

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 12, 2012

3:34 p.m.

MEMBERS PRESENT

Senator Joe Paskvan, Co-Chair
Senator Thomas Wagoner, Co-Chair
Senator Bill Wielechowski, Vice Chair
Senator Bert Stedman
Senator Lesil McGuire
Senator Hollis French
Senator Gary Stevens

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 153

"An Act relating to a gas storage facility; relating to the tax credit for a gas storage facility; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to the regulation of natural gas storage as a utility; relating to the powers and duties of the director of the division of lands and to lease fees for a gas storage facility on state land; and providing for an effective date."

- MOVED CSSB 153(RES) OUT OF COMMITTEE

SENATE BILL NO. 123

"An Act establishing May 10 of each year as Alaska Mining Day."

- HEARD & HELD

SENATE BILL NO. 159

"An Act establishing the Susitna State Forest; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 181

"An Act approving an interim classification by the commissioner of natural resources closing certain land within the Glacier Creek and Winner Creek drainages to new mineral entry; amending

the mineral entry closure in sec. 2, ch. 8, SLA 2003, for certain land within the Glacier Creek and Winner Creek drainages; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 205

"An Act establishing the Alaska Chinook research and restoration endowment fund and relating to grants from the fund."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 123

SHORT TITLE: ALASKA MINING DAY

SPONSOR(s): SENATOR(s) GIESSEL

04/08/11 (S) READ THE FIRST TIME - REFERRALS
04/08/11 (S) RES
03/12/12 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 159

SHORT TITLE: SUSITNA STATE FOREST

SPONSOR(s): SENATOR(s) MENARD

01/17/12 (S) READ THE FIRST TIME - REFERRALS
01/17/12 (S) RES, FIN
03/12/12 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 181

SHORT TITLE: CLOSING CERTAIN LAND TO MINERAL ENTRY

SPONSOR(s): SENATOR(s) GIESSEL

01/27/12 (S) READ THE FIRST TIME - REFERRALS
01/27/12 (S) RES
01/27/12 (S) RES RPT RECD W/CS AWAIT TRANSMITTAL NXT
01/27/12 (S) RES RPT CS #DP #DNP #NR #AM
03/12/12 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 205

SHORT TITLE: CHINOOK RESEARCH & RESTORATION ENDOWMENT

SPONSOR(s): SENATOR(s) OLSON

02/21/12 (S) READ THE FIRST TIME - REFERRALS
02/21/12 (S) RES, FIN
03/12/12 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 153

SHORT TITLE: NATURAL GAS STORAGE TAX CREDIT/REGULATION

SPONSOR(S): SENATOR(S) THOMAS

01/17/12	(S)	PREFILE RELEASED 1/13/12
01/17/12	(S)	READ THE FIRST TIME - REFERRALS
01/17/12	(S)	RES, FIN
02/09/12	(S)	RES AT 3:30 PM BUTROVICH 205
02/09/12	(S)	Heard & Held
02/09/12	(S)	MINUTE(RES)
03/05/12	(S)	RES AT 3:30 PM BUTROVICH 205
03/05/12	(S)	Heard & Held
03/05/12	(S)	MINUTE(RES)
03/12/12	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR JOE THOMAS
Alaska State Legislature
Juneau, AK

POSITION STATEMENT Sponsor of SB 153:

GRIER HOPKINS, staff
Senator Joe Thomas
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Answered questions about SB 153 for the sponsor.

SENATOR CATHY GIESSEL
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of SB 123.

FRED PARADY, Executive Director
Alaska Miners Association
Anchorage, AK

POSITION STATEMENT: Supported for SB 123.

SENATOR LINDA MENARD
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of SB 159.

MICHAEL ROVITO, Chief of Staff
Senator Linda Menard

Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Answered questions on SB 159 for the sponsor.

JOHN "CHRIS" MAISCH, Director
Division of Forestry
Department of Natural Resources (DNR)
Juneau, AK

POSITION STATEMENT: Answered questions and provided backup information on SB 175.

SENATOR CATHY GIESSEL
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of SB 181.

SHARON LONG, Staff
Senator Cathy Giessel
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Provided a sectional analysis for SB 181.

WYN MENEFFEE, Chief of Operations
Division of Mining, Land and Water
Department of Natural Resources (DNR)
Juneau, AK

POSITION STATEMENT: Answered questions regarding SB 181.

FRED PARADY, Executive Director
Alaska Miners Association
Juneau, AK

POSITION STATEMENT: Stated support for SB 181.

DAVID SCOTT, Staff
Senator Donny Olson
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Explained the changes in the CS to SB 205 for the sponsor.

ACTION NARRATIVE

[3:34:48 PM](#)

CO-CHAIR JOE PASKVAN called the Senate Resources Standing Committee meeting to order at 3:34 p.m. Present at the call to

order were Senators Stedman, French, Wielechowski and Co-Chair Paskvan.

SB 153-NATURAL GAS STORAGE TAX CREDIT/REGULATION

[3:37:21 PM](#)

CO-CHAIR PASKVAN announced the consideration of SB 153, [CSSB 153, version 27-LS1187\D, was before the committee].

SENATOR STEVENS joined the committee.

[3:37:26 PM](#)

SENATOR JOE THOMAS, Alaska State Legislature, sponsor of SB 153, said the cost of fuel in Alaska is crippling much of the state's economy, and the dramatic delivery of fuel oil to Nome this winter helped focus attention on it. In the Interior today, he said heating fuel costs are \$4.68 a gallon; when he last reported they were under \$4, but it is natural for the price to go up in winter.

He said that when he last reported, about \$660 million was being spent in the Interior on just energy. At the new rate, it would be over \$800 million for the same amount of fuel. It averages out to about \$8,100 per person as compared to \$6,600 that it was last time he testified. He said 39 percent of Golden Valley Electric Association's (GVEA) electricity is produced from diesel fuel, which accounts for about 60 percent of the electrical generation budget. With the fuel dollar increase since he left Fairbanks, they now pay over \$40/mmbtu compared to \$8.67 in Southcentral. Fairbanks is currently paying \$23.35 for 1 cf/gas and \$.23 per kilowatt hour. He said individual heating bills of \$1,000 to \$1,500 a month are not unusual for the heating season which is September through April.

SENATOR THOMAS said SB 153 addresses this problem by incentivizing the private sector to deliver additional trucked gas to Fairbanks over the next three years. Fairbanks has trucked gas now, but the amount is limited because Southcentral suppliers are obligated to take care of their customers first. So they cut back sometimes and Fairbanks Natural Gas (FNG), the distributor, can't get what they need. This means that some places have to shut down their natural gas generation and turn their fuel oil generation back on. The fuel oil and gas prices are not dramatically different now, because there is no competition for it.

He said SB 153 would result in savings of \$15 million or 50 percent of the construction cost, whichever is less. This credit is currently available to Cook Inlet's gas storage project, CINGSA. He wants Fairbanks to receive the same benefit although the storage would be above ground since there are no depleted wells to use as underground storage. He said anyone taking advantage of these tax credits must be a regulated utility, because then whatever savings is received will be passed through to the consumer through RCA regulation. It will also ensure that neither North Slope producers nor an LNG export facility that do not provide for consumption of gas at savings to Alaskans that and are not regulated utilities, will not have access to these credits.

SENATOR THOMAS said storage will be needed in any event, even with a gasline from the North Slope. He noted that SB 153 has had no negative attention since it was introduced. He thanked the additional sponsors.

[3:41:22 PM](#)

SENATOR MCGUIRE joined the committee.

[3:43:44 PM](#)

CHAIR FRENCH said he thought it was fair to do in Fairbanks what has been done in Kenai at the Cook Inlet Natural Gas Storage, Alaska facility (CINGSA). He asked how much the state spent for the CINGSA facility and how much storage it bought.

[3:44:11 PM](#)

GRIER HOPKINS, staff to Senator Thomas, Alaska State Legislature, Juneau, AK, answered that \$15 million was given to CINGSA in tax credits on a volumetric calculation of \$1.50/mcf of storage; 11 bcf/gas was stored in that reservoir along with 7 bcf of cushion gas for a total of 18 bcf.

CHAIR FRENCH asked what sort of volumes this bill envisions.

MR. HOPKINS replied about 360 mmcf/gas stored in two separate tanks, two-thirds of that on the North Slope and one-third in North Pole.

[3:45:24 PM](#)

SENATOR STEDMAN said this looks more like an appropriation bill and asked him to review who could take advantage of it and why this wouldn't be done through a regular capital appropriation process for a regular utility.

SENATOR THOMAS explained that there has been interest in various areas; propane storage has interest as well. Fish processing plants, Valdez and Cordova all show interest, because they have huge issues with their electrical generation and are looking for relief. He initially wanted to make sure that if the credits were given in one place that they would at least be allowable in other places. So, it looks like an appropriation bill.

SENATOR STEDMAN asked if there are restrictions on it or could every town in the state make a similar request.

SENATOR THOMAS replied that the only limiting factor is being a regulated utility.

MR. HOPKINS added that language on page 3, line 31, lowers the size of the tank to 25,000 gallons so that smaller utilities (especially along the Railbelt) could apply for the tax credits.

[3:49:29 PM](#)

SENATOR STEDMAN observed that the term used is "credits," but it's really more like an equity infusion.

MR. HOPKINS said HB 280 (the CINGSA tax credit) by Representative Hawker was also perceived to be a tax credit, but the project has moved forward, it has become a limited liability corporation with a number of different entities working together in partnership to build the storage facility. It is not paying any taxes to the state, the same situation GVEA would be in with this bill.

[3:51:24 PM](#)

SENATOR WIELECHOWSKI moved to report CSSB 153(), [version D,] from committee with individual recommendations and attached fiscal note(s). There were no objections, and CSSB 153(RES) moved from the Senate Resources Standing Committee.

[3:51:54 PM](#)

At ease 3:51 p.m. to 3:53 p.m.

SB 123-ALASKA MINING DAY

[3:53:54 PM](#)

CO-CHAIR PASKVAN announced the consideration of SB 123.

SENATOR CATHY GIESSEL, Alaska State Legislature, sponsor of SB 123, said the bill establishes May 10 every year as Alaska Mining Day. It recognizes the role of development of mineral

resources and that role in Alaska's history and growth - and its future. She said the sponsor statement reviews that history and that mining today continues to be a source of jobs and economic impact in communities where mining has been going on for more than a century. For example, Fort Knox in Fairbanks purchases its power for Golden Valley Electric Association (GVEA) and because of the impact of that power purchase it lowers the cost of electricity for the consumers in Fairbanks by \$.1 a kilowatt hour. Livengood also might have a mine in the future and they are also planning to purchase power from GVEA, which would provide another significant impact for the Fairbanks ratepayers.

She said Nome is having quite a mining boom with gold being found under the water on the beach. A couple of days ago, she talked to the representative from Nome who has a one bedroom house he posted for rent. Within 24 hours he had more than 30 hits, because last year they ran out of housing. This mining activity is having quite an impact economically on the community of Nome.

Juneau, which is named for Joe Juneau, had three very robust mines build up the community. Today, some of the tunnels are being used to store water for emergency fire response. In 2010, 100 private sector jobs were created in the Juneau area at the Kensington Mine. The average wage in mining is \$95,000 a year. In fact, the largest private sector employer is the Greens Creek Mine. So mining is having quite a significant economic impact in Juneau.

She reviewed the contents of their SB 123 packets that included a new update from Dr. Scott Goldsmith, dated March 2012, on the structural analysis of the Alaska Economy Mining Section. She thanked the chair and Senator Wagoner for signing on as co-sponsors of the bill.

[3:58:08 PM](#)

SENATOR STEDMAN said he thought having a designated day was a good idea, but one of the most infamous mines, Rodman Bay Mine, was left off as was the Chichagof Mine in Southeast.

SENATOR GIESSEL thanked him and remarked that Bokan Mountain contains rare earth elements and they are looking for quite a robust development there, which will impact Southeast.

[3:59:18 PM](#)

FRED PARADY, Executive Director, Alaska Miners Association, Anchorage, AK, supported for SB 123. He said his organization is

a nonprofit organization established in 1939 to represent the mining industry in Alaska. It is composed of more than 1,400 individual prospectors, geologists, engineers, vendors, suction dredge miners, small family mines, junior mining companies and major mining companies. Throughout the state they produce gold, silver, platinum, diamonds, lead, zinc, copper, coal, limestone, sand, gravel, crushed rock, armor rock and other material and the members live and work throughout the state in each of their districts.

MR. PARADY said the anniversary of the General Mining Act of the United States is May 10, making it an appropriate date for celebrating mining. He explained that minerals are not discovered in a vacuum; they are a product a particular technical knowledge and skill coupled with tenacity and risk taking. These minerals were essentially the primary drivers of Alaska's early economic development and cities such and Fairbanks, Juneau and Nome were founded on mining and today the same sort of cities - Fairbanks, Juneau, Kotzebue and Anchorage - are reliant on the products of mining and the prosperity it brings to the Alaskan economy.

MR. PARADY said mining is also a key driver to further development of infrastructure across the state, but what he really wanted to focus on was the workforce it would create. The recent McDowell report estimated the creation of 4,500 direct jobs with a new average wage of \$100,000.

He asked them to replace their mental image of a miner with a sledge hammer to one of a miner at the controls of multimillion dollar highly computerized piece of equipment that is producing the resources from the earth that everyone relies on. Miners today are highly skilled; they have to be knowledgeable about high pressure hydraulics, high voltage electronics, rock mechanics, instrumentation and controls.

MR. PARRADY said Alaska has seven operating mines: Usibelli Coal Mine, Greens Creek, Red Dog, Fort Knox, Pogo, Kensington and Nixon Fork, and substantial projects are moving their way through exploration including Chuitna, Wishbone Hill, Donlin Gold, Livengood, Niblack and Pebble. There were 60 exploration projects last year that spent more than \$100,000 and 30 more projects spending more than \$1 million. This is the leading edge of the next generation of mining in Alaska - the exploration phase.

He concluded with a quote from President Abe Lincoln in a letter to miners meeting in Denver at the Western Association of Miners. It was on April 14, 1865. His message was:

Tell the miners from me that I shall promote their interests to the utmost of my ability, because their prosperity is the prosperity of the nation, and we shall prove in a very few years that we are indeed the treasury of the world.

[4:03:39 PM](#)

SENATOR STEVENS noted that Koniaq Corporation is opening a very large granite quarry on Kodiak Island and asked if he considered that mining.

MR. PARADY said yes and apologized for omitting that mine from his list. He added that one of the hidden stories of mining in modern day Alaska is that the Native Corporations benefit from the mining industry activity through 7(i) and 7(j) royalty sharing payments, which amounted to \$82 million last year for Red Dog. Koniaq is in the same vein.

MR. PARADY said that modern mining techniques bring the ability to meet modern environmental standards, because you are generating wealth and are able to do good work.

CO-CHAIR PASKVAN held SB 123 in committee.

SB 159-SUSITNA STATE FOREST

[4:05:21 PM](#)

CO-CHAIR PASKVAN announced the consideration of SB 159.

SENATOR LINDA MENARD, Alaska State Legislature, sponsor of SB 159, said that MatSu Borough has 16.1 million acres and 9.5 million acres of it is forestland; the Susitna State Forest is 763,200 acres and would represent 4 percent of it.

She said that Article 8, Section 4, of the Alaska Constitution addresses sustainable yield including: fish forest, wildlife, grass lands and all other replenishable resources belonging to the state shall be utilized, developed and maintained on the sustainable yield principle subject to preferences among beneficial users. SB 159 seeks to further accomplish this constitutional mandate by creating the Susitna State Forest. Through SB 159, the Division of Forestry will be able to manage the state forest for a long term supply of timber to local

processors and retain the land in state ownership for multiple uses such as trapping, mining, fishing and hunting.

SENATOR MENARD said the proposed state forest includes 32 parcels totaling about 763,200 square acres. The parcels are forestry classified lands and are located in four large management blocks. She explained that legislatively designating a state forest would ensure that some land will remain available for long term forest management and that the region will retain large open spaces of public lands to benefit residents of the region who currently enjoy them for multiple uses.

A state forest designation gives the Division of Forestry the assurance that lands they are managing will be there in perpetuity, and importantly, it will therefore be more apt to invest money and resources towards permanent upgrades. There is also a need to more actively manage lands and vegetation to promote a variety of forests ages to provide for diversity and healthy habitats for wildlife. At the same time, active management will also help to reduce wild land fire risks by breaking up large fuel types and encouraging initial regeneration of hardwood species.

SENATOR MENARD said that SB 159 will set aside ground work to accomplish all of this. Besides professional mills, the state forest will maintain a supply of hardwood for personal use. For instance, right now Susitna Valley High School is looking at woody biomass that could heat their entire school and chips and pellets have become more common and sought for residential space heating. It's important for Alaska residents to have a place managed for them to obtain their material.

By passing SB 159, Senator Menard said, they will make the Susitna State Forest (second largest) the fourth state forest in Alaska and it will be joined by Tanana Valley State Forest (largest), the Haines State Forest and Susitna Southeast Forest. The Division of Forestry will manage the Susitna State Forest as part of the State Forest System under AS 41.17.200-230, the statute that governs the creation of the state forests.

SENATOR MENARD related that the division is required to prepare a management plan for the forest within three years of its establishment. She said the division had put years of work into this plan and Alaska is ready for its fourth state forest. She noted letters of support and a resolution passed unanimously by the City of Houston in support of this bill.

SENATOR FRENCH asked if there was any opposition to the bill.

4:11:29 PM

MICHAEL ROVITO, Chief of Staff to Senator Linda Menard, Alaska State Legislature, answered the bill had no opposition.

CO-CHAIR PASKVAN asked the purpose of identifying the particular parcels in the bill.

SENATOR MENARD deferred to the state forester.

4:12:14 PM

JOHN "CHRIS" MAISCH, Director, Division of Forestry, Department of Natural Resources (DNR), explained that these are legal descriptions that need a high level of detail, because they become a matter of law. A lot of effort goes into the legal descriptions. He noted that a future CS will address inholdings.

CO-CHAIR PASKVAN asked when that would be complete.

MR. MAISCH replied shortly.

SENATOR WIELECHOWSKI said some of the parcels are not contiguous and some are not touching at all and asked what the law requires as far as parcels being contiguous, how these parcels were selected, what kind of public process this had gone through and what further process he anticipated.

MR. MAISCH explained that all the land on the map was owned by the state already. Two area plans pertain to that area: Susitna management plan (recently signed and approved) and the Southeast Susitna area plan, and they both talk about access and access corridors. In addition, if this bill passes, they must prepare a forest management plan for the state forest and address access issues in that. Right now they have the capability to cross other state lands to access disparate parcels. He said they are interested in access to the better forest lands, and an example of small corridors was between the Skwentna and Mount Susitna. Problems with access are not anticipated, he added.

With regard to the second question about the public process that has taken place, he explained that as part of the area planning functions seventeen separate meetings were held for the Matanuska Area planning process. In addition, in the last two weeks he had been to a number of public meetings in the Valley and met with the Willow Dog Musers Association, the Houston City Council, the Talkeetna Community Council, the Matanuska

Susitna Borough and Senator Menard had hosted an open house. Division of Forestry staff were present at all of those meetings.

MR. MAISCH explained that the area plans classify lands as either forestry, agriculture, settlement or a few other categories. The concept of state forests was brought forward in this area planning process.

SENATOR WIELECHOWSKI noted a number of prolific salmon areas and asked him to discuss setbacks on salmon streams when logging is done.

MR. MAISCH explained that the major systems have buffers of a quarter mile. In addition, the State's Forest Resources Practices Act divides the state into three different geographic areas: the Interior (Region 3), the Southcentral (Region 2) and Southeast (Region 1). There are various salmon and high value resident fish protection standards based on the kind of stream - a large glacial braided system or a small narrow fresh water clear system, for instance. The buffer standards in the Forest Practices Act are tailored to the type of fish and the type of stream in the three different regions. Those standards affect both public lands and private lands.

4:19:00 PM

SENATOR STEDMAN observed that it's a good idea to create forests and commented that the Tongass National Forest with 1,800,000 acres, another at 763,000, the Haines Forest at 286,000 and the Southeast Forest at 48,000 - just a fraction of what we have - also has the potential in southern Southeast of having the best quality timber. It hinders Southeast timber development. He provided some back ground saying that at the time of statehood Southeast didn't really get to participate in the land selection process and 50 year contracts were put in place in the Tongass. Those, along with fishing, were the major anchors for jobs in Southeast communities. Now, Southeast has no long term timber contracts and both pulp mills were removed going on 20 years ago. He thought they should maybe take the opportunity in this piece of legislation and encourage the administration to negotiate with the federal government to either get some land out of the Tongass with remaining statehood selections or just flat out buy it and get some of the Southeast land into state ownership so we could have a better opportunity to stabilize the community and create some growth, and basically have livable-wage jobs. The window of opportunity might be better today than it was 10 years ago with the federal government's fiscal

position being substantially weaker than it was and Alaska's substantially stronger.

SENATOR STEDMAN said there are 48,000 acres in southern Southeast and 13 million board feet a year could come out of that.

MR. MAISCH confirmed that the allowable cut is 12.8 million board feet a year.

[4:22:56 PM](#)

SENATOR STEDMAN said that's about one-third of what a medium sized saw mill would need. He said it's difficult to get financing without having at least a 20-year supply of fiber. He said he would discuss this further with the bill sponsor.

MR. MAISCH added that the Tongass Timber Task Force is considering this same question and that report is due to the governor in July, but they have a self-imposed deadline of May because of the urgency they feel.

SENATOR STEDMAN said his understanding of that concept is the state may manage some of the Tongass forest, but the ownership would remain with the federal government. That is better than the current situation, but it would be better to own the deed. "Otherwise we're still always going to be in the king's forest..."

[4:25:35 PM](#)

CO-CHAIR PASKVAN commented that possibly language could be included in the future CS. From what he has heard about the forests of Southeast Alaska, one would think their acreage would be much greater than Interior Alaska as a primary timber resource of the whole state.

[4:26:36 PM](#)

SENATOR MCGUIRE said she would support that idea and citing the most recent DOR recreational remote cabin site pamphlet noted that it was controversial when first introduced. Finally it passed, and now Alaskans all over the state are taking advantage of this opportunity to get out into the forest and establish cabin sites. She agreed with Senator Stedman that too much land is held by the federal government.

SENATOR WIELECHOWSKI asked him to explain the practical implication of making this a state forest and the impacts on hunting, fishing, and other recreation in this area.

MR. MAISCH replied that all those activities will continue and based on his experience with the Tanana Valley State Forest, more access would be developed over time with a mixture of all-season roads and winter access.

The division's perspective on the long term nature of designating this as a state forest is that it is important for long term sustained yield with different types of multiple use opportunities for wood products; for instance, Talkeetna High School using wood biomass for space heating. In turn, the state will make long term investments in roads, bridges and access developments that they don't currently make, because that land could be reclassified for some other use at a future point.

SENATOR WIELECHOWSKI asked what kind of timber is found in the area.

MR. MAISCH answered that it varies in different parts of the Valley; generally speaking the forests are toward the over-mature side in terms of age class and size. This means the hard woods are declining in quality. Fire is one of the main ways these forests are regenerated and it has been quite some time since a large scale stand replacement fire happened. So, any kind of forest management activity they can do to break up conifers is beneficial from a wild fire and habitat standpoint. From a hunting standpoint, various age classes are better for wildlife habitat. In the Valley, the wildlife professionals say there are not enough younger age classes of hard wood species for a lot of the ungulates, which in turn affects hunting opportunities.

[4:32:07 PM](#)

CO-CHAIR PASKVAN asked why the mountaintops aren't included within the forest.

MR. MAISCH said the state forests are focused on areas that are good for timber production. Another issues is that the steeper ground is more difficult to access.

SENATOR MENARD suggested that a strong Senate resolution would encourage the governor to allow these federal lands to benefit all state forests, but she thought this was good legislation and wanted to see it move.

CO-CHAIR PASKVAN held SB 159 in committee.

SB 181-CLOSING CERTAIN LAND TO MINERAL ENTRY

[4:34:08 PM](#)

CO-CHAIR PASKVAN announced the consideration of SB 181.

SENATOR CATHY GIESSEL, Alaska State Legislature, sponsor of SB 181, said this measure would close certain lands to mineral entry (mining claims). She related that Girdwood is home to Alyeska Ski Resort, the largest recreational facility of its kind in Alaska. Girdwood also has multiple world class hiking, cross country running, mountain biking and Nordic ski trails. It is a year round recreational destination for Alaskans and visitors to the state, as well. SB 181 allows for the expansion of these recreational opportunities in the mountains to the east of the ski resort by closing additional state lands in the Glacier and Winner Creek drainages to mining claims. A large portion of the land had already been closed to mining claims since 1992 by action of the legislature. And that closure has recently been extended by the legislature to the Department of Natural Resources (DNR) commissioner. SB 181 will complete some necessary additional land closures in that area for recreational use.

She said there is widespread support for the bill from private persons who live in the Girdwood area as well as businesses there. Even the Alaska Mining Association supports this bill. Of significance to her was one that one of her Hope constituents who is a placer miner recently "poked around" in this area and reported that he saw no significant mining opportunities on this land supports this bill, too. This bill will not impact Crow Creek, an active gold mining area several miles to the southwest.

[4:36:55 PM](#)

SHARON LONG, staff to Senator Cathy Giessel, Alaska State Legislature, provided a sectional analysis for SB 181.

Section 1 states the purpose of the bill is to approve the interim classifications contained in mineral order 121.

Section 2 identifies the land in the Glacier Creek and Winner Creek drainages that are closed to new mineral entry. Section 3 amends the description of land in the Glacier Creek and Winner Creek drainages that were closed to mineral entry and approved by the legislature in section 2, chapter 8, SLA 2003, a bill that Senate French was a cross sponsor of, by excluding two

additional mining claim recordations that were left out in that legislation.

Section 4 provides for an immediate effective date.

CO-CHAIR PASKVAN said page 1, line 12, talks about "new mineral entry" and seemed to infer that current mineral activity was going on there and asked if that was true.

MS. LONG replied her understanding was that the lands in the blue area of the map had been closed to mineral entry since 1992 for a 10-year period and extended again in 2003. The new mineral order which was issued this last year is the gold area. She was unaware of mining activity in that area, but the division could speak to specifics.

[4:39:20 PM](#)

WYN MENEFEE, Chief of Operations, Division of Mining, Land and Water, Department of Natural Resources (DNR), explained that there were no mineral claims or locations within the area except for the federal claims in the Crow Creek area, and those existed prior to the original mineral closing order.

[4:40:22 PM](#)

FRED PARADY, Executive Director, Alaska Miners Association, Juneau, AK, stated support for SB 181. While some may find it surprising that the association supports this bill, he said they were specifically appreciative of the process followed by DNR in evaluating the proposed areas as to their mineral potential and other values. They support the closure orders and agree with the assessment that these lands are properly suitable for expansion of the recreation uses. He noted that if such uses cease, they would like to see the closure orders reversed and the areas reopened to mineral development, commenting that you just never know what might happen in the future.

CO-CHAIR PASKVAN held SB 181 in committee.

SB 205-CHINOOK RESEARCH & RESTORATION ENDOWMENT

[4:42:20 PM](#)

CO-CHAIR PASKVAN announced the consideration of SB 205.

SENATOR WIELECHOWSKI moved to bring CS for SB 205, labeled LS-271312\D, before the committee as the working document. There were no objections and it was so ordered.

[4:42:50 PM](#)

DAVID SCOTT, staff to Senator Donny Olson, Alaska State Legislature, sponsor of SB 205, explained that the CS mirrors the companion House bill. It creates a trust fund and establishes a long term source of funding to support high quality interdisciplinary research on Alaska king salmon in AS 37.14. He explained that in 2010, the Yukon kings were declared failing by the federal government and of the 14 stocks of concern in the state, 8 are king salmon stocks. He thought it was time to augment what the Alaska Department of Fish and Game (ADF&G) has been doing.

MR. SCOTT provided a sectional analysis explaining what each of the new sections to AS 37.14 would do as follows:

Section 37.14.650 establishes the Chinook Salmon Research and Restoration Fund.

Section 37.14.655 establishes the grant account in the General Fund. The fund would make the money and the legislature would appropriate money out of it. From the grant fund the board, which is created later, would award grants to Alaskan entities that would put forward projects for restoration or research regarding king salmon. Section 37.14.660 is where the Department of Revenue (DOR) commissioner will identify the availability of funds to be appropriated to the restoration fund from the grant fund.

Section 37.14.665 relates to what the appropriations in the grant account may be used for. "Research and restoration" was changed to "research or restoration" to not limit their use. They can also be used for reimbursement to the Department of Revenue (DOR) for the cost establishing and managing the fund and Department of Commerce, Community and Economic Development (DCCED) for the cost of establishing and administering the board and the grant program. They may also be used for matching funds for private and federal grants and soliciting contributions for purposes consistent with establishment of the fund. The board may also expend private donations for uses consistent with the fund and the purposes of the grantee of a private fund.

Section 37.14.670 establishes the board and .675 further specifies who is on the board. They are all

appointed by the governor and includes the commissioner of ADF&G and six public members, one each residing in from Southeast, Southcentral, Southwest, Western, Arctic and Interior Alaska. They must be engaged somehow in subsistence, personal, sport or commercial use of king salmon. Section .680 is how the board will administer the program. Section .685 says what the board has to consider in reviewing grant applications (not awarding projects that are not needed). The board will also consider whether the applicant has appropriate experience. It must consider recommendations of state agencies or organizations involved in salmon management. It must give priority grants that target king salmon stocks that are stocks of concern that are subject to state or federal fisheries disaster declarations, that are closed or significantly restricted or have declined significantly from historic yields. Section .695 is definitions.

[4:50:10 PM](#)

CO-CHAIR PASKVAN found no further questions.

SENATOR STEVENS asked if this is truly aimed at salmon as a statewide resource.

MR. SCOTT confirmed that this is aimed at a statewide resource.

CO-CHAIR PASKVAN held SB 205 in committee.

[4:53:46 PM](#)

There being no further business to come before the committee, Co-Chair Paskvan adjourned the Senate Resources Committee meeting at 4:53 p.m.