENTATIVE MILLER asked for a clear definition of what constitutes a military facility zone.

[Although not specifically stated, HB 316 was set aside and taken up later in the meeting.]

HJR 34-COAST GUARD ICEBREAKERS & ARCTIC BASE

[1:54:05 PM](#)

CO-CHAIR THOMPSON announced that the committee would return its attention to HJR 34.

[1:54:55 PM](#)

CO-CHAIR THOMPSON moved Amendment 1 which read:

"**COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Hillary Rodham Clinton, United States Secretary of State; the Honorable Sergey Viktorovich Lavrov, Minister of Foreign Affairs of the Russian Federation; the Honorable Erkki Tuomioja, Minister for Foreign Affairs of Finland; the Honorable Carl Bildt, Minister for Foreign Affairs of Sweden; the Honorable Jonas Gahr Støre, Minister of Foreign Affairs of Norway; the Honorable John Baird, Minister of Foreign Affairs of Canada; the Honorable Össur Skarphéðinsson, Minister for Foreign Affairs and External Trade of Iceland; the Honorable Villy Søvndal, Minister for Foreign Affairs of Denmark; the Honorable Admiral Robert J. Papp, Commandant, United States Coast Guard; Ambassador David A. Balton, Deputy Assistant Secretary for Oceans and Fisheries, United States Department of State; Rear Admiral Thomas F. Ostebo, Commander, United States Seventeenth Coast Guard District; the Honorable Sean Parnell, Governor of Alaska; the Honorable Mead Treadwell, Lieutenant Governor of Alaska; the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and all other members of the 112th United States Congress."

[1:55:07 PM](#)

REPRESENTATIVE LYNN objected for the purpose of discussion.

CO-CHAIR THOMPSON said the amendment is in response to Dr. Brigham's testimony recommending a change in procedure to follow proper protocol on who receives the resolution.

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REPRESENTATIVE LYNN removed his objection. There being no further objection, Amendment 1 was adopted.

[1:55:55 PM](#)

REPRESENTATIVE LYNN moved to report HJR 34, Version 27-LS1303\A, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHJR 34(MLV) was reported out of the House Special Committee on Military and Veterans' Affairs.

[1:56:17 PM](#)

HB 316-MILITARY FACILITY ZONES

CO-CHAIR THOMPSON returned the committee's attention to HB 316.

[1:56:35 PM](#)

DALE NASH, Chief Executive Officer, Alaska Aerospace Corporation, Department of Military & Veterans' Affairs (DMVA), informed the committee that Lockheed Martin is the largest defense contractor in the U.S. and the world. He said HB 316 derived from working closely with Lockheed Martin in order to improve the state's position with military customers and the aerospace support industry. Several states have adopted similar legislation to create economic facility zones in support of military installations, so the state is in a position to help facilitate a reduction in costs for the military, thus becoming more competitive. When states partner with the military and its industrial base - for example, with Lockheed - costs are kept down for all. These zones are specific to the military and should not be confused with other economic development zones. He said the intent of the bill is to affect the area within a reasonable driving distance from military installations; for example, to enable the base to set up low-cost housing without the burden of a large capital investment. Mr. Nash advised that most military installations have a large industrial base nearby; however, Alaska has few aerospace support companies. Nearby support facilities allow contractors to resupply equipment without shipping material long distances. He assured the committee this would help the Kodiak Launch Complex grow in support of the National Aeronautics and Space Administration (NASA) or the military. This approach can also be an effective way to address the BRAC process because the military should focus its concern on ships, planes, and troops, and not on recreation centers, shopping, and more. Sharing these costs with the military would help attract military expansion, including the utilization of space on a base that may now be idle. Finally, Mr. Nash pointed out that this is enabling legislation effective statewide for all branches of the military.

2:03:37 PM

REPRESENTATIVE CISSNA asked whether there are ways to make the legislation "pay[ing] attention to exactly what this state is like." She observed that Alaska has many small communities spread over vast regions, and the position of the state - relative to other states and nearby land masses - is critical to security. She opined Alaska should be strengthening its borders and "planning ahead" when locating military sites.

CO-CHAIR THOMPSON held Representative Cissna's question for Deputy Commissioner Pierre.

2:06:01 PM

REPRESENTATIVE MILLER asked whether an economic zone or a military facility zone could be established on a military base or territory.

MR. NASH explained that other states have established "co-use" on a base, but he said "I don't think the military base nor the commander would want to come under the legislation of a military effectiveness zone;" the intent is for the zone to be close. He agreed the state has a strategic location, but cautioned that its location alone will not guarantee Alaska will not turn into a training outpost with a skeleton crew.

MR. NASH, in response to Representative Cissna, said the Kodiak Launch Complex is located on Narrow Cape.

2:09:21 PM

REPRESENTATIVE CISSNA observed there are a number of other places in the state that have a history of military bases.

MR. NASH agreed, but pointed out that HB 316 is trying to focus on protecting the missions that the state now has. He referred to the transfer of F-16s from Eielson Air Force Base in Fairbanks to Joint Base Elmendorf-Richardson in Anchorage, saying the focus now is to work with industry in support of a military installation to bring expansion, or to protect existing missions. He added that the legislation will allow the state "to react with the local communities and boroughs ... if opportunities arise; we do not want to have to wait for another legislative cycle to begin the process."

2:11:38 PM

CO-CHAIR SADDLER, co-sponsor of HB 316, had the following testimony read by Co-Chair Thompson [original punctuation provided, with some formatting changes]:

To Co-Chair Thompson and Members of the MLV Committee:

Though I can't be there today, I wanted to put on record my strong support for HB 316, Military Facilities Zones. I was pleased to work on this legislation during the interim with Representatives Thompson and Feige, and to see it come before our committee. I see HB 316 as an important legislative tool to strengthen the position of military facilities in our state.

Alaska has 32 different military installations that are critical elements in our state economy. There are more than 24,000 active-duty, Guard and Reserve troops serving in Alaska, with an annual payroll of more than \$1.5 billion. About 13 percent of the state economy depends on the military, with the impact being especially significant near the larger installations.

These bases are a significant part of our nation's defense structure. They defend the nation's airspace and outer space; rapidly deploy forces around the world in times of crisis; support global logistics and transportation functions; and provide training opportunities that are unmatched elsewhere in the world.

We've heard recent news that does not bode well for Alaska's military bases. We've heard news of nearly half-trillion dollars in defense budget cuts over the next 10 years. We've heard of the possible loss of F-16s from Eielson Air Force Base, and of HC-130s from Joint Base Elmendorf-Richardson. We've heard that nearly 270 civilian jobs are being cut from these two bases. And we've heard the Secretary of Defense raise the prospect of another round in the Base Realignment and Closure (BRAC) process that could mean the further diminution of the military's presence in Alaska.

HB 316 can provide a number of significant benefits to our state and nation:

- It will provide a mechanism for bringing new federal and state money to bear on the bases.
- It will help develop infrastructure that can improve living conditions and economic prospects for the communities surrounding military facilities.
- It will help Alaska's bases become more efficient and better able to effectively perform their missions, strengthening the case against their realignment or closure.
- It will provide a mechanism to fund expansion of existing facilities to embrace new missions.
- It will help protect private - and public-sector jobs.
- It will provide another positive demonstration of Alaska's support for the military.

I am proud to be a co-sponsor of this legislation; please join me in supporting its passage.

Rep. Dan Saddler, Co-Chair, Military and Veterans Affairs Committee

[2:14:49 PM](#)

MCHUGH PIERRE, Deputy Commissioner, Office of the Commissioner/Adjutant General, Department of Military & Veterans' Affairs, addressed questions that had been asked previously. He clarified that the nearby community will apply for the zone and will designate the size of the zone - up to an area of 500 square miles. The area may overlap an existing military facility, but will not have an impact on existing businesses or other activities. The legislation enables the community to develop the area near the military facility in cooperation with partners such as Lockheed Martin, which are direct contractors with the U.S. Department of Defense (DOD). Other businesses, such as "payday lenders" cannot take advantage of this legislation. For example, if Fairbanks North Star Borough created a zone and a company that contracts with DOD proposes a project in an area near Eielson Air Force Base or Fort Wainwright, the company could qualify for development opportunities such as low-interest loans from AHFC or AIDEA. Mr. Pierre said DMVA feels it is critical to diversify the users of the military installations in order to offset the high cost

of operating military installations in Alaska, maintain current missions, expand to new missions, and build the economy.

[2:17:25 PM](#)

REPRESENTATIVE CISSNA related that some of the residents of Galena want to use facilities at the closed base for harvesting willow, and asked whether this legislation would be relevant to that issue.

[2:18:30 PM](#)

MR. PIERRE indicated no. House Bill 316 is relevant only to existing, active military installations. In further response to Representative Cissna, he said Fort Greely is a good example of a community with an existing military infrastructure.

CO-CHAIR THOMPSON asked whether the legislation could be utilized at a new base.

MR. PIERRE said yes.

[2:20:28 PM](#)

JEFF TROAN, Vice President, Economic Development, Lockheed Martin Corporation, said he has worked for Lockheed Martin for 30 years - 15 years in economic development. He generally works on economic development agreements between Lockheed Martin and states and localities, which lower the cost of business for his company so it can pass the savings on to the military. The zones create an optimum business climate that supports the military mission and lowers the cost of goods and services through enhanced relationships. He noted that in other states the zones follow town planning and are usually out the main gate of the military base and in the surrounding area where an industrial park would be. Mr. Troan gave the example of a military commander who wants to obtain an electronic warfare mission but who has no facilities. A contractor could create the infrastructure necessary to do the mission and share the infrastructure with military personnel. To establish a zone on the base, "enhanced-use leasing or modified enhanced-use leasing" legislation is necessary and the base commander segregates an unused portion of the base, leases it to a private or public entity, and that area is redeveloped to support new missions on the base but with private and public capital instead of military construction funds. This happened at (Indisc.) near Ogden, Utah.

[2:25:09 PM](#)

MR. NASH returned to Representative Cissna's question about harvesting biofuel at the closed base in Galena. He advised that the legislation could enable harvesting of biofuel in an area near an active base.

CO-CHAIR THOMPSON gave an example of a private company using a military facility zone to finance the construction of a gas pipeline to Eielson Air Force Base.

MR. NASH agreed this would be a "perfect candidate."

REPRESENTATIVE CISSNA opined the military zones - if they are long-term - would be beneficial for local jobs.

[2:28:05 PM](#)

CO-CHAIR THOMPSON closed public testimony.

REPRESENTATIVE MILLER asked whether there are any differences in law enforcement, fire and rescue, or taxes within the zone, once the zone is designated.

CO-CHAIR THOMPSON advised the status would not change.

[2:29:31 PM](#)

REPRESENTATIVE LYNN moved to report HB 316, Version 27-LS1191\I, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 316 was reported out of the House Special Committee on Military and Veterans' Affairs.

[2:30:15 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 2:30 p.m.