SENATE FINANCE COMMITTEE
April 17, 2011
10:11 a.m.

10:11:12 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 10:11 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lesil McGuire, Vice-Chair
Senator Johnny Ellis
Senator Dennis Egan
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

None

ALSO PRESENT

Senator Joe Paskvan, Sponsor; Representative Kurt Olsen, Sponsor; Representative Alan Dick, Sponsor; Representative Alan Austerman; Representative Mike Chenault; Representative Anna Fairclough; Representative Eric Feige; Representative Mike Hawker; Representative Bob Herron; Sheila Peterson, Staff, Representative Dick; John Burns, Attorney General, Department of Law; Larry Hartig, Commissioner, Department of Environmental Conservation; Daniel S. Sullivan, Commissioner, Department of Natural Resources; Mike Satre, Executive Director, Council of Alaska Producers.

PRESENT VIA TELECONFERENCE

Luke Hopkins, Fairbanks North Star Borough, Mayor; Paul D. Kendall, Self.

SUMMARY

SB 99 HEATING FUEL ENERGY RELIEF

SB 99 was HEARD and HELD in committee for further consideration.

CSHB 106(FIN)
COASTAL MANAGEMENT PROGRAM

CSHB 106(FIN) was HEARD and HELD in committee for further consideration.

CSHB 155(L&C)
PUBLIC CONSTRUCTION CONTRACTS

CSHB 155(L&C) was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal note: FN1 (LWF).

CSHB 183(FIN) am
APPLICATION OF VILLAGE SAFE WATER ACT

CSHB 183(FIN) am was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal note: FN1 (DEC).

#sb99
SENATE BILL NO. 99

"An Act relating to a heating fuel energy relief program; and providing for an effective date."

10:12:21 AM

Co-Chair Stedman discussed that his intent was to adopt the CS for SB 99. He explained that the bill would be heard and held for future work over the interim.

Co-Chair Hoffman MOVED to ADOPT CSSB 99 Work Draft 27-LS0507\M (Kane, 4/11/11) as a working document.

Co-Chair Stedman OBJECTED for purpose of discussion.

SENATOR JOE PASKVAN, SPONSOR, explained that the CS made two changes to the bill. First, it included both number 1 and number 2 fuels (Page 2, Lines 14 and 15). Second, it eliminated a section in order to include a more broad application.

Co-Chair Stedman WITHDREW his OBJECTION, and there being NO further OBJECTION the CS SB 99 Work Draft 27-LS0507\M (Kane, 4/11/11) was ADOPTED.

10:15:08 AM

Senator Paskvan discussed that the bill pertained to heating fuel energy relief. He read from the Sponsor Statement (copy on file) and explained that the goal was to present a solution to the serious issue that faced approximately 80,000 Alaskan households that used heating oil as their primary heating source. The program would apply to all retail sales of number 1 and number 2 heating fuels. The program was ambitious and was designed to offer relief to the state's residential consumers. He expounded that Alaskans who relied on heating oil to keep warm during the winters needed a specific and short-term solution that met their needs. He believed that the bill allowed the opportunity for long-term solutions to be considered, adopted, and implemented in the state. During the past several years the discretionary income for many residents in the Interior, Southwest, and Southeast Alaska had ceased to exist. He relayed that the rising cost of heating oil was too expensive for many Alaskans to pay and was "crushing" the average Alaskan. The high price of fuel was occurring during a time that the state was enjoying a surplus due to the high price of crude oil. He expressed that the high price in heating oil had the potential to economically devastate individual Alaskans and their families. The bill would require the State of Alaska to offset the home heating costs when the price of a barrel of crude oil rose to a point where the state was enjoying budget surpluses. He expounded that it was reasonable for residents to pay $2.50 per gallon while the state paid the balance to home heating dealers from budget surpluses if the price of heating oil triggered the measures included in SB 99. The temporary solution would allow residents to work on long-term solutions that would restore optimism about the state's economic future. He expressed that the proposed legislation would allow the state to focus on its number one priority that was renewable and sustainable energy solutions and would protect Alaskan families.

Senator Paskvan communicated that the bill was designed to be easily administrated. Currently distributors of home heating oil were required to send the State of Alaska a

monthly breakdown of the quantities of the various petroleum products that they sold, including home heating oil. He explained that the quantities of heating oil were easy to verify and were objectively determinable. The bill was intended to be efficient and did not require massive paperwork or government employment to operate. The state would make the payment directly to the heating oil distributors rather than to tens of thousands of individuals. He elaborated that there were approximately eight or nine distributors in Interior Alaska and there were a limited number in Southwest Alaska; therefore, the program would run efficiently. The bill required an increase to the consumer price of heating oil during each of the next three years, which would provide the incentive for Alaskans to maintain the weatherization programs and efficiency in heating costs. The bill used the New York Mercantile Exchange (NYMEX) as a benchmark for triggers; however, with the recent separation in the pricing between West Texas Intermediate (WTI) and Alaska North Slope (ANS) pricing it was possible that an ANS benchmark could be used. He relayed that there could be alternatives such as using the benchmark and if it hit a certain benchmark price the price per gallon could be paid down. He discussed that the average annual consumption in Alaska was between 800 and 1000 gallons. He reiterated the bill aimed to provide protection for the households that heated with heating oil and to keep them from getting crushed by high prices. He looked forward to working with the committee on the legislation during the interim.

10:19:46 AM

Co-Chair Stedman wondered whether the the bill would buy down heating fuel at a BTU equivalency.

Senator Paskvan replied that the bill currently used the NYMEX benchmark. He referred to benchmarks on Page 6 of the Legislative Research Report dated April 11, 2011 (copy on file) that included the average price per gallon at $2.50 and approximately $70 per barrel. The bill used the benchmark price of a barrel of crude oil to trigger the payment.

Co-Chair Stedman asked how the bill would bring parity for the residents that heated with fuel oil and residents that heated with natural gas. He discussed that natural gas available in the Railbelt area was approximately one-third

the price of hydro, which on a BTU equivalency was around $3.80 to $4.00 oil.

Senator Paskvan responded that alternative heating used throughout the state could be explored during the interim. A benchmark could be established based on electric or BTU in order to determine how to distribute from the surplus to Alaskans in need.

10:22:26 AM

Co-Chair Stedman thought it would be helpful to have an energy comparison between the BTU equivalencies for different energy sources that included wood, natural gas, hydro and diesel fuel, and coal. He discussed a Forest Service study that compared what it cost to heat a 1,800 to 2,000 square foot house in Southeast and also compared different areas such as Sitka, which was relatively warm and Fairbanks, which was cold.

Senator Paskvan agreed. He explained that there had been an ongoing discussion related to the BTU equivalency basis between the regions and looking at the various cost structures such as hydroelectric power, natural gas, and number 1 or number 2 fuels. He stressed that many Alaskans in the Interior had to supplement or displace their oil with wood furnaces, which had resulted in serious and negative health effects through a process related to air quality called PM2.5. He relayed that in the Interior oil distributors made deliveries in 100 gallon increments and at $4.00 per gallon many people could not afford the cost for one delivery. He knew people that had been forced to fill five gallon jugs with two or three gallons of diesel fuel at the gas station in order to get through one night. The problem was very real throughout Alaska and needed to be addressed. He discussed that when the price of crude reached $120 to $130 to $140 a barrel in 2008 it resulted in prices of $4.00 to $4.50 per gallon in Interior Alaska that were triple the amount from a decade earlier. He opined that it was a serious economic problem that challenged the economic sustainability of the entire community.

10:26:12 AM

Senator Olson asked what the bill was modeled after and whether there were national or international models that

were aimed at alleviating energy problems. He appreciated the bill and explained that communities on the North Slope came from the "breadbasket" of Alaska but paid the highest price for fuel. He stressed that the bill was not the answer to all energy problems in the state, but that it would take the edge off for some residents.

Senator Paskvan replied that he had seen the problem and worked to move forward towards a solution. The bill had not been based on a specific model, but he hoped there was a national or international model that was based on a sovereign that had a surplus created by the high cost of crude oil that could benefit its residents.

Senator Olson had been informed that there was a model for Middle Eastern countries, Russia, and Mexico that provided individuals within each sovereign the ability to have a less expensive price than the price that was charged for exported fuel.

Senator Thomas appreciated the bill. He referred to other discussions that had centered on similar concepts related to other heating sources. He discussed that the Interior, Southwest, and Northwestern areas of the state experienced oil prices of $4.00 to $10.00 per gallon. There was no telling what the impact would be if oil reached $150 per barrel in the next few years. He stressed that major concerns focused on the PM2.5 air pollutant issue combined with the high fuel cost that drove up the price of everything including wood. He expounded that residents who had transferred to other heating methods had created a large issue that could impact federal transportation funds and had forced some schools to limit students from going outdoors. He explained a previous attempt at pacifying the entire state had resulted in a $1,200 addition to the Permanent Fund due to the inability to agree on how the formula would have worked with the various types of fuel.

10:30:48 AM

LUKE HOPKINS, FAIRBANKS NORTH STAR BOROUGH, MAYOR (via teleconference), spoke in support of SB 99. He explained that the community had been looking at how it could lower energy costs. Individuals and businesses in Fairbanks had switched to wood heat in response to high oil prices in 2008. As a result there were many health issues in the community that had a 250 square mile non-attainment area.

He relayed that thousands of structures in the community were heated with the most expensive natural gas. He stressed that the bill would provide relief from the cost of energy for most of his community. He explained that approximately three percent of the Fairbanks households had been able to reduce their energy consumption by almost 30 percent as a result of the home energy retrofit program. He had heard from residents that were spending $800 a month on fuel. He stressed that relief from the cost of heating fuel was imperative and urged the committee to consider ways to help residents with the rising costs of energy immediately.

10:34:31 AM

PAUL D. KENDALL, SELF (via teleconference), pointed out that Alaska faced problems with energy costs and that some of the remedies did not make sense. He urged committee members to visit the Anchorage/Mat-Su area to host a conversation on how to help reconstruct energy for Alaskan homes. He believed that Alaska could act as an example for the rest of the world.

10:37:27 AM

Senator Olson wondered what plans were in place for the interim to ensure that the bill would be polished and ready to bring to the Senate Floor the following year.

Senator Paskvan responded that he would continue to speak with other senators, would look for models to help design the program, and would look at the BTU equivalency around regions throughout the state. He reiterated that the goal was to find a solution that was right for Alaska.

Co-Chair Stedman communicated that the U.S. Forest Service Sitka Wood Utilization Center would be a good resource and had done a significant amount of work on BTU equivalency and price comparisons on alternative fuels.

10:38:49 AM
AT EASE

10:39:17 AM
RECONVENED

SB 99 was HEARD and HELD in committee for further consideration.

#hb155
CS FOR HOUSE BILL NO. 155(L&C)

"An Act relating to the applicability of prevailing wage rates to public construction contracts; and, with regard to public construction contracts, relating to notifications, bonding notifications, filings, notices, primary contractors, final payments, penalties, advertised specifications, required contract provisions, terminations, lists of violating contractors, and remedies."

10:39:52 AM

REPRESENTATIVE KURT OLSEN, SPONSOR, introduced HB 155 that updated an antiquated statute that had been implemented in 1935. He explained that the current trigger point on "Little Davis Bacon" jobs was $2000.

Co-Chair Stedman asked Representative Olsen to explain the term Davis Bacon.

Representative Olsen explained that Little Davis Bacon covered state jobs and required certified payroll prevailing wages to be paid on public jobs in municipalities, boroughs, and school districts that were in excess of $2000 in the State of Alaska. He expounded that the $2000 had been set by the federal government in 1935 and had not been changed. In 1935 the prevailing wage had been approximately $0.50 per hour; however, some of the artisan rates were up to $1.35 or $1.40 an hour. The legislation would take the limit up to $25,000 as a result of collaborations between the Alaska Municipal League and two state-wide unions. The $25,000 limit was close to the number that inflation would have adjusted it for. The number would be large enough to provide a meaningful and valuable number to the municipalities, but would still be small enough to prevent outside firms from bidding on smaller jobs. He relayed that no opposition had been expressed regarding the proposed limit change. He thanked Barbara Huff, President of the Local 959 Alaska Teamsters; Don Etheridge AFL-CIO; and Kathy Wasserman, Executive Director of the Alaska Municipal League for their work on the bill. He thanked his staff and others.

10:43:33 AM

Co-Chair Stedman explained that the intent was to report the bill out of committee at subsequent meeting. He noted that there was a zero fiscal note from the Department of Labor and Workforce Development.

CSHB 155(L&C) was HEARD and HELD in committee for further consideration.

[Note: CSHB 155(L&C) was heard again during the meeting and appears later in the minutes]

#hb183
CS FOR HOUSE BILL NO. 183(FIN) am

> "An Act relating to the Village Safe Water Act; and providing for an effective date."

10:45:31 AM

REPRESENTATIVE ALAN DICK, SPONSOR, discussed that for many years the Village Safe Water Act had done tremendous good throughout the state; however, four years earlier the city of Nenana had applied for and received a Village Safe Water grant for a water treatment plant, but they were informed later by the Department of Environmental Conservation (DEC) that they did not qualify. He believed that HB 183 strengthened the Act because it addressed needs across the state. He relayed that the bill had no fiscal note. He explained that the bill added new communities to the eligibility list. The new communities would not take precedence over others and would be evaluated according to existing priorities. He discussed that HB 183 was a companion bill to SB 96. The bill raised the maximum number of residents that were eligible for funding in a village or first class city from 600 to 1000, which allowed eight municipalities that faced clean water and sanitation issues to receive a grant. The bill added home rule municipalities that had a population of less than 1000 residents and included the City of Nenana and the City and Borough of Yakutat. The bill also included communities that were represented by a council that were organized under the Indian Reorganization Act or a Village Tribal Council. The bill also allowed an incorporated non-profit to act as a governing body that would provide ongoing maintenance. He emphasized that HB 183 would allow villages to get the help they needed and would ensure that there was a responsible entity to guarantee that the money would be spent how it

was intended. He relayed that Nenana was waiting to do the construction on its treatment facility and that its system was currently so needy that the maintenance man was required to check the plant every four hours during the night.

10:49:06 AM

Co-Chair Stedman requested a list of the communities that would be eligible under the legislation.

Representative Dick responded that the eight villages that would be included were Akiachak, Kipnuk, Yakutat, Klawock, Hoonah, Ninilchik, King Cove, and Sand Point.

Co-Chair Stedman relayed that there was a zero fiscal note from DEC.

Senator Olson asked how communities with populations less than 600 had responded to the proposed legislation. He wondered what the response had been from second class cities that needed water and sewer facilities but were not able to tax residents to pay for them. He understood that there would only be a set amount of funding available.

SHEILA PETERSON, STAFF, REPRESENTATIVE DICK, replied that there had been no response from any communities. She explained that Bill Griffith the project manager at DEC had informed the sponsor that the process would not change and that the communities with the greatest needs would be at the top of the priority list and would be funded. The addition of ten more communities would not have much of a negative effect on any communities.

10:51:58 AM

Senator Olson expressed concern about smaller communities that were vying for the same funding and did not have the ability to send a spokesperson down to testify. He discussed that water and sewer were needed in all communities and were very important from a medical standpoint in order to combat health problems such as otitis media and hepatitis. He was concerned that a decrease in federal and state funding would increase the competition for some of the contracts.

Representative Dick expressed his confidence that most of the great needs had been met given that the Act had been in place for a very long time and that allowing the additional communities under the Act would not threaten the smaller villages.

CSHB 183(FIN) am was HEARD and HELD in committee for further consideration.

[Note: CSHB 183(FIN) am was heard again during the meeting and appears later in the minutes]

10:54:15 AM
AT EASE

11:03:09 AM
RECONVENED

#hb106
CS FOR HOUSE BILL NO. 106(FIN)

> "An Act extending the termination date of the Alaska coastal management program and relating to the extension; relating to the review of activities and regulations of the Alaska coastal management program; establishing the Alaska Coastal Policy Board; relating to the development, review, and approval of district coastal management plans; relating to the duties of the Department of Natural Resources relating to the Alaska coastal management program; relating to the review of certain consistency determinations; providing for an effective date by amending the effective date of secs. 1 - 13 and 18, ch. 31, SLA 2005; and providing for an effective date."

11:03:29 AM

Co-Chair Stedman discussed the importance and sensitivity of the Alaska Coastal Management Program.

JOHN BURNS, ATTORNEY GENERAL, DEPARTMENT OF LAW, introduced himself.

LARRY HARTIG, COMMISSIONER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, introduced himself.

11:06:51 AM

Attorney General Burns explained that CSHB 106(FIN) reflected a structured balance that addressed the interests of coastal communities and industry and ensured economic opportunities for Alaskans. The bill structure had been developed by the House Resources Committee, but reflected changes based on concerns that had been expressed in the House Resources Committee the prior week. He discussed that the bill provided objective standards, a predictable process, and a strong state coastal program that encouraged local input and involvement but did not include local veto authority over projects. The legislation allowed coastal districts to provide meaningful input into the regulatory process and the opportunity to pursue and create policies that would help assure that development was compatible with local concerns. He stressed that it was important for policies to meet specific criteria that ensured predictability and stability to the industry and protection of the state's interests as a whole. He discussed that the bill facilitated and encouraged dialogue between coastal districts, industry, and state agencies regarding the composition of the Coastal Policy Board and required a two-thirds vote for all board recommendations. He emphasized that dialogue built understanding and that understanding helped to promote agreement. He relayed that historically the program had been infused with difficulties and mistrust and that the current bill represented a balance and had been built on the input of all concerned parties. Letters of support had been received from North Slope Borough Mayor Itta and industry representatives (copies on file). He communicated that the House had unanimously passed the bill and that Governor Parnell supported the current bill. He and Commissioner Hartig were present to provide an overview of the legislation and Department of Natural Resources Commissioner Sullivan and staff were available for questions.

11:10:19 AM

Co-Chair Stedman requested explanation of the bill.

Attorney General Burns explained that there had been many discussions that had revolved around the importance of meaningful input. He directed attention to Section 3, Page 2, Line 16 that created the nine member Alaska Coastal Policy Board. The board consisted of five public members appointed by the governor that included one at-large member

that was from a Native regional corporation, a mining organization, an oil and gas organization or any other resource development or extraction industry. Four members were appointed from list of at least three names from various geographic regions and the governor had the ability to reject the lists if desired. He expounded that the board would be modeled after the forestry management program and was intended to build consensus and not divisiveness. The remaining four members were the commissioners of the Departments of Environmental Conservation (DEC), Fish and Game (DFG), and Transportation and Public Facilities (DOT); and the deputy commissioner of the Department of Natural Resources (DNR). The commissioner of DNR had not been included because it was the commissioner's responsibility to provide administrative review of the board's recommendation. Page 3, Line 28 included the terms of the board and provided that the public member could be removed at the pleasure of the governor. Page 4, Lines 13 and 14 reflected that recommendations would be based on an affirmative vote of at least two-thirds of the full membership in order to avoid "gamesmanship" and to encourage consensus building. Page 4, Line 25 outlined that the function of the board included making recommendations to the department that related to the approval or modification of district plans; providing a forum for discussion related to "this chapter" [AS 46.40], and the state's coastal resources; and to annually solicit information from state and federal agencies to determine whether the agencies had implemented regulations, in order to allow for cleanup of inconsistencies between regulations.

11:14:49 AM

Attorney General Burns directed attention to Section 6, Page 5 that related to the duties of DNR. Page 6 explained that the obligation of the department was to facilitate the transmittal of information electronically in order to reduce costs, and to provide information to any other person in writing designated by the district. Line 17 allowed further continuity by summarizing the minutes of the board's discussion of issues related to this chapter [AS 46.40] and coastal uses and resources of the state. He explained that the purpose was to provide a historical background. Page 6, Line 26 stated that the plan must meet the district plan criteria and could not be inconsistent with criteria adopted in AS 46.40.040.

11:18:15 AM

Attorney General Burns detailed that the plan was required to meet specific items. Page 7, Items 1 through 3 were essentially the same as current law with the exception of Page 7, Line 2 that clarified the policies were enforceable. Language on Page 7, Line 8 had not been included in the previous version of the bill and required the plan to designate any areas that merited special attention and a designation of enforceable policies that would be applicable in the areas. He detailed that the bill worked to provide predictability and stability; therefore, it was necessary to determine enforceable policies that applied to areas in need of special attention in order to provide a clear understanding of the criteria required. He quoted from Page 7, Line (b) that showed the plan should meet the implementation requirements in AS 46.40.070 and ensure that the enforceable policies were "clear and concise regarding the activities and people affected by the policies; use prescriptive or performance-based standards that are written in precise and enforceable language; address a coastal use or resource of concern to the residents of the coastal resource district as demonstrated by local knowledge or supported by scientific evidence; and employ the least restrictive means to achieve the objective of the enforceable policy." He emphasized that the criteria focused on assuring balance. Section 8, Page 7, Line 28 listed the criteria that included determining a list of alternative methods of achieving policy, local knowledge or scientific evidence that supported each alternative method, how the alternative methods may impact other existing or potential uses, the economic effects, the technological feasibility, and any other relevant factors of the alternative methods.

Attorney General Burns continued on Page 8, Line 9, Subsection (b) and explained that it was important for DEC to retain jurisdiction over anything related to an item in the province of its authority. Section 11, Page 8, Line 27, provided for the opportunity for input and a hearing by the board: "If, upon submission of a district [coastal management] plan for approval, the department finds that the plan meets the provisions of this chapter…, the department may approve the district coastal management plan, or may approve portions of the [district] plan…" Section 12 provided the right of a heightened review on

Page 9, Line 4: "If the department finds that a district coastal management plan is not approvable or is approvable only in part under (a) of this section, the department shall explain in writing the basis for its decision." He explained that the coastal resource district that submitted the plan could ask the department to submit the plan or portions of the plan that were denied to the board for recommendations. He reminded the committee of the board's composition and explained that the process was meaningful.

11:23:27 AM

Attorney General Burns discussed Section 13 (c), Page 9, Line 19. He read from the bill: "after the board has reviewed the district coastal management plan and submitted recommendations under (b) of this section, the department shall enter findings and, by order, may…" He explained that to the extent that the board recommended, the department could approve the plan or portions of the plan or do a variety of other things that were consistent with the existing law. He discussed that Page 10, Line 1 provided an opportunity for a third review and quoted, "Only a coastal resource district affected by a decision of the department under this section may request reconsideration of the decision." The reconsideration was required to be complete within 15 days in writing. The purpose was for coastal districts to share their opinion. He stressed that the reconsideration model was based on standards in the judicial process. The DNR commissioner would review the decision and had 20 days to make a determination. He stressed that the 20-day time frame was in place to ensure movement of decisions. Without a determination by the commissioner, the department's determination was made final.

11:26:13 AM

Attorney General Burns discussed that Page 10, Line 13 provided the superior court with jurisdiction over cases that had not been settled. He expressed that Page 10, Line 16, AS 46.40.070 represented the heart of the bill as it related to implementation. He quoted the requirements:

> The department shall approve a district coastal management plan submitted for review if, as determined by the department, the (1) district coastal management plan meets the requirements of this chapter and the

district plan criteria adopted by the department; and (2) enforceable policies of the district coastal management plan (A) do not duplicate, restate, incorporate by reference, rephrase, or adopt state of federal statute [or regulations]; (B) are not preempted by or in conflict with state or federal statutes [or regulations], (C) employ the least restrictive means to achieve the objective of the enforceable policies; (D) do not arbitrarily or unreasonable restrict uses of state concern; (E) meet the requirements of (b) and (c) of this section.

Attorney General Burns noted that "uses of state concern" were defined by AS 46.40.210 related to oil and gas development on federal and state land, transportation issues, etc. He directed attention to Page 10, Line 31 (b):

> The enforceable policies in a district coastal management plan submitted for review under this section must meet the requirements of (a) of this section and may establish new standards or requirements that are within the authority of a state or federal agency unless (1) a state agency specifically objects to the proposed new standards or requirements on the grounds that the proposed standards or requirements (A) are based on scientific evidence or local knowledge relied upon by the coastal resource district to satisfy the requirements [of AS 46.40.030] but that conflicts with the agency's interpretation of the scientific evidence within the agency's area of expertise.

Attorney General Burns explained that his department had been dealing with the subject in a myriad of ways and did not want there to be a situation that resulted in competing science. He opined that an agency's interpretation of science was in its expertise and should be given deference. He discussed that the definition of scientific evidence was found in the chapter and a peer review was required in order to establish "sound science." He reiterated that the purpose of the bill was to create a checks and balances process.

11:30:36 AM

Attorney General Burns read from Page 11, Line 10 and relayed that policies could not "(B) conflict with the

agency's allocation of existing or planned agency's resources to meet state policies and objectives; or (C) conflict with agency priorities or objectives, or other state policies." He was happy to answer any questions the committee may have on the items. He expressed that on the subject of an agency's allocation of existing resources that coastal district's did not have enforcement authority. The department did not want a coastal district with an approved plan to govern how an agency used its resources. He recited from Page 11, Line 14 that coastal districts could not submit a plan that "proposed new standards or requirements address discharges, emissions, contaminants, conditions, risks, or other matters that fall within the authority of the Department of Environmental Conservation…" He relayed that the bill included language that required the board to review DEC standards to make recommendations or a report to the legislature. He explained that DEC needed to look at the state as a homogenized system and did not want to tweak policies in different areas of the state because there was a "fine balance" between DEC and the Environmental Protection Agency (EPA) related to enforcement provisions.

Attorney General Burns relayed that the provision on Page 11, Line 18 had been large concern of the state and industry: "An approval of coastal management plan with enforceable policies may not affect a person's rights or authorizations under an unexpired permit, lease, or other valid existing right to explore or develop natural resources that predates the date that the enforceable policy becomes final." He explained that it was a "limited grandfather provision" that allowed current standards to continue to apply to an existing permit; however, it did not provide an open-ended grandfather provision. A renewal of a lease that expired in five years would be subject to whatever the current standards were at that time. He relayed that Page 11, Line 24 defined the term "specifically objects" to ensure that an agency was not given "carte blanche" authority to arbitrarily object. The commissioner, commissioner's designee, or the state attorney general was provided with the ability to object.

11:34:39 AM

Attorney General Burns quoted from Page 11, Line 31: "Notwithstanding any other provision of this chapter, an enforceable policy that establishes requirements within the

authority of a state or federal agency shall be superseded upon the enactment of a law or adoption of a regulation that is inconsistent with the enforceable policy." He reminded the committee that the goal was to achieve the ability to ensure that coastal districts had the opportunity to see enforceable policies through. The focus was on the "gap" provision and a state agency that had authority to regulate a particular area may not have been currently regulating the area for a variety of reasons including, lack of necessity, lack of resources, etc. The provision allowed coastal districts to make recommendations that could become enforceable if the state agency deemed that the recommendation made sense. He stressed that the state should not have a provision that required it to consent to something that it was stuck to indefinitely in the future because it would encourage state agencies to zealously guard their authority. He reiterated earlier comments about the holistic perspectives of state agencies. The provision assured that once a state or federal agency had an authority to regulate and enacted a regulation that the regulation became effective immediately.

11:37:16 AM

Attorney General Burns discussed that Section 16, Page 12, Line 4 related to a consistency review. Projects were required to go through a consistency review to ensure that it complied with all criteria. Page 12, Line 5 included language about comparing a consistency review and determination of a proposed project that the "reviewing entity" (typically a department) could request consistency review comments for a proposed project from state resource agencies, affected coastal districts, or other interested parties as determined by department regulation. He quoted from Page 12, Line 11 that an elevated review: "shall be conducted by the commissioners or deputy commissioners of the resource agencies." There would be a high level, multi-party review that could only be requested by the project applicant, the state resource agency, or an affected coastal resource district in order to narrow the constraints regarding participating parties. He contended that it would be undesirable to have third parties to be extraneously impacting the decision making process. He read from Page 12, Line 22 that an elevated review "shall be completed with the issuance of a written order signed by at least two of the commissioners or deputy commissioners of the resource agencies within 60 days after the initial

request of an elevated review." He emphasized that time was important but it was also important to make certain there was sufficient time for the commissioners to conduct a meaningful review. In the event that no written determination was made, the decision of department would become final. There was an existing provision in statute regarding the appeal process.

11:40:49 AM

Attorney General Burns discussed that Page 13, Line 15 included the definition of the reviewing entity that was typically DNR for a consistency review. Line 18 clarified that the commissioners or their deputies were responsible for elevated reviews. He quoted Page 14, Line 10:

> "local knowledge" means a body of knowledge or information about the coastal environment or the human use of that environment, including information passed down through generations, if that information is (A) derived from experience and observations; and (B) generally accepted by the local community.

Attorney General Burns explained that it was also necessary that local knowledge was not contradicted by credible scientific evidence. He communicated that the bill would sunset in 2017 in order to provide time to draft regulations. He felt that a good agreement represented a balance and was an agreement in which no individual party was fully satisfied. He referred to letters of support that had been provided in the packet (copy on file). He would have liked to see some different items in the bill, but he was satisfied with the result.

11:44:57 AM

Commissioner Hartig stressed that the objective of the bill was to achieve a compromise. He had sought to bring his work experience and to come up with a workable solution. He understood that everyone was committed to doing the right thing for Alaskans and he appreciated all of the hard work that went into the construction of the bill.

DANIEL S. SULLIVAN, COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, discussed that when the governor had introduced the bill in January it had represented a straight extension of the program. The administration had committed to

constructively engage in the process with all stakeholders in a good faith negotiation on substantive changes that others might have had, and to change the bill's tone. He believed that the administration had followed through on its commitment. He relayed that there had been hundreds of hours of negotiations. He acknowledged Representative Bob Herron, Representative Reggie Joule, and DNR Deputy Commissioner Joe Balash for their hard work. The department had sought to change the tone, build trust, and reach a compromise and balance. He stressed the importance of the role that balance played given that there were several dozen stakeholders involved. He believed the compromise had been reflected when the House had unanimously passed the bill. He recognized the committee's responsibility to dive deep into the bill, but believed it was important to underscore the context of the process that had occurred throughout the legislative session. He had worked to keep some of the members on the committee informed at a high level regarding the process on the House side.

11:48:28 AM

Co-Chair Stedman referred to an earlier comment that the bill was a finely tuned balance like the point of a pin. He stressed that the committee would strive to ensure that the bill stood on even ground.

Co-Chair Stedman he wondered whether it was normal procedure for the governor to have the ability to remove appointed board members without cause. He read from the bill that "the public member may be removed at the pleasure of the governor" (Page 3, Line 30). He asked whether the authority was too broad in the event that issues of dispute arose.

Commissioner Hartig responded that it was important to recognize that someone had to make the appointments. He explained that the intent was to provide the ability to get a fair and balanced perspective from the board in the formal review process. He thought that each governor would work to obtain an actively participating board that would attend meetings. Alternate members would be ready to take a departing member's place. He stressed that the board needed to be functional, rather than fighting for a specific point of view. The idea was for one person to be able to make the selections, to look for people who were willing to participate, listen to others, and work through difficult

issues. He explained that the purpose was not to stack a board. He added that the language had been designed based on discussions with others.

11:51:52 AM

Commissioner Sullivan underscored that the Board of Forestry model was highly regarded by many people throughout the state and the legislature. He detailed that it was a board that worked well and had a significant amount of influence. He believed that its recommendations were often followed by the executive and legislative branches of government.

11:52:44 AM

Co-Chair Stedman pointed out that there could be a governor who might take advantage of the ability to remove board members without cause. Attorney General Burns responded that he was correct; however, the governor was only allowed to replace a member with a person on a list that had been provided. The governor did not have the ability to replace and appoint whomever he or she wanted. He stressed that the nominees were provided by the coastal districts. He emphasized that there was typically a confirmation process when "for-cause" situations existed. He explained that the emphasis was on a working and functional board that did not have gamesmanship or people with ulterior agendas.

Co-Chair Stedman relayed that a few years back the permanent fund board had taken a political turn as a result of influence by the governor. He added that the concern was not with the current governor, but that governors came and went. He expressed that it was a sensitive issue.

11:55:41 AM

Co-Chair Hoffman wondered why there was such strong language regarding the governor's involvement with the board and asked what the logic had been regarding the inclusion of the governor's ability to reject a list of names that had already been vetted by the regions (Page 3, Lines 2-3). He relayed that the bill did not specify whether the governor could reject the second list; however, it seemed that he would not be able to. He did not believe there was much give and take when the regions had a list of people that they wanted and the governor was still provided

the process of selecting a person from a list of names with the option of rejecting the list. He thought that Line 30 had the potential to intimidate board members and could cause them to be torn between pleasing their districts or the governor.

Attorney General Burns understood the concerns and relayed that there had been significant discussion on the issue. There were constraints placed on the governor's ability to appoint members from the lists that were submitted by the coastal districts. He expressed that Senator Hoffman was correct that there were multiple lists allowable (Page 3, Line 3) and there was the possibility that there could be many lists. He stressed that the goal was a consensus building board and that it was the coastal district that submitted the names. He reminded members that the board had been modeled after the Board of Forestry that appeared to work very well.

Co-Chair Hoffman did not believe there had been sufficient discussion on the matter.

11:59:29 AM

Co-Chair Stedman wondered why a two-thirds vote was required instead of a simple majority (Page 4, Lines 13-14). He relayed that it was not easy to obtain a two-thirds vote on contentious issues. Attorney General Burns responded that the premise of the board was to make meaningful recommendations that could become policy. He stressed that it was important to have a clear agreement on policy. The intent was to build consensus and not factions. He added that representatives from the North Slope that had worked on the issue felt that the language was a significant improvement over a simple majority.

Co-Chair Stedman was concerned that individual districts would not have the financial resources or expertise to study economic effects of alternative methods (Page 8, Lines 5-6). There were a lot of differences between the size and scope of coastal communities and smaller communities did not have the breadth and depth of resources that were available to larger communities. He expressed concern about the fairness of the issue.

Commissioner Hartig replied that there had been substantial discussion related to the issue. The department had

primarily met with attorneys for the North Slope Borough throughout the past week who had worked to relay the views of other districts on the issue. The department had brought up the point that the North Slope had certain capabilities that other districts did not necessarily share. In a conversation with DNR the departments had determined that the provisions needed to be precise, but they did not want to express them in terms of barriers. The departments had decided that DNR would work with individual districts through regulations and budgets to ensure that the provisions did not become a barrier and that DNR would help them with department assistance when needed. He explained that a different level of proof may exist depending on the circumstance, such as minor conflicting use versus something that might have precluded oil and gas development that could be significant to the state.

12:05:04 PM

Co-Chair Stedman wondered why there was not tighter language on Page 9, Lines 1 and 22 that included the term "may" in the permissive language for the departments.

Attorney General Burns replied that the intent was to create flexibility in the process. He explained that it was not possible to think through every iteration and the language provided the agencies with flexibility; however, the agencies could not act arbitrarily or capriciously. He discussed that once all of the factors had been considered throughout the process the opportunity to say "no" was narrowly restricted and the word "shall" was used at the point of the implementation process.

Co-Chair Hoffman thought that Attorney General Burns was suggesting that it was necessary to change language that related to the approval of the plan or portions of the plan to "shall" instead of "may." He thought there was a typo in the bill on Page 9, Line 22. Attorney General Burns asked him to clarify the question.

12:08:05 PM

Co-Chair Hoffman pointed to Page 9, Line 22 that thought the language should have read "shall approve" instead of "may approve." Attorney General Burns explained that Page 9, Line 22 read "shall enter findings by order and may do" these things.

Co-Chair Hoffman replied that Attorney General Burns had said at the end of the process "shall" should be used for approval but that the bill read "may approve." He reiterated that he thought there was a mistake in the bill.

Attorney General Burns responded that they were talking about two different processes. The language in question was related to board recommendation following its review. Once the board made the recommendation the department was required to take action, either by approving the plan or portions of the plan. He explained that Line 29 required any other action to be taken by the coastal resource district and reflected the iterative review process. He stressed that it became very difficult to state other action "shall" be taken. He expounded that it was important to allow flexibility and to provide the department with a choice. He pointed to Page 10, Line 17 that discussed the requirements of the department relative to the district coastal management plan. Implementation was addressed in AS 46.40.070 and the requirements of the department were very tightly constrained. He explained that the coastal districts wanted the ability to provide a voice and the opportunity to implement policies; therefore, when the criteria were met it became appropriate to restrict the department's ability.

12:11:26 PM

Co-Chair Stedman cited the concern that the language was too broad in Line 29 that related to other action to be taken.

Co-Chair Hoffman wondered what the thought process had been regarding the reason for the broad language in Lines 29 and 30. He believed that the requirements for the board should be specific and not arbitrary or undefined.

Attorney General Burns clarified that Section 13, Page 9 related to department action to be taken subsequent to the board review. He referred to Line 19 that read "after the board has reviewed the district coastal management plan and submitted recommendations, the department shall enter findings." Line 29 required that "any other action be taken by the coastal resource district." He explained that during the board review process, it was possible that the board could make recommendations that the department had not

considered; therefore, the department would be allowed to ask for supplemental information from the coastal districts. He reiterated that agencies could not take arbitrary or capricious action and that the opportunity for judicial review was provided.

Co-Chair Hoffman felt the answer was insufficient.

12:14:50 PM

Senator McGuire wondered why it was necessary to remove language in the current statute that required mediation after difference of opinion and additional steps if differences were not resolved (Section 13, Page 9). She believed the administration had alluded that some type of mediation would occur between the board and the agency. She opined that the removal of the existing statutory language could be detrimental to the process and a potential escape away from continued dialogue between parties.

Attorney General Burns replied that members of coastal districts had expressed dissatisfaction with the current mediation process. He explained that the new language forced review by the commissioners and was not vague about who the mediators would be. He believed that the review was much more meaningful as the decisions would be made by those who were impacted.

Commissioner Hartig echoed that coastal districts felt that the current mediation process might not lead anywhere. Districts had vocalized that they wanted to see the reinstatement of a review board as it had worked in the past. The idea of the review board was to allow a back and forth conversation without mediation. He explained that the review board would be able to make its recommendations to the department and based on the recommendations the department would be able to approve the plan or to ask for continued work in other areas prior to approval.

12:18:49 PM

Senator Thomas provided a scenario in which a small resource developer along the coast was positively affected by a district coastal management plan submitted to the department. He wondered whether (E) on Page 10 related to the intricacies of the process that would occur in the event that the department made modifications to the plan

and then submitted the plan to the review board. He surmised that the department would provide a final administrative order. He wondered what recourse the developer would have in the event that the department's modifications negatively impacted the developer's project. He asked if the developer's choice would be to go to court.

Attorney General Burns answered in the affirmative. He emphasized that the department would be required to explain the basis of its decision in writing. The next step would be a board review, and the final step would be the judicial process. However, the purpose of the review board was to help create the opportunity for dialogue. The goal was to move towards communication and away from litigation.

12:21:31 PM

Senator McGuire discussed that the word "shall" was included in the department review and approval requirements (Section 15, Page 10) and following the words "federal agency" the word "unless" was used (Page 11, Line 3). She believed it was a two part process because even when the tenets were met in the first section it was still possible to run into problems later. She was concerned about "unless" language that read "agency priorities or objectives or other state policies" (Lines 12 and 13, Subsection C). She understood that the goal was to move forward with consistency and compromise; however, she believed that the language was overly broad and vague. She wondered how the proposed language had been arrived upon and how a person meeting the test would know what an agency priority, objective, or policy was.

Attorney General Burns deferred the question to Commissioner Hartig.

Commissioner Hartig replied that it was necessary to take a look at the coastal districts and agencies involved and where they drove their authorities, duties, and responsibilities. He explained that the agency authorities including objectives and priorities came from the legislature and the constitution. The concern was that a coastal district authority could overlap with a state's duty and that the state might not object because of various reasons including, more pressing state priorities, lack of resources, etc. If the coastal district could show that a need would be filled and was supported by local knowledge

or scientific evidence and that the least restrictive means were being used then state agencies would allow them to fill the need. However, districts did not have enforcement authority and did not issue or enforce permits. In the future when someone applied for a state permit and there were enforceable policies on the books it was necessary for the department to look at the district plans to make sure that the proposed product was consistent with the district plan in order to ensure consistency provisions or restrictions were included in permits and needed to be enforced. The concern was about how the coastal district plan would impact the agency's other priorities from the legislature and whether both could be achieved. The language provided the agency with the discretion to decide whether the district plan was important enough for the agency to give up some of its resources or other priorities that it hoped to achieve. He elaborated that the provision was included to deter conflict between coastal districts and the state agencies that had priorities set by the legislature, statutes, and budget. He added that it was not possible to predict all of the situations that may arise; therefore, the legislative legal drafters recommended that the language needed to be broad. He communicated that the provision was not intended to act as a barrier but to make things work between agencies and the districts.

12:28:06 PM
AT EASE

12:36:26 PM
RECONVENED

12:36:36 PM

Co-Chair Stedman wondered whether the language "shall be completed with the issuance of a written order signed by at least two of the commissioners of the resource agencies or their deputies" required a signature or interaction by the commissioner of the Department of Fish and Game (Page 12, Lines 22 and 23). Commissioner Hartig replied that there were three resource commissioners that included DFG, DEC, and DNR. He explained that a majority vote would be required for approval by two out of the three commissioners.

Co-Chair Stedman asked whether two commissioners could override the DFG commissioner. Commissioner Hartig answered in the affirmative, but deferred to Attorney General Burns.

Attorney General Burns responded in the affirmative. He elaborated that it would be the issuance of a decision on an elevated review. The next step included that the department would issue a final determination. He remarked that there would be the possibility of disagreement, which would be helpful in providing a candid dialogue.

Co-Chair Hoffman opined that the issue needed clarification. He emphasized that the issue of subsistence impacted far too much of the state for the commissioner of DFG to be excluded. He stressed that one of the commissioners had to be from the Department of Fish and Game.

12:39:34 PM

Co-Chair Stedman expressed concern about the statement "not contradicted by scientific evidence" following language that read "derived from experience and observations; and generally accepted by the local community," and "local knowledge," (Page 14, beginning on Line 15). He told a personal story from his childhood about a National Geographic show on the ocean. The show had stated that nothing existed in the ocean below 200 fathoms and his grandfather had disputed the statement because he had fished black cod at a depth of 300 fathoms.

Attorney General Burns followed up on Co-Chair Hoffman's earlier question related to the involvement of the DFG commissioner on subsistence decisions. He believed it would be highly unusual for the other commissioners to not provide deference to the Fish and Game commissioner on something that fell within the expertise of DFG. He emphasized that the bill worked to restore a level of trust.

Co-Chair Hoffman responded that Alaska's unique circumstances that did not exist in the Lower 48 should be acknowledged. He disagreed with the department if it did not think it was necessary to acknowledge the state's heavy dependence on subsistence. Attorney General Burns replied that he had lived throughout Alaska for 51 out of his 52

years and was intimately aware of the concerns and appreciated the comment by the co-chair.

12:43:57 PM

Attorney General Burns addressed Co-Chair Stedman's concern regarding scientific evidence. He discussed that it was possible that scientific evidence did not cover everything; however, the definition of scientific evidence talked about the structure of what qualified. He deferred to any additional remarks from Commissioners Hartig and Sullivan.

Co-Chair Stedman remarked that a current example of scientific evidence not matching local experience was related to ice in the Arctic. Commissioner Sullivan stressed that scientific evidence would have to fit within the tight definition laid out on Lines 17-30 and that an agency official would not immediately be given deference without consultation of the definition.

Co-Chair Stedman wondered why the bill structured the report the way it had and whether there was a need to repeal a "carve-out" dated July 1, 2013 to induce a reasoned report (Page 16).

Commissioner Hartig replied that the purpose of the review board was to take an objective view on questions raised by interested parties. He explained that DEC had a public process that allowed people to recommend changes to standards on a broad or district level. He explained that out of fairness and respect to Representative Joule and others the departments felt there should be a provision that allowed the review board to serve its function of reviewing regulations and to look at the DEC carve-out. The bill referred not only to the carve-out, but to regulations and applicable state and federal statutes and regulations. He discussed that DEC was very constrained by federal law and processes regarding air and water standards or cleanup spill prevention and response. He expounded that if a district desired to set a water quality standard the department believed that setting it should be as rigorous in substance and in process. He believed a review committee would be able to get into details about what was involved in applying, monitoring, enforcing, and setting standards.

12:48:41 PM

Co-Chair Hoffman thought the language was needed, but felt that it would be better to include a sunset provision that would occur in two years when the report was submitted. He explained that the language could be reinstated if it was still needed, but if change was necessary that true dialogue could happen at that time.

Co-Chair Stedman discussed the three fiscal notes. The first was from DNR for $664,100 in general funds to cover the costs of the Alaska Coastal Policy Board. There were two fiscal notes from DEC: one for $10,000 in interagency receipts and $5,000 in general funds to cover the commissioner's travel and costs associated with reporting requirements; and one for the water quality program for $20,000 in general funds to cover travel and staff costs to attend board meetings. He added that the top fiscal note in the member packets picked up the costs of the program moving forward.

Senator Olson wondered whether Page 7, Line 8 addressed the designated areas. He understood the importance of balance and discussion. He relayed that his areas of interest included the implementation of a coastal policy body, designated areas, and the DEC carve-out. He thanked the testifiers for their time and effort on a subject that had affected the people in his district.

Attorney General Burns replied Page 7, Line 8 reflected that an area of special attention would be designated and the enforceable policies that were applicable in the areas. There had been a provision in the House Resources version of the bill related to the state's ability to require a designation. He explained that Representative Joule had asked a question during a House Finance meeting in regards to assurance that DNR would deal with designations. He had provided a letter dated April 17, 2011 to the co-chairs and Representative Bob Herron that met the assurance (copy on file). He was happy to provide a copy of the letter to members.

12:53:09 PM

Senator Olson requested a copy of the letter. He wondered whether there was a timeline for the section that began on Page 9, Line 6. He had heard frustrations about the decision making process and plans that had been put on hold.

Attorney General Burns surmised that the information was in the existing statute. He explained that the bill focused on paragraphs that had merited changes and that the only change to the particular section required a decision to be communicated in writing. He elaborated that the expectation was that time frames existed. The focus of the section was to assure coastal districts that there was a meaningful dialogue and basis upon which a decision was made in the review process.

Senator Olson wondered about a timeline for the administrative process and quoted from the bill, "enforceable policy becomes final when its adoption is no longer subject to further review through either a judicial or administrative process" (Page 11, Lines 21-23). Attorney General Burns replied that the department did not want a regulation to start that could be challenged and flipped by the court. He explained that there could be the opportunity for a person to submit materials to the board for review and it was difficult to determine the timeline because there could be multiple hearings with no ability to control the court's calendar.

12:56:18 PM

Senator Olson understood that the department could not control a judicial review, but that it could control the administrative process. He believed the importance of the timeline was to provide the ability for the department to implement the proposed plan in the event that the courts did not make a decision or provide a plan of action. Attorney General Burns agreed, but contended that it was implied in the bill. He explained that the standard for the administrative review was either the 20 days under reconsideration or the 60 days in conjunction with board review, or the 60 days in conjunction with a consistency review. He relayed that the times would control the administrative review process.

Senator Olson expressed concern about the lack of definitive timelines and that the power was still within the Department of Natural Resources. Attorney General Burns replied that he understood the concerns and that the focus of the bill had been to create balance that addressed concerns regarding definitive timelines.

12:58:46 PM

Senator Thomas asked whether there would be a complete record kept of all meetings under 46.40, including subsequent reviews, and read from Page 6, Line 17: "summarize the minutes of the board's discussions of issues related to Chapter 46.40 and coastal uses of its resources of the state." Attorney General Burns replied that the board would maintain its own records, but many times a board just kept records. The provision forced the department to participate in the review process and provide a summarization of the minutes. The goal was to create another layer that summarized discussions and provided an opportunity for a person to look back at the record and evaluate the basis of the summarization. He explained that the provision would also provide an index that would help save frustration and time in the event of an appeal.

1:01:10 PM

MIKE SATRE, EXECUTIVE DIRECTOR, COUNCIL OF ALASKA PRODUCERS, testified in support of CSHB 106 (FIN). He believed that the legislation was a carefully crafted agreement that allowed local districts to protect coastal areas and for a responsible and predictable pathway towards the development of the state's resources. He opined that the bill addressed the concerns of local districts related to subsistence, allowed them to create approvable plans with enforceable performance based standards, and provided districts with the ability to provide meaningful input. He relayed that the mining industry was happy that resource industries would have a seat on the policy board and was supportive of the detailed procedure related to elevated disputes. The council believed that the bill fit its policy that permitting should be science based, rigorous, non-duplicative, and predictable. He understood that committee members had concerns about aspects of the bill and asked that members work to ensure that all parties could still agree on a path moving forward.

1:04:01 PM

Co-Chair Stedman asked whether Attorney General Burns had any additional remarks.

Attorney General Burns reiterated that an incredible amount of time had gone into the crafting of the legislation from

all parties concerned. He emphasized that Department of Fish and Game Commissioner Cora Campbell had been instrumental in providing comments throughout the process and that the four commissioners had been intimately involved in the process. He believed that the words of North Slope Mayor Itta rang true (copy on file). He stressed that because the bill had not been endorsed by any particular entity it was the best and reflected balance. He read from Page 2 of Mayor Itta's letter: "I'm very pleased to see that this bill reconstitutes a coastal policy board and we understand that designated areas have been limiting. It also establishes clear mechanisms for the state and the districts to engage in the process leading to approved policies." He communicated that all involved parties had concerns, but that the bill represented a balance.

1:06:37 PM

Co-Chair Hoffman felt that the prior committees had done their due diligence in their review of the bill. He opined that the process was not complete and that it was incumbent on the Senate Finance Committee to conduct its own due diligence and to make changes that it believed would improve the program for citizens and the State of Alaska.

CSHB 106 (FIN) was HEARD and HELD in committee for further consideration.

#hb183
CS FOR HOUSE BILL NO. 183(FIN) am

> "An Act relating to the Village Safe Water Act; and providing for an effective date."

1:07:37 PM

Co-Chair Hoffman MOVED to report CSHB 183(FIN) am out of committee with individual recommendations and the accompanying fiscal note.

CSHB 183(FIN) am was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal note: FN1 (DEC).

#hb155
CS FOR HOUSE BILL NO. 155(L&C)

"An Act relating to the applicability of prevailing wage rates to public construction contracts; and, with regard to public construction contracts, relating to notifications, bonding notifications, filings, notices, primary contractors, final payments, penalties, advertised specifications, required contract provisions, terminations, lists of violating contractors, and remedies."

1:08:32 PM

Co-Chair Hoffman MOVED to report CSHB 155(L&C) out of committee with individual recommendations and the accompanying fiscal note.

CSHB 155(L&C) was REPORTED out of committee with a "do pass" recommendation and with previously published fiscal note: FN1 (LWF).

1:09:15 PM

Co-Chair Hoffman MOVED to ask unanimous consent that the Senate Finance Committee authorize the chair of the Committee to expend an amount not to exceed $200,000 in Senate Finance Committee funds to acquire the contractual services necessary to conduct a detailed study of oil and gas employment on Alaska's North Slope that included an analysis of work activities, job classifications, wages, contractual labor and hiring practices and the industry's use of resident versus non-resident employment.

Co-Chair Stedman OBJECTED for the purpose of discussion.

Co-Chair Stedman explained that the committee had received conflicting employment information from the industry and the Department of Labor and Workforce Development. The issue needed to be sorted out in order for the committee to have a discussion the following session. He expounded that the study should be conducted during the fall to allow the Senate Labor and Commerce Committee time to review the findings prior to the conclusion of its dialogue on the oil and gas situation in the Arctic.

Co-Chair Stedman WITHDREW his OBJECTION.

There being NO further OBJECTION it was so ordered.

1:10:36 PM
RECESSED

#
ADJOURNMENT

The meeting was adjourned at 11:40 PM.