

HOUSE FINANCE COMMITTEE
January 25, 2013
1:34 p.m.

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CALL TO ORDER

Co-Chair Austerman called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Scott Kawasaki, Alternate
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative Mia Costello
Representative David Guttenberg

ALSO PRESENT

Larry Hartig, Commissioner, Department of Environmental Conservation; Thomas Cherian, Director, Division of Administrative Services, Department of Environmental Conservation; Susan Bell, Commissioner, Department of Commerce, Community and Economic Development; Jo Ellen Hanrahan, Director, Division of Administrative Services, Department of Commerce, Community and Economic Development.

SUMMARY

GOVERNOR'S FY 14 BUDGET OVERVIEWS:

Department of Environmental Conservation

Department of Commerce, Community and Economic
Development

HB 65 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 65 was HEARD and HELD in committee for further
consideration.

HB 66 APPROP: MENTAL HEALTH BUDGET

HB 66 was HEARD and HELD in committee for further
consideration.

#hb65

#hb66

HOUSE BILL NO. 65

"An Act making appropriations for the operating and
loan program expenses of state government and for
certain programs, capitalizing funds, amending
appropriations, and making reappropriations; and
providing for an effective date."

HOUSE BILL NO. 66

"An Act making appropriations for the operating and
capital expenses of the state's integrated
comprehensive mental health program; and providing for
an effective date."

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LARRY HARTIG, COMMISSIONER, DEPARTMENT OF ENVIRONMENTAL
CONSERVATION (DEC), introduced himself.

THOMAS CHERIAN, DIRECTOR, DIVISION OF ADMINISTRATIVE
SERVICES, DEPARTMENT OF ENVIRONMENTAL CONSERVATION,
introduced himself.

^FY 14 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF
ENVIRONMENTAL CONSERVATION

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Commissioner Hartig discussed the PowerPoint, "Department
of Environmental Conservation, House Finance Overview"
(copy on file). He looked at slide 2: "DEC's Mission."

Protects human health and the environment.

Commissioner Hartig detailed slide 3: "Responsibilities and Functions."

- Develop standards
- Issue permits
- Provide compliance and financial assistance
- Respond to spills of oil and other hazardous substances
- Safeguard the quality of food and seafood
- Operate the State Environmental Health Lab
- House the Office of the State Veterinarian
- Regulate pesticides and certain types of use
- Educate and assist the public
- Interact with our federal agency counterparts
- Investigate violations and enforce state law

Commissioner Hartig explained that compliance was often enabled with the help of the agency.

Commissioner Hartig explained slide 4: "Divisions."

- Administration
- Environmental Health
- Air Quality
- Spill Prevention and Response
- Water

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Commissioner Hartig discussed the various divisions which were used to divide the various responsibilities of the division. The Division of Administration included in crime unit. He noted that the work with the law enforcement agencies. He noted that the criminal investigations. He noted that some challenges included the human resource capacity. The public sector had an aging demographic. The average level of experience in spill response was 31 years.

Commissioner Hartig detailed slide 5: "Division of Administration."

- Components:
- Commissioner's Office
 - Administrative Services

- Environmental Crimes Unit
- Information Services
- Financial Services
- Budget Services
- Procurement and Building Management

State Support Services

- Lease and Contracts

Commissioner: Larry Hartig

Deputy: Lynn Kent

Director: Tom Cherian

Challenges:

Reintegration of Human Resources staff to Department

Recruitment and Workforce Development

- Aging workforce at or near retirement
- Highly specialized job classes

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Commissioner Hartig noted that the quality of water was regulated by systems. He stated that the two increments included that all of the public drinking water plants must follow the rules. He stated that all systems received \$11 million in federal funding to implement the new rules. He stated that communities were helped to comply with the rules including food safety and environmental health. He noted that the division addressed the entire state to inspect facilities to determine risks. He stated that the federal government required an additional 31 people and \$200 million, and as a result the risks were substantially lower.

Co-Chair Austerman pointed out saving questions until the end. Commissioner Hartig mentioned that the need for the tsunami corrections.

Commissioner Hartig discussed slide 6: "Division of Environmental Health."

Components:

- Director's Office
- Food Safety and Sanitation
- Laboratory Services
- Drinking Water Solid Waste Management

Also:

- Building Maintenance and Operations

Acting Director: Elaine Busse Floyd

Challenges

- Drinking Water EPA Rule Implementation
- High Risk Food Safety Inspections
- Unique Laboratory Technology and Equipment Needs

Commissioner Hartig discussed the Fairbank's air quality assessment as addressed by Representative Wilson. He mentioned the declining federal funding, and noted that different divisions had different funds and some would be forced to react.

Commissioner Hartig detailed slide 7: "Division of Air Quality."

Components:

- Director's Office
- Air Quality

Director: Alice Edwards

Challenges:

- Fairbanks Air Quality
- Declining Federal Funding

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Commissioner Hartig remarked that a large portion of operating funds came from the five cent barrel tax. He shared that as the waters above Alaska and near Russia were opening up, DEC would face new regulatory challenges.

Commissioner Hartig detailed slide 8: "Division of Spill Prevention and Response."

Components:

- Director's Office
- Industry Preparedness and Pipeline Operations
- Prevention and Emergency Response
- Contaminated Sites Program
- Response Fund Administration

Director: Larry Dietrick

Challenges:

- Declining Prevention Account Balance

Pays for emergency response activities.

Department recovers costs from identified responsible parties.

Prevention Account

Funded by a 4 cent surcharge on each barrel of oil.

Pays for operational costs and readiness activities within the Spill Prevention & Response Division.

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Commissioner Hartig detailed slide 13: "Status of the Prevention Account." He noted that the graph detailed the decline in the prevention account. He stated that there was a surplus 20 years prior. He furthered that the funds were decreasing substantially, because of oil production decline.

Commissioner Hartig detailed slide 14: "Status of the Prevention Account." He noted that the graph showed FY 13 and the spills and the cost of the projected through FY 22. He continued to detail the graph and the one-time expenditures and the projected total expenses.

Commissioner Hartig detailed slide 15: "Rural Water and Sewer." He noted that the graph showed federal and state contribution declining. Funding for rural Alaska sanitation projects had declined by over \$61 million, or 64 percent, between 2004 and 2013. The graph on the right included two types of needs: 1) First time service for homes without piped or covered haul; and 2) Upgrades or replacement to address significant health threats.

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Commissioner Hartig described slide 16: "Village Safe Water: New Approaches."

\$667 Million = Current Cost of unfunded significant health related water and sewer needs in rural Alaska.

State/Federal funding insufficient to construct new systems or ensure continued functionality of aging systems.

New Technologies

- Innovative and new approaches are needed in Alaska villages in order to cut capital and operating costs of providing running water and sewer.

- Issues a challenge to the private sector.

- Three-Phased Approach:

 - FY13: Request For Proposals (RFP) and selection for funding.

 - FY14: Demonstration of projects, research and development.

 - FY15: Initial pilot testing and refinement for implementation.

"Band-Aid" Projects

- Repairs and enhancements to prolong useable life of select systems.

Commissioner Hartig detailed slide 17: "Leg. Finance: 10 year look back (GF Only)." He mentioned the various programs paid for by attacks on vessels. He remarked that some funds had been transferred from the University of Alaska budget (UA) to DEC. The growing programs were the ocean rangers program and the drinking water program.

Commissioner Hartig described slide 18: "Leg. Finance: 10 Year Plan Growth (GF Only)." He stated that the graph detailed all of the needs for the increases of the department needs.

Commissioner Hartig displayed slide 20: "Leg. Finance: 10 Year Plan Growth (GF Only)."

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Commissioner Hartig discussed slide 21: "Department: 10-Year Plan Highlights."

Operating Budget

- Assumes AGIA startup in FY2016.

- General funds to address inspection rates at high-risk food establishments from FY2015 to FY2023.

-Retain drinking water primacy by adopting additional required rules.

-Permits, approvals, oversight, and response of large mining projects throughout the state starting in FY2015.

Capital Budget

-Replaces declining federal funds with general funds in the Village Safe Water program beginning in FY2015.

Commissioner Hartig discussed slide 22: "Current Challenges to Departmental Performance." He noted that the contingency plans for the current permits and enforcement actions. Increasing development activity and strained personnel resources threatened permitting timelines. He stressed that the burden of new EPA rules threatened drinking water safety by limiting resources for technical assistance.

Commissioner Hartig mentioned slide 23: "Long-Term Challenges to Departmental Performance." He shared that the village homes served by safe water were in challenging communities; had declining funding with increasing costs; and required innovation and sustainability. He furthered that spill prevention and response was threatened by declining response fund receipts as a result of declining TAPS throughput.

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Co-Chair Austerman asked about slide 14 and the reduction of the size of the budget. Commissioner Hartig responded that the general fund increments will be used to make up the \$5 million per year.

Vice-Chair Neuman saw a large increase in FY 14 in cost recovery. He asked which statutes cover the spill prevention allocation requirement. Commissioner Hartig recalled two pipeline spills. He stated that there was an allocation in October for \$250 million, which replenished the response account. Title 46 was in statute for the response fund, and noted that the legislature preserved the response fund.

Vice-Chair Neuman thought that the responsibility should be dependent upon the industry.

Representative Gara asked recalled problems that were addressed. He pointed out page 13, and remarked that there had been discussion regarding requiring a surcharge on each barrel of oil in order to avoid increased state funds going toward spill prevention. He wondered why DEC did not make a similar proposal. Commissioner Hartig responded that those policy calls were not under the jurisdiction of DEC. He stated that the response fund was used across a range of industries, but noted that the crude oil industry was the only industry that paid directly into the fund.

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Commissioner Hartig stressed that crude oil spills used approximately 7 percent of the response fund, but the crude oil industry was the only industry paying into the response fund. He remarked that there were many efforts to refine the fund.

Representative Gara commented that the proposal to respond differently did not exist. He pointed out slide 6 and he recalled that food inspectors were not available. The subcommittee deemed that the proposal be drafted by the department. He asked if he had a third option. Commissioner Hartig responded that a reprioritization was in an incremental solution phase. He noted that the federal recommendations were there.

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Representative Gara noted that the problem was without a proposed solution. He recommended a proposal, because without one the public should be warned. Commissioner Hartig stated that the increment in the positions and was implemented for documentation to be provided.

Representative Munoz wondered if there was \$50 million in the prevention fund account. Commissioner Hartig responded in the affirmative.

Representative Munoz noted that by 2015, OMB estimated that there would be \$6 million to subsidize the prevention fund account. Commissioner Hartig responded that the \$50 million was in a revolving fund. He stated that the replenishment came from cost recovery through 1 cent a barrel. He stated that in order maintain operations; a general fund increment was required.

Representative Munoz asked if there had been consideration regarding combining the two accounts. Commissioner Hartig responded that the two accounts were somewhat combined, because there was an estimated \$1.2 million a year for earned income on the \$50 million that was historically appropriated back into the prevention account.

Representative Munoz asked if the potential of combining the two accounts, because there was long-term sustainability in the response account. Commissioner Hartig responded that if the \$50 million, replenishment would be required.

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Representative Wilson wondered how particulate prevention could be affordable without other resources. Commissioner Hartig replied that there had been an increase in federal regulations, and the states were often not able to keep up with the rapid changing regulations. He stressed that DEC looked at various funding strategies to determine whether the impact fell into its mission of protecting human health and the environment. He remarked that conversations with communities across the state helped to determine regulatory change to EPA's standards.

Representative Wilson wondered whether there were reasons why there were more programs in the drinking water systems and not air quality. Commissioner Hartig responded that every community was required to have a drinking water system, and there was more work in that arena. He stressed that water was not considered more important than air.

Vice-Chair Neuman looked at AS 46.08.060, and noted that the commissioner shall make available report to the legislature not later than tenth day following convening. The report should include the amount of money expended by the department. He wondered if that report had been conducted. Commissioner Hartig responded that the report was delivered the previous.

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^FY 14 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF COMMERCE,
COMMUNITY and ECONOMIC DEVELOPMENT

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SUSAN BELL, COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (DCCED), introduced herself.

JO ELLEN HANRAHAN, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, introduced herself.

Commissioner Bell presented the PowerPoint, "House Finance Committee; Alaska State Legislature; January 25, 2013" (copy on file). She discussed slide 2: "Mission: Promote a healthy economy, strong communities, and protect consumers in Alaska." The graph illustrated the six corporate agencies and the six agencies within DCCED. She reinforced the importance of the regulatory protection to protect consumers and businesses.

Commissioner Bell detailed slide 3: "Core Services."

- Marketing Alaskan products and services in key sectors including: seafood, tourism, minerals, forest products, film, and transportation.
- Providing access to capital for business development.
- Reducing the cost of energy through development of renewable resources, financing for energy generation and transmission, implementation of energy efficiency programs, grants, and technical assistance.
- Assisting local governments and unincorporated communities through grants, technical assistance, financial and utility management, and planning.
- Regulating commercial activities in banking, securities, corporations, professional licensing, alcoholic beverage industry, and public utilities.

Commissioner Bell discussed slide 4: "Challenges."

- High cost of energy impacts communities and businesses.
- Gaps in critical infrastructure such as roads, ports, communications, and processing facilities.
- Higher cost of goods and services in rural areas.
- Federal regulatory permitting delays and denials.

- Ongoing need to educate markets about Alaska products and services.
- Uncertainty hampering private investment.
- Declining federal funding for rural programs.
- Growth of new financial programs that increase fraud and misinformation for consumers.

Commissioner Bell detailed slide 5: "Priority Programs."

Economic Growth

- Division of Economic Development, AIDEA, ASMI.
- \$66.4 million - 33 percent of budget.
- Net \$4.4 million increase.
- ASMI.

Sustainable Energy

- Alaska Energy Authority.
- \$67 million - 33 percent of budget.
- Net \$3.4 million increase.
- PCE and Susitna-Watana Hydro.

Commissioner Bell discussed slide 6: "The 16 percent of the budget."

Strong Communities

- Community and Regional Affairs, Serve Alaska.
- \$32.4 million - 16 percent of budget.
- Net \$28 thousand decrease.
- Declining federal RUBA funding.

Consumer Protection

- Banking and Securities; Insurance; CBPL; Regulatory Commission of Alaska, Alcoholic Beverage Control Board.
- \$35.3 million - 18percent of budget.
- Net \$576.8 thousand decrease.

Prescription Drug Monitoring grant and OTIs

Commissioner Bell detailed slide 7: "Budget by Priority Program." She explained that the Sustainable Energy Program was 33 percent of the budget at \$66.982 million; the Economic Growth Program was 33 percent of the budget at \$66.416 million; the Consumer Protection Program was 18 percent of the budget at \$35.336 million; and the Strong Communities Program was 16 percent of the budget at \$32.419 million.

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Commissioner Bell discussed slide 8: "Economic Growth."

Division of Economic Development

Marketing:

- Tourism recovery (1.8 million visitors) and Icelandair to begin service in May 2013.
- 25 film productions approved for tax credit.
- Promoted minerals, forest products, Made in Alaska, Alaska product preference.
- Partner with private sector and state agencies.

Business Development:

- Provided 400 small Alaska business with technical assistance.
- Regional economic planning with ARDORs.

Financing: Commercial fishing and small business development.

- 267 loans, \$31.1 million and \$4.8 million Salmon Enhancement Tax distribution to aquaculture (6 qualified associations).
- New revolving loan funds for mariculture, commercial halibut charter operators, CQE entities, alternative energy.

Commissioner Bell discussed slide 9: "Economic Growth (cont.)."

Alaska Industrial Development and Export Authority

- Increased net asset value to over \$1.26 billion, providing a \$20.7 million dividend to the State for FY2014.
- S&P Upgraded AIDEA's credit rating from AA- to AA+.
- SETS (AK Sustainable Energy Transmission & Supply) creates new energy infrastructure.
- Completed 17 loan participations totalling \$34.9 million.
- Issued conduit revenue bond for Providence Hospital Complex.
- Ketchikan shipyard and Skagway ore terminal expansions, Cook Inlet jack-up rig and JBER projects.
- 5,500 permanent jobs and 34,200 construction jobs in the last decade

Commissioner Bell detailed slide 10: "Economic Growth (cont.)."

Alaska Seafood Marketing Institute

- Volume of Alaska Seafood exports to ASMI program countries increased by 24 percent in 2011; value increased by 28 percent.
- Ex-vessel salmon value up 29 percent, from \$1.7 to \$2.2 billion.
- Increased value of fresh, frozen, and shelf-stable (canned and pouched) Alaska seafood in U.S. and international markets.
- Continued international focus on sustainable fisheries.
- Expanded collaboration with tourism marketing programs, Alaska Grown, and Nutritious Foods in Schools grants.
- Opened new office in Brazil to serve the emerging market.

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Commissioner Bell discussed slide 11: "Sustainable Energy."

Alaska Energy Authority

- Filed FY13-14 Study Plan with FERC for Susitna-Watana Hydro.
- Renewable Energy Fund approved \$202.5 million in 227 projects to date.
- Disbursed \$39.2 million in PCE grant payments.
- Trained 22 bulk fuel and 32 power plant operators; assistance to 47 communities, and emergency response to 10 communities.
- 44 Bulk Fuel Loan commitments of \$12.7 million.
- 60 energy audits on commercial buildings, potential \$1.1 million annual savings.
- Emerging Energy Technology Fund Program received 70 proposals - 16 selected for funding in 2012.

Commissioner Bell discussed slide 12: "Strong Communities."

Community and Regional Affairs

- Bulk Fuel Bridge Loans (7 percent increase) to 16 communities.
- Fuel Watch Initiative - 850 calls to 341 communities to verify adequate financial resources for fuel supplies.

- RUBA assisted 208 communities, 72 communities met sustainability indicators; trained 161 utility managers.
- \$1.4 billion distributed through 1,900 state and federal grants - including Nutritious Foods in Schools Program.
- Almost \$29 million distributed for: PILT, NFR, fisheries business tax, fisheries landing tax.
- \$80 million Community Revenue Sharing.
- Local Boundary Commission completed transactions in 9 communities.

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Commissioner Bell discussed slide 13 "Strong Communities (Cont.)."

Community and Regional Affairs (cont.)

- Finalized digital orthophoto maps in 14 communities.
- Emergency response, National Flood Insurance Program support.

Serve Alaska

- 285,000 hours of volunteer service, over \$6 million value.

Alcohol Beverage Control Board

- Licensees achieved 87 percent compliance with laws, continuing a steady increase for the third year.
- In a recent study, Alaska was shown to have the lowest percentage of sales by retailers to underage persons.

Commissioner Bell discussed slide 14: "Consumer Protection."

Banking and Securities

- 52 institutions examined; all profitable and well capitalized.
- Issued new licenses to 5 premium finance companies, 3 payday lenders, 203 mortgage broker/lenders, 56 money services; issued 6 parity orders to state chartered depository institutions.
- Issued license renewals to 12 payday lenders, 25 premium finance companies, 1 loan company, 1

business industrial development corporation
(BIDCO).

- 5,949 mutual fund and investment trust filings,
411 security filings/notice filings.
- 1,243 broker-dealers registered or renewed.
- Collected over \$13 million in fees.

Commissioner Bell discussed slide 15: "Consumer Protection
(cont.)."

Corporations, Business and Professional Licensing

- Licensees increased nine percent for a total of
63,197 professional licenses and 66,731 business
licenses.
- 39 professional licensing programs received
revenue and expense reports reconciled to ten
years of state's accounting system data.
Quarterly financial reports are now provided
to all programs, and corrective actions are
ongoing to improve historical practices.
- Streamlined corporate filings.
- Investigations received 1,394
intakes/complaints; opened 463 new cases; took
308 licensing actions; and closed 446 cases.

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Commissioner Bell discussed slide 16: "Consumer Protection
(cont.)."

Insurance

- Issued 41,735 licenses; registered 27 purchasing
groups; admitted 19 new insurance companies, 1
surplus line insurer and 2 risk retention groups.
- Collected \$65,734,955 in premium taxes,
penalties and fees in FY2012.
- Opened 57 and closed 35 criminal investigations.
- Investigated 290 consumer complaints, closed 286
complaints, and took action resulting in
additional payments of \$145,888 to consumers in
FY2012.

Regulatory Commission of Alaska

- Implemented electronic filing to reduce filing
costs, increase efficiency and facilitate
communication for general public, public
utilities, and pipeline carriers.

- Approved railbelt electric utility agreement to purchase wind energy over 25-year term (payments for power from the wind farm could be recovered in utility rates).
- Resolved consumer complaints resulting in credits to customers in multiple instances.

Ms. Hanrahan discussed slide 19. She stressed that DCCED was attempting to reduce the number of communities that are noncompliant with management sustainability indicators by five percent each year.

Ms. Hanrahan discussed slide 20: "Percentage of the Total Department's Budget By Fund Group." She explained that the yellow bar represented the designated general fund, which reflected various increases to programs.

Ms. Hanrahan discussed slide 21: "Share of Total Agency Operations." She explained that DCCED had various peaks, based on various increases to funding.

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Ms. Hanrahan described slide 22: "Continued Budget Growth Compared to 10- year plan (GF only)." She stated that the black dotted line was the department's ten year plan and the green dotted line was LFD's extrapolation of a 9.8 annual growth over time.

Ms. Hanrahan detailed slide 23: "Continued Budget Growth Compared to a 10 - Year plan." She explained that it was difficult to be comparative in DCCED, because there are various funding spike years.

Commissioner Bell stressed that DCCED was focused on its inherent strengths, but was careful to focus on the issues in Alaska particularly in the areas of energy, infrastructure, and helping business thrive.

Co-Chair Austerman looked at slide 5 and the economic growth. He asked of the \$66 million was used specifically for economic Development. Commissioner Bell responded that the Division of Economic Development was approximately \$28 million; AIDEA was nearly \$16 million; and ASMI was approximately \$29 million.

Co-Chair Austerman wondered if the \$4.4 million net increase was associated with ASMI. Commissioner Bell responded that the \$4.4 million was predominantly associate to a change in the legislative authorization in general fund compared to the program receipts from ASMI and the taxes.

Co-Chair Austerman asked slide 3 about core services and noted that economic development was not mentioned on the page. Commissioner Bell stated that marketing servicing and financing services were key to the economic development that was provided by the department.

Co-Chair Austerman expressed concern about the lack of focus on economic development. He looked at slide 8, and asked what plans were implemented to increase the economic tax base of the state. Commissioner Bell responded helping businesses understand about preferences, and specifically noted financing for the minors and resource minerals development.

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Co-Chair Austerman remarked that 90 percent of Alaska's income was in non-renewable resources, and felt that the presentation did not showcase a growth of an economic base across the state.

Representative Gara expressed interest in the numbers of employees added in the non-renewable sector. Commissioner Bell responded that she would provide data regarding economic growth in the non-renewable resource development industry.

Representative Gara wondered how the department could link the funds to specific economic growth. Commissioner Bell agreed to provide that

Representative Edgmon wondered if AIDEA and AEA should be separated into the two boards. Commissioner Bell responded that AIDEA and AEA were served by one board and served by tools. She thought that the follow up would prove valuable. She believed that the organization was growing, and the composition of the board had changed from two commissioners and five commissioners.

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Representative Edgmon pointed out that slide 18 required additional examination. He remarked that 90 percent of the energy in the state was provided by hydrocarbons. He felt that Alaska made only slight progress.

Representative Holmes echoed the interest in working with the economic development piece. She asked for additional information on tourism. Commissioner Bell responded that development specialists were responsible for the implementation of the tourism marketing program. She stated that the legislative intent was both formal and informal. The engagement with the business community was the responsibility of DCCED, and the planning process allowed the leverage of the state's programs.

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Vice-Chair Neuman asked for more information regarding the AIDEA investment in the rig in Cook Inlet. Commissioner Bell responded that AIDEA had the ability to own or partially own projects. She stated that the rig was partially owned by AIDEA. She explained that AIDEA leveraged, and received four to one leverage of private funding for that project. She stressed that DCCED felt that the investment in Cook Inlet was prudent to the board and staff, but she expressed frustration that the rig was not currently drilling.

Vice-Chair Neuman wondered when the rig would begin producing. Commissioner Bell responded that she would provide more detailed information.

Co-Chair Austerman shared that a CDQ group from western Alaska made some inquiries regarding the ability to move \$68 million worth of business out of Seattle to Alaska. He stated that the legislature appropriated a few planning dollars to examine the dock in Seward. He wondered if DCCED had communicated with that CDQ group. Commissioner Bell replied that she shared many concerns regarding the coordinated response times. She looked at DCCED stayed in regular communication with the CDQ group. She shared that a portion of the fleet was now able to be housed in Alaskan waters over the winter. She stated that the waterfront and business infrastructure needed to be updated, in order to accommodate the fleet.

Co-Chair Austerman requested a copy of the plan on who was handling the project. Commissioner Bell indicated that she would provide that information.

Representative Munoz wondered what extent the Regulatory Commission of Alaska considered state energy policy when reviewing applications. Commissioner Bell offered to follow up at a later date.

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Vice-Chair Neuman referred a request for a fifty match for tourism marketing. Commissioner Bell responded that the funding in the governor's request was \$16 million. She stated that DCCED leveraged those funds with some funds from communities and businesses that participate in the state's program. She shared that there was statute language that stated that if the state contracts with a qualified trade organization there would be a specific match.

Vice-Chair Neuman asked if Alaska was following the law as per statute. Commissioner Bell stated that entering into a contract would require compliance with the statute.

Representative Thompson asked if the marketing plan was considered part of a match. Commissioner Bell replied that the match would only apply if the contracted business was directly engaged with a state program.

Co-Chair Austerman discussed the next meeting.

HB 65 was HEARD and HELD in committee for further consideration.

HB 66 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

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The meeting was adjourned at 3:31 p.m.