

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

January 30, 2013

1:02 p.m.

MEMBERS PRESENT

Representative Eric Feige, Co-Chair
Representative Dan Saddler, Co-Chair
Representative Peggy Wilson, Vice Chair
Representative Mike Hawker
Representative Craig Johnson
Representative Kurt Olson
Representative Paul Seaton
Representative Geran Tarr
Representative Chris Tuck

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Andrew Josephson

COMMITTEE CALENDAR

HOUSE BILL NO. 80

"An Act relating to the regulation of wastewater discharge from commercial passenger vessels in state waters; and providing for an effective date."

- MOVED HB 80 OUT OF COMMITTEE

HOUSE BILL NO. 77

"An Act relating to the Alaska Land Act, including certain authorizations, contracts, leases, permits, or other disposals of state land, resources, property, or interests; relating to authorization for the use of state land by general permit; relating to exchange of state land; relating to procedures for certain administrative appeals and requests for reconsideration to the commissioner of natural resources; relating to the Alaska Water Use Act; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 80

SHORT TITLE: CRUISE SHIP WASTEWATER DISCHARGE PERMITS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/18/13	(H)	READ THE FIRST TIME - REFERRALS
01/18/13	(H)	RES
01/25/13	(H)	RES AT 1:00 PM BARNES 124
01/25/13	(H)	Heard & Held
01/25/13	(H)	MINUTE(RES)
01/28/13	(H)	RES AT 1:00 PM BARNES 124
01/28/13	(H)	Heard & Held
01/28/13	(H)	MINUTE(RES)
01/30/13	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 77

SHORT TITLE: LAND DISPOSALS/EXCHANGES; WATER RIGHTS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/18/13	(H)	READ THE FIRST TIME - REFERRALS
01/18/13	(H)	RES
01/30/13	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

LYNN TOMICH KENT, Deputy Commissioner
Office of the Commissioner
Department of Environmental Conservation (DEC)
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding HB 80.

DAN SULLIVAN, Commissioner
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Introduced HB 77 on behalf of the governor.

BRENT GOODRUM, Director
Division of Mining, Land and Water (DMLW)
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to HB 77.

WYN MENEFEE, Chief of Operations
Division of Mining, Land and Water (DMLW)
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation about the provisions of HB 77.

ASHLEY BROWN, Assistant Attorney General
Oil, Gas & Mining Section
Natural Resources Section
Department of Law (DOL)
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to HB 77.

ACTION NARRATIVE

[1:02:31 PM](#)

CO-CHAIR DAN SADDLER called the House Resources Standing Committee meeting to order at 1:02 p.m. Representatives Johnson, Tuck, P. Wilson, Olson, Tarr, Seaton, Hawker, Feige, and Saddler were present at the call to order. Representative Josephson was also present.

HB 80-CRUISE SHIP WASTEWATER DISCHARGE PERMITS

[1:02:51 PM](#)

CO-CHAIR SADDLER announced that the first order of business is HOUSE BILL NO. 80, "An Act relating to the regulation of wastewater discharge from commercial passenger vessels in state waters; and providing for an effective date."

CO-CHAIR SADDLER noted that Amendments 6 and 7, distributed at the committee's 1/28/13 meeting, have been replaced by amendments 6.1 and 7.1. He requested Representative Tarr to continue her discussion of Amendment 5, labeled 28-GH1987\A.6, Nauman, 1/26/13, which she had moved for adoption on 1/28/13 and to which Representatives Johnson and Hawker, and Co-Chair Feige had objected.

[1:03:42 PM](#)

REPRESENTATIVE TARR resumed her discussion of Amendment 5, which read:

Page 3, following line 22:

Insert new bill sections to read:

"* **Sec. 5.** AS 46.03.463(h) is amended to read:

(h) The provisions of (a) - (f), and (i) of this section do not apply to discharges made for the purpose of securing the safety of the commercial passenger vessel or saving life at sea if all reasonable precautions have been taken for the purpose of preventing or minimizing the discharge.

* **Sec. 6.** AS 46.03.463 is amended by adding a new subsection to read:

(i) Except as provided in (h) of this section or AS 46.03.462(c), a person may not discharge sewage, graywater, or other wastewater from a commercial passenger vessel into the marine waters of the state that has a copper concentration of more than two parts per billion for more than 10 minutes with a dilution factor not greater than 50,000."

Renumber the following bill sections accordingly.

REPRESENTATIVE TARR said that given the scientific research and concern about copper levels, Amendment 5 would be appropriate because it would set in statute a copper level of two parts per billion (ppb) rather than the current level of three ppb. While appreciating the Department of Environmental Conservation (DEC) might prefer doing this in regulation, she said Amendment 5 would give the public peace of mind that the state is doing what it can to protect its salmon.

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LYNN TOMICH KENT, Deputy Commissioner, Office of the Commissioner, Department of Environmental Conservation (DEC), stated DEC has concerns about Amendment 5 because it gets into the types of very specific permitting conditions and standards that the department does by regulation and permits. It is not based on science; DEC's current water quality criteria for protection of marine aquatic life are based on the most current science regarding the effects of copper on marine life. She said the two ppb limit in the amendment is likely based on some fairly recent studies that identified a two microgram per liter level that was discussed in studies on salmonids in fresh water and the behavioral impacts of low levels of copper on the behavior of the fish. She said the researchers in that study have indicated that their work is not applicable to the marine environment, for which there are not yet any studies, because of the differing buffering capabilities in marine waters and because researchers have not looked at how the physiological changes that take place in fish when they move from saltwater to

freshwater. More research is being done in this area, she continued, and DEC will be look at the latest research again next year when more information is available. She said DEC does update its water quality standards when new and better research drives a change in those standards. Ms. Kent added that Amendment 5 would essentially prohibit discharges when a vessel is stationary, and last year only seven vessels were permitted to discharge while they were stationary. Implementing the amendment would be difficult because the vessels do not have the ability to continuously monitor for copper. It is done in a laboratory setting, so a ship would not know precisely when its levels dipped below the two ppb. Also, the 10 minute limitation would be difficult to figure out because the amendment does not describe how often a vessel could have that 10 minute window to discharge.

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CO-CHAIR FEIGE recalled Commissioner Hartig stating during his original presentation that the limits are set by the U.S. Environmental Protection Agency (EPA).

MS. KENT confirmed this as correct, adding that for most of its standards DEC adopts federal developed criteria. In further response, she confirmed there is an extensive process for setting those particular limits that includes quite a bit of review, oversight, and opportunities for entities to weigh in. She said the standards are set through a significant effort looking at the toxic effects on a multitude of different types of organisms and plants. The EPA generally does those studies or relies on studies done by others and adopts criteria that are suitable for the country. Alaska normally adopts the criteria developed by EPA because it does not have the resources to do that kind of independent study work. Changing Alaska's water quality criteria is an extensive process that starts with a public notice asking people to come forward with any new studies or research that would affect the state's water quality standards. The department then sifts through that information to determine whether there is sufficient science to change criteria and, if so, that is proposed as a regulation change which also undergoes a public review process. Once that process is done, and assuming DEC adopts the revised criteria, it must be approved by EPA before the department can use it.

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REPRESENTATIVE SEATON, noting that HB 80 would do away with the Cruise Ship Wastewater Science Advisory Panel ("Science Advisory Panel"), inquired how much data and what process would be necessary for changing the EPA standard, which is set country-wide for a multitude of plants and animals, to make the state's regulatory process override for salmon.

MS. KENT answered that the Science Advisory Panel did not look at the water quality standards to determine whether it thought them appropriate or protective due to the process required for revising the standards. However, what DEC would look for through that public process is peer reviewed scientific research that is applicable to the standards. So, if the standards look at chronic effects and acute effects, and if there was research applicable to marine waters that demonstrated an olfactory behavioral problem with salmon that could affect their survivability and reproductive ability, then DEC would rely on that standard to propose a new water quality criterion. This new criteria would then go to public review and notice, and then it would go to EPA for final approval.

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REPRESENTATIVE TUCK asked how tests are currently conducted for determining copper levels.

MS. KENT replied DEC requires the cruise companies to test for copper and the other metals, but it is a sample that is taken and then transferred to a laboratory for analysis. Over 800 monitoring samples from cruise ships have been taken over the last 5 years.

REPRESENTATIVE TUCK inquired what would have to be done differently if the standard was changed.

MS. KENT responded the monitoring and analytical requirements for how a sample is tested would remain the same. If the water quality standard changed or a permit standard changed - an effluent limit changed - DEC would compare the results from the analysis at the laboratory to the permitted amount.

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REPRESENTATIVE SEATON said he did not understand how copper levels could be measured if the standard is changed from end of pipe to a mixing zone while underway, given that the edge of such a mixing zone cannot be determined.

MS. KENT answered that for any permitted discharge with a mixing zone, modeling is done to calculate the size of the mixing zone. This is done in addition to all the other criteria that are required for DEC to approve a mixing zone. The department looks at the past data and the concentrations of the contaminant and employs the same models that are used throughout the country to look at dispersion of that contaminant in a water body with certain characteristics. Mixing in the water body, freshwater lenses, other inputs, currents, and incoming and outgoing tides are looked at to calculate how big that area might be where the quality standard would be exceeded based on the level that is being discharged. Many of DEC's permits with a stationary component require the permittee to monitor the edge of the mixing zone to verify those models and, in most cases, the models are pretty good at predicting the distance needed from the discharge to meet the water quality standard. For a cruise ship that is underway with a 50,000:1 dilution, measurements in the water body would be unable to identify concentrations that could be attributed to the vessel because of the vast amount of dilution in such a short period of time.

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REPRESENTATIVE SEATON surmised that what is being said is that the size of the mixing zone will be expanded to whatever dilution ratio the model indicates is needed for meeting the water quality standard. So, if science said that copper is affecting the olfactory sense of salmon, the model would be changed to double the dilution factor to half the concentration and therefore the problem has been taken care of.

MS. KENT replied that the requirements for a mixing zone must be met with every renewal of a permit, most permits being on a five-year cycle. If a DEC standard changed during the life of a permit, the permittee would have to demonstrate again all of the requirements in order to be authorized for a mixing zone; one of those requirements is that DEC can only authorize a mixing zone that is as small as practicable. At that permit renewal cycle DEC would again look at whether a vessel is using the best technology that it can. So, if a standard changes and becomes more stringent, that does not automatically mean the vessels will get a bigger mixing zone.

[1:17:26 PM](#)

REPRESENTATIVE TUCK understood the test uses a dye that is tracked; however, a concern is that metals may not have the same floating or mixing properties as dye. He inquired whether modeling has been done to determine similarity.

MS. KENT qualified she is not a modeling guru, but responded that DEC generally uses computer models to calculate the mixing and the dilution of a contaminant in a surface water body. She suggested that the aforementioned reference is to dye studies that DEC worked on with EPA, where EPA used a dye to verify that the dilution was as predicted by the models. She offered her belief that there was a very close correlation between what was modeled and what was actually found by those dye studies.

[1:18:52 PM](#)

CO-CHAIR SADDLER noted that the standards proposed in the amendment of 2 ppb in 10 minutes and [a dilution factor not greater than] 50,000 are pretty precise. He asked the maker of the amendment how those numbers were arrived at.

REPRESENTATIVE TARR answered that when she looked through the Science Advisory Panel's preliminary report, this was an evidence-based standard that was suggested would be appropriate.

[1:19:29 PM](#)

REPRESENTATIVE TUCK inquired how deep below the water's surface the modeling goes for a "surface water body."

MS. KENT replied "surface water" is the jargon used for oceans, rivers, streams - anything that is not ground water. Some of the state's dischargers, not cruise ships, discharge right at the bottom, some part way in the column, and so forth. The model looks at where in the water body is the discharge.

[1:20:24 PM](#)

REPRESENTATIVE TUCK asked whether "at the bottom" is the bottom of the water body or the bottom of the ship.

MS. KENT responded a shore-based facility may have its discharge pipe anchored to the bottom of the water body. A cruise vessel's discharge port is approximately a couple meters below the water surface.

[1:20:50 PM](#)

REPRESENTATIVE TARR read the following from a scientific article [Environmental Toxicology and Chemistry, Vol. 22, No. 10, 2003, "Sublethal Effects of Copper on Coho Salmon: Impacts on Nonoverlapping Receptor Pathways in the Peripheral Olfactory Nervous System"][original punctuation provided]:

Collectively, examination of these data indicates that copper is broadly toxic to the salmon olfactory nervous system. Consequently, short-term influxes of copper to surface waters may interfere with olfactory-mediated behaviors that are critical for the survival and migratory success of wild salmonids.

REPRESENTATIVE TARR further noted that 49 wastewater violations occurred between 1999 and 2009 involving discharges of ammonia, copper, zinc, and a variety of others. To provide a sense of scale she pointed out that one cruise ship per day generates 21,000 gallons of sewage and 170,000 gallons of wastewater from sinks, showers, and laundry. So, the volume for 5 ships daily in Juneau's port is 100,000 gallons of sewage daily and 850,000 gallons daily of wastewater, which is something to be concerned and careful about.

[1:22:12 PM](#)

REPRESENTATIVE JOHNSON maintained his objection to Amendment 5.

A roll call vote was taken. Representatives Tarr and Tuck voted in favor of Amendment 5. Representatives Seaton, P. Wilson, Hawker, Johnson, Olson, Feige, and Saddler voted against it. Therefore, Amendment 5 failed by a vote of 2-7.

[1:23:01 PM](#)

REPRESENTATIVE TARR moved to adopt Amendment 6.1, labeled 28-GH1987\A.8, Nauman, 1/28/13, which read:

Page 1, line 4, through page 2, line 9:
Delete all material.

Page 2, line 10:
Delete "**Sec. 2**"
Insert "**Section 1**"

Renumber the following bill sections accordingly.

Page 2, line 25, through page 3, line 5:

Delete all material and insert:

* **Sec. 2.** AS 46.03.462(e) is amended to read:

(e) When issuing, reissuing, renewing, or modifying a permit required under (a)(1) of this section, the department may include effluent limits or standards less stringent than those required under (b)(1) of this section [FOR NOT MORE THAN THREE YEARS DURATION] if the department finds that a permittee is using economically feasible methods of pollution prevention, control, and treatment the department considers to be the most technologically effective in controlling all wastes and other substances in the discharge but is unable to achieve compliance with Alaska Water Quality Standards at the point of discharge. **A permit under this subsection may not extend beyond December 31, 2020.**

Page 3, line 6:

Delete "new subsections"

Insert "a new subsection"

Page 3, lines 13 - 22:

Delete all material.

Page 3, line 23:

Delete "46.03.462(f),"

Objection was voiced by Representatives Johnson and Hawker.

REPRESENTATIVE TARR stated she has been trying to find a way to strike a balance between the cruise ship industry and protecting Alaska's coastal waters and the coastal economies and fishing industry that rely on those waters. She said she has offered a number of amendments in the hope of meeting her comfort level, which has not happened. She said Amendment 6.1 would allow the cruise ship industry to continue working on meeting the water quality standards set in the 2006 Alaska Cruise Ship Initiative ("2006 Initiative"). Amendment 6.1 would extend the compliance period to December 31, 2020, allowing DEC to issue a 5-year permit and extend it all the way through 2020, allowing the copper issue to be revisited.

[1:24:32 PM](#)

REPRESENTATIVE HAWKER maintained his objection to Amendment 6.1.

A roll call vote was taken. Representatives Seaton, Tarr, and Tuck voted in favor of Amendment 6.1. Representatives Hawker, Johnson, Olson, P. Wilson, Feige, and Saddler voted against it. Therefore, Amendment 6.1 failed by a vote of 3-6.

[1:25:24 PM](#)

REPRESENTATIVE TUCK moved to adopt Amendment 7.1, labeled 28-GH1987\A.9, Nauman, 1/28/13, which read:

Page 2, line 25, through page 3, line 5:

Delete all material and insert:

* **Sec. 3.** AS 46.03.462(e) is repealed and reenacted to read:

"(e) When issuing, reissuing, renewing, or modifying a permit required under (a)(1) of this section, the department may only include the authorization of a mixing zone for a commercial passenger vessel if

(1) that vessel employs an advanced wastewater treatment system that falls within the class of systems identified by the department under (k) of this section or employs other means of pollution prevention, control, and treatment that the department finds can achieve a quality of effluent that is comparable to that of one or more vessels employing an advanced wastewater treatment system; and

(2) the permit prohibits the discharge of untreated sewage, treated sewage, graywater, or other wastewater within three geographical miles of the coastline of the state unless a discharge is made for the purpose of securing the safety of the commercial passenger vessel or saving life at sea and all reasonable precautions have been taken for the purpose of preventing or minimizing the discharge; in this paragraph, "coastline" has the meaning given to "coast line" in 43. U.S.C. 1301."

Page 3, following line 6:

Insert a new subsection to read:

"(i) Under (e)(1) of this section, if a commercial passenger vessel employs an advanced wastewater treatment system that satisfies the requirements of (e)(1) of this section, the department shall find the commercial passenger vessel satisfies all state technology-based treatment requirements for authorization of a mixing zone."

Reletter the following subsections accordingly.

Page 3, line 15:

Delete "(e)"

Insert "(e)(1)"

Objection was voiced by Representatives Johnson, Hawker, and Olson.

1:26:05 PM

REPRESENTATIVE TUCK explained that if mixing zones are going to be allowed he would like to ensure that those zones are three geographical miles away from the coastline where a lot of human, plant, and mammal activity occurs. He said he did not propose a farther distance because that would eliminate any discharge within waters controlled by the State of Alaska. He shared that California has implemented no mixing zones within three miles of its entire coastline, a standard he thinks Alaska should have. However, he did not want to jump into that standard right away because the ships might not have holding tanks that would allow them to go out that far.

REPRESENTATIVE TUCK pointed out that because of the shape of Alaska's coastline, three miles might create a "donut hole," or gap, where ships would go to dump, creating excessive dumping in one spot. Therefore, he moved to amend line 13 of Amendment 7.1 by deleting "three" and inserting "two" geographical miles. There being no objection, the amendment to the amendment was adopted.

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REPRESENTATIVE SEATON understood that Amendment 7.1, as amended, would permit the discharge of wastewater that did not meet water quality standards.

REPRESENTATIVE TUCK confirmed that this is correct.

1:28:53 PM

REPRESENTATIVE P. WILSON asked how big the holding tanks are and how far from the coastline do these tanks allow the ships to go.

CO-CHAIR SADDLER requested Ms. Kent to address the practical effects of Amendment 7.1, as amended.

MS. KENT replied she does not have that data with her, but of the 28 or so large cruise ships that register to come to Alaska, 10 do not discharge in Alaska waters. These 10 ships either go outside [state waters] or discharge in a port facility. The rest have the holding capacity to go into outside waters. In further response, she confirmed that shore-based facilities have less stringent discharge requirements than do the cruise ships; therefore any cruise ship wastewater going through a shore-based facility would not be treated to as high a degree and would not be as clean in terms of the effluent.

[1:30:27 PM](#)

REPRESENTATIVE P. WILSON inquired why, then, would cruise ships be allowed to discharge into municipal facilities. She surmised it would be better to allow the ships to discharge where they are at.

MS. KENT responded DEC regulates the discharge from facilities, not who can discharge into a facility. Right now, DEC does not prohibit a cruise ship from discharging to a municipal wastewater treatment system.

REPRESENTATIVE TARR pointed out that the ship's wastewater would be treated in the municipal wastewater treatment system instead of untreated wastewater from the ship being discharged [into the ocean].

MS. KENT added that the wastewater is treated at the municipal system, but the level of treatment it receives at the municipal treatment system is not as good as it would be if it were treated through the advanced wastewater treatment system onboard the cruise ship.

[1:32:39 PM](#)

REPRESENTATIVE TARR noted that California has no mixing zones as well as no discharge in its coastal waters. She related that even treated sewage can contain pathogens, nutrients, and other contaminants that affect human and environmental health and economic productivity.

REPRESENTATIVE TUCK stated that Amendment 7.1, as amended, is an attempt to work with the industry. He wants the cruise ships to be efficient with their cruises and does not want them to have to skip port facilities, so he is trying to ease into having no

mixing zones close to shore. He added that with stationary port facilities the location is known, measurements can be taken, and location of the edges is known, whereas testing is not accurate for moving ships. He said there is a big difference between a traveling city and a stationary city; salmon can navigate around a stationary area. An easy solution would be allowing cruise ships to dump into municipal facilities where there is control.

[1:34:24 PM](#)

REPRESENTATIVE JOHNSON maintained his objection.

A roll call vote was taken. Representatives Tarr and Tuck voted in favor of Amendment 7.1, as amended. Representatives Johnson, Olson, Seaton, P. Wilson, Hawker, Feige, and Saddler voted against it. Therefore, Amendment 7.1 failed by a vote of 2-7.

[1:35:25 PM](#)

CO-CHAIR SADDLER announced the bill is now before the committee.

REPRESENTATIVE SEATON said HB 80 concerns him for several reasons, one being overlapping mixing zones from numerous ships using the same area for mixing zones. He said the 2006 Initiative stimulated DEC and the industry to go through a process of reducing toxins being put into Alaska's waters. The mixing zones will not be monitored and individual vessels will again be able to be lax like they were in the past, resulting in more toxic discharge and cumulative discharge in Alaska's waters. Amendment 2 [labeled 28-GH1987\A.3, Nauman, 1/26/13], which he put forward [on 1/28/13] and which did not pass, was significant in that it would have disallowed mixing zone cruise ship discharges in legislatively designated state critical habitat areas. While DEC has said it wants the ability to make that decision on its own, the decision is not the question. The question is whether the legislature is going to give its authority over to the administration to administratively make the decision to allow cruise ship mixing zone discharges into critical habitat. While he will not vote against moving the bill from committee, he said the bill does not have his support at this time for the aforementioned reasons. Additionally, extension of the current permit to allow science to catch up may have accomplished the stringent control of pollutants in state waters that was expressed in the 2006 Initiative.

[1:38:44 PM](#)

REPRESENTATIVE P. WILSON asked whether HB 80 would lower the state's standards.

MS. KENT replied, "No."

[1:39:31 PM](#)

CO-CHAIR FEIGE said the cruise ship industry has been operating for about three years under a general permit that allows ships to discharge, but never once during discussion of the bill were any instances brought up as to actual problems with discharges while operating under this general permit. Arguments against the bill were not, in his opinion, convincing-enough scientific evidence to warrant any changes in the bill as presented. Regarding overall philosophy, he recounted that while he was training to be a military officer, the mantra was to never make a rule that cannot be enforced. The corollary here is to never make a rule that cannot be achieved. The scientific panel appointed by the legislature delivered a report saying that the advanced wastewater treatment systems are the best economically feasible technology available today and, more than likely, in the near future. The DEC is capable of tracking emerging technology, and for the time being the advanced wastewater treatment systems will satisfy the legislature's requirement that the state's waters stay as pristine as possible yet still allow commerce and tourism activity to continue. He said he will therefore be voting in favor of the bill.

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REPRESENTATIVE HAWKER stated that passage of HB 80 will free up resources, therefore the bill should have a negative, rather than a zero, fiscal note. He asked for there to be truth in budgeting when resources are freed up; for example, DEC indicated earlier that the freed-up resources will be put to work doing something else. He requested that the department ask for resources when it needs to accomplish something else and that its fiscal notes reflect relinquished resources.

[1:43:04 PM](#)

REPRESENTATIVE TUCK said he is concerned about backsliding on what the public put forth [in the 2006 Initiative]. A balance can be achieved between the cruise industry and keeping Alaska's waters pristine and good for coastal economies, recreation, and public health. Fifteen violations occurred in 2011 and he wants to ensure the state helps the industry reach the standards so

there are no violations. Because this was the goal of the Science Advisory Panel, he is disheartened to see it go away. While the state does not want to have a rule that cannot be achieved, the state must also have a vision and must also set goals. He recalled reading about a patent officer who, in the late 1800s or early 1900s, stated that the patent office might as well be closed because everything that can be invented is already invented. Engineering is only getting better and today miniaturization is driving economies, and this applies to the cruise ship wastewater treatment systems and their wastewater holding tanks. Some of the amendments were achievable, he said, and he is concerned about giving DEC the flexibility to allow mixing zones in critical habitat areas. No dumping at all is allowed in Glacier Bay National Park and Preserve, yet the newspaper reported that the [water from] four swimming pools was dumped into Glacier Bay. He said he will not be supporting the bill because it does not set goals and work with the industry to get there, and is a step backwards.

[1:46:12 PM](#)

REPRESENTATIVE TARR stated she will not be supporting the bill at this time. As someone with a science background it is disappointing to her. She recalled that things used to be regulated under the saying that the solution to pollution is dilution. Regulation has long since moved on from that, so this is a terrible step backwards. In addition to the violations in 2011, there were 32 wastewater violations in 2009. Alaska should be encouraging new developments, but now it will not keep its status as a leader. In five years Alaska will have missed the boat for protecting salmon. She offered her hope that the legislature will not be looking back on this and regretting its move today. Steps should have been taken to at least extend the compliance period to continue working on this.

[1:47:44 PM](#)

REPRESENTATIVE P. WILSON said nothing more can be done than what is currently being done. Additionally, the annual cost of about \$100,000 for the Science Advisory Panel would continue for an undetermined amount of time. She said she feels justified in voting yes because the standards are not being lowered, nothing more can be done at this point in time, and general fund monies could be used for something else, especially given that the state is \$400 million short.

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REPRESENTATIVE JOHNSON stated that California's solution to a problem with permitting is to just say no rather than working through it and allowing industry to find a solution. He does not want to be compared to California and he does not want Alaska to be a state that just says no. He wants Alaska to be a state that continues to work with industry so that maybe the state can turn off the "not open for business" sign that seems to have been placed at its borders.

[1:50:14 PM](#)

CO-CHAIR FEIGE moved to report HB 80 out of committee with individual recommendations and the accompanying [zero] fiscal notes.

REPRESENTATIVE TUCK objected.

A roll call vote was taken. Representatives Johnson, Olson, Seaton, P. Wilson, Hawker, Feige, and Saddler voted in favor of HB 80. Representatives Tarr and Tuck voted against it. Therefore, HB 80 was reported out of the House Resources Standing Committee by a vote of 7-2.

[1:51:17 PM](#)

The committee took an at-ease from 1:51 p.m. to 1:55 p.m.

HB 77-LAND DISPOSALS/EXCHANGES; WATER RIGHTS

[1:55:11 PM](#)

CO-CHAIR FEIGE announced that the next order of business is HOUSE BILL NO. 77, "An Act relating to the Alaska Land Act, including certain authorizations, contracts, leases, permits, or other disposals of state land, resources, property, or interests; relating to authorization for the use of state land by general permit; relating to exchange of state land; relating to procedures for certain administrative appeals and requests for reconsideration to the commissioner of natural resources; relating to the Alaska Water Use Act; and providing for an effective date."

[1:55:24 PM](#)

DAN SULLIVAN, Commissioner, Department of Natural Resources (DNR), introduced HB 77 on behalf of the governor by way of a

PowerPoint presentation entitled "Statewide Permitting Reform." He acknowledged that there has been a lot of focus on oil and gas and a gas line, but HB 77 illustrates that [permitting reform] is an important issue in terms of the state's future. Work has been occurring on permitting reform for the past few years, and it is an area that has received very strong bipartisan support that he hopes to continue [slide 2]. Permitting reform is also a big issue nationally that is also a bipartisan effort to modernize and gain efficiencies with permitting. He then highlighted an Economist article entitled "Over-regulated America" that concludes "America needs a smarter approach to regulation that will mitigate a real danger that regulation may crush the life out of America's economy." Furthermore, there was a Newsweek article in which former President Clinton laid out what he viewed as the top ways in which to get the economy moving, and number one was regulatory reform and [granting waivers on environmental rules] to hasten start times of construction projects. Alaska is trying to lead in the area of permitting reform, which is a multi-year process. With regard to competitiveness for the U.S., he pointed out the Behre Dolbear Group, an investment bank in Canada, performs an annual survey of mineral sector investment [slide 3]. In terms of regulatory permitting, last year the U.S. ranked last and this year tied for last with Papua New Guinea. He then pointed out that federal rules negatively impact states and result in a 7- to 10-year waiting period before mine development can begin. In other industrialized countries, the time to reach mine development is a lot less, particularly in Australia where the timeframe is three to four years. The Kensington Mine as an example of lengthy waiting periods, and might not be producing had there not been the Supreme Court decision. In contrast, construction of the 1,500-mile Alcan Highway, which has been characterized as a big moment in history, took only nine months. Places with high environmental standards, such as Alaska, can have lengthy [permitting] delays that result in investment going to places that have much less stringent standards, such as Russia [slide 4]. Commissioner Sullivan maintained the commitment to high environmental standards, but opined that permitting reform helps maintain global environmental protection because it keeps projects in locations with high environmental standards, which is important.

[2:02:28 PM](#)

COMMISSIONER SULLIVAN mentioned the strategies the department is undertaking with regard to Trans-Alaska Pipeline System (TAPS) throughput decline [slide 5] with regard to strategic and

critical minerals. Permitting reform, he emphasized, cuts across a number of different issues, including jobs, economic growth, and responsible resource development. Therefore, permitting reform is part of a broader strategy in which the department recognizes the need to enhance coordination among the state agencies [slide 6]. To that end, DNR has sought input from various communities and groups regarding ways to make the permitting system more efficient, timely, and certain. The department has also worked on trying to improve coordination between the state and federal government. Federal permitting impacts almost every project in Alaska, whether it is on state or federal land, a prime example being Point Thomson which is located on state land. The department has also tried to get in front of issues that it believes will be important to the state in order to be prepared when they arise, an example being the Shale Oil Task Force. He then related that the next couple of slides highlight the strong bipartisan legislative progress support the department has experienced. The legislative support has been in the form of statutory changes as well as budget increments [slide 7]. For example there was a significant increment to Division of Mining, Land and Water for personnel, revamping and modernizing the permitting system, which has had a positive effect. Commissioner Sullivan then directed attention to slide 8 regarding backlogged permits. Although there is a host of reasons for the backlog, having 2,600 backlogged permits is not good for jobs, economic growth, or the private sector. Therefore, with this committee and the legislature's assistance DNR has been very focused on decreasing the backlog to zero within three years. Since the beginning of fiscal year (FY) 2012, the backlog has been reduced by 38 percent for which he complimented the efforts of Mr. Goodrum and Mr. Menefee. While the backlog reduction and modernization efforts are occurring, the department continues to receive a lot of new permits. Commissioner Sullivan said he believes the backlog reduction effort is on track.

[2:08:33 PM](#)

COMMISSIONER SULLIVAN reminded the committee that last year the governor introduced House Bill 361, which the legislature passed with strong bipartisan support [slide 9]. The department realizes that there is no panacea, and therefore it has focused on statutory changes that create efficiencies. Although some of those changes are not that large, taken together there becomes a system that is more rational and brings the timeliness and certainty. Addressing the backlog is a combination of ideas, some of which have come through the ranks. The department has

also reached out to entities involved in the permitting process and system and some of the changes were the result of constituent suggestions to legislators.

[2:11:02 PM](#)

REPRESENTATIVE JOHNSON asked what constitutes a backlog.

COMMISSIONER SULLIVAN deferred to the team, but added that the department has attempted to define that.

[2:12:01 PM](#)

REPRESENTATIVE SEATON, referring to slide 6 and the Shale Oil Task Force, requested an update on the progress the agency is making [in terms of anticipating and planning for permitting the next phases of resource development].

COMMISSIONER SULLIVAN agreed to provide such an update.

[2:12:47 PM](#)

CO-CHAIR FEIGE passed the gavel to Co-Chair Saddler.

[2:13:03 PM](#)

REPRESENTATIVE TUCK inquired whether the same standard is used year-to-year.

COMMISSIONER SULLIVAN believed so, but deferred to Mr. Goodrum.

REPRESENTATIVE TUCK commented that it looks like the division has gotten off to a really good start by addressing over 1,000 of the backlogged permits. He imagined that it would only continue to get better.

[2:13:48 PM](#)

CO-CHAIR SADDLER inquired as to the anecdotal comments regarding Alaska's permitting regime that Commissioner Sullivan has heard during his travels advocating Alaska as a resource state.

COMMISSIONER SULLIVAN responded that often there are positive comments, particularly with regard to the North Slope as having a great resource potential and a basin that has potential with various types of oil fields. There are also comments with regard to costs, which relate to tax issues, competitiveness,

remoteness, and permitting and litigation delays. A lot of focus has been on Shell's drilling problems; however, from DNR's perspective there have been real problems with the federal government delaying permitting for the drilling of exploration wells in that area of Alaska. Broadly, there is a sense that there is a lot of delay in Alaska, which is why the department wants to address [permitting reform].

CO-CHAIR SADDLER noted the House just passed HR 5, which calls the federal government to coordinate with the state and state agencies as they consider Outer Continental Shelf (OCS) work.

[2:16:42 PM](#)

REPRESENTATIVE TARR, referring to the slides specifying the operating budget increases, directed attention to the FY12 appropriation for approximately \$2.7 million in operating funds to the Division of Mining, Land and Water to create efficiency, timeliness, and certainty in the permitting process and in FY13 an additional \$950,000 to cover increased personnel costs and fill vacant positions focused on permitting. She then recalled that in the mid 1990s the legislature went through \$250 million worth of budget cutting that is cuts of \$50 million from the budget each year. The aforementioned was largely accomplished by eliminating staff of some of the departments. Some at the time felt those cuts were penny wise and pound foolish because it would limit DNR's and DEC's ability in terms of being efficient with the permitting process. Therefore, she questioned whether the legislature now has to make up for those budget cuts. She further questioned how the legislature can do a better job to achieve a stable level of funding.

COMMISSIONER SULLIVAN said he does not have the historical context to comment on the past. However, some of the backlog and permitting efficiency issues are related to personnel issues and some are related to modernizing the systems and making them more efficient. Therefore, it was a combination of things and the current desire is to continue to address permitting reform.

[2:19:21 PM](#)

REPRESENTATIVE TARR acknowledged the bill has a zero fiscal note and asked whether the legislature will entertain any operating budget increases for additional permitting staff.

COMMISSIONER SULLIVAN believed the answer is no, but offered to get back to the committee on that.

2:20:01 PM

REPRESENTATIVE HAWKER clarified that budget cuts in the mid-1990s were not so much a budget reduction as the creation of off-budget accounting so that they were treated as (indisc.) receipt supported services. He further clarified that it was more of a matter of changing it from general fund appropriations to other categories of appropriations.

2:21:37 PM

BRENT GOODRUM, Director, Division of Mining, Land and Water (DMLW), Department of Natural Resources (DNR), in response to Representative Johnson's earlier question, explained what constitutes the "backlog" are those [permit] applications that are deemed complete and considered an authorization that need to be adjudicated that are at the point of issuance, whether it be approved or denied. In further response to Representative Tuck's earlier question, Mr. Goodrum confirmed that the division is considering "apples to apples" in the chart [on slide 8]. As the Unified Permit Project continues, he opined that there will be far greater granularity and transparency into the system. Therefore, the division will be able to talk in different metrics and specify the amount of time that it takes an authorization at a specific time of year and determine when it will be adjudicated and communicate that with the applicant. The system the division is moving to with the Unified Permit Projects will provide greater visibility into the division's process. In response to Co-Chair Saddler, Mr. Goodrum confirmed that he is using the term "granularity" to mean precision and detail.

2:23:49 PM

REPRESENTATIVE JOHNSON remarked he believes DNR is doing a good job, but said he wants to get a benchmark for the backlog to ensure that not just the easy permits are being addressed.

MR. GOODRUM agreed that not all permits are equal as some have greater significance to the state and various industries, which is weighted when the application is considered. The division works to expedite those projects of great significance and is not just addressing the easy permits.

2:25:22 PM

REPRESENTATIVE TUCK commented that it would be nice to know how many new permits were applied for in 2012, particularly since it does not seem that the division will ever reach zero permits. He then expressed interest in having data that specifies the number of years a permit application has been in the system before being closed.

[2:26:08 PM](#)

MR. GOODRUM, responding to Co-Chair Saddler, informed the committee that he served 20 years of active duty service as a marine infantry officer/reconnaissance officer. During that time, he pursued a post graduate education and earned a Masters in operations research, which is about how to look at systems of systems and improve efficiencies, and his work in this area for the U.S. Marine Corps is what brought him to Alaska. He told the committee that Mr. Menefee has been a public servant of the state with DNR for over 20 years, and that as the chief operations officer Mr. Menefee has a broad knowledge of the statutes that impact many of the authorizations.

[2:27:13 PM](#)

WYN MENEFEЕ, Chief of Operations, Division of Mining, Land and Water (DMLW), Department of Natural Resources (DNR), informed the committee that he began his career as a park ranger and worked his way up through the department. He said he has been in his current position about eight years. He then directed the committee's attention to the briefing document entitled "HB 77: Land Disposals/Exchanges; Water Rights Briefing Paper" dated January 30, 2013. He explained the division already has the authority to perform general permits, but there is no explicit statutory language that specifies general permitting is allowed. Because the division will be doing more general permits, HB 77 will explicitly clarify in statute that the division can perform general permits. Currently, there is an application for state land use, the division then puts it out for public notice, and then makes a decision whether it is appropriate or not. With a general permit, there is the knowledge that there will be a certain amount of applications for a certain activity and the division prescribes the parameters in which those applications should fit in order to obtain a permit. The notion is that the aforementioned will reduce costs and time for the applicant because, after a full public notice and review is completed of setting up a general permit, the subsequent authorizations from the general permit do not go through the full decision and public notice process.

[2:29:57 PM](#)

REPRESENTATIVE SEATON inquired how to constrain a general permit so that it will be most applicable to particular regions or land types.

MR. MENEFFEE responded there has to be the ability to define the [parameters] and most often, general permits will be specific to a region/area or activity. However, there may be some general permits for which the parameters can be defined well enough to apply statewide. For example, the division has a general permit for non-timber forest product sales, which is the result of a full-blown process regarding how the harvest has to occur, including quantities and harvest methodologies, and those statewide general permits can be applied for and purchased online. An example of a regional general permit is the boat storage in Cook Inlet that went through a process that resulted in specific parameters that if met by the applicant results in the awarding of a permit.

[2:32:18 PM](#)

REPRESENTATIVE SEATON, referring to the inability of the legislature to implement statutes of statewide applicability, asked whether there are any identified legal problems with passing the authority for those general permits that could be restricted and not be statewide.

MR. MENEFFEE said the Department of Law is available to answer any specific legal questions. He reiterated that the division already has this authority; it is just not explicitly stated for general permits. In the past, the division has issued statewide and regional general permits that were vetted by the Department of Law and accomplished without any legal ramifications.

[2:33:32 PM](#)

CO-CHAIR FEIGE asked whether there are precedents for this type of general permit in other agencies besides state agencies.

MR. MENEFFEE replied yes, and cited the U.S. Army Corps of Engineers nationwide general permits. Other federal agencies process general permits for various authorizations under regulatory schemes, and the Department of Environmental Conservation (DEC) issues general permits. General permits are

also used in Western states as a way to help get more done while doing so in an effective manner.

[2:34:30 PM](#)

REPRESENTATIVE TARR remarked that the non-timber forest product sales and boats [general permits] seem noncontroversial. She asked what other types of activities, including resource development activities, would fall under a general permit.

MR. MENEFEЕ said that general permits could be used for commercial filming on state land, personal use cabin permits, float home renewals, commercial recreation permits, and installation of heat pumps for renewable energy. In further response, Mr. Menefee confirmed that general permits could be used for resource extraction activities. Although there is no prohibition for using a general permit for resource extraction, the challenge is accurately prescribing the parameters of the activity in which the operator has to fit such that it is common to whoever applies. He noted that the public has the opportunity to participate and appeal a decision prior to issuing a general permit.

[2:36:21 PM](#)

REPRESENTATIVE SEATON asked then whether is it possible to statutorily give the division authority to establish best practices for mines. He posed a scenario in which there is an open pit mine in the state for which the division establishes six criteria. In such a case, would the DNR permit already be granted under a general permit for a mine that says it will follow those criteria, he asked.

MR. MENEFEЕ opined that it would be very difficult to cover everything that would be necessary. He pointed out that the suggestions he put forth are very limited in scope, which is how general permits can work. Regarding resource extraction, there may be a certain aspect [that would fit into a general permit]. However, it is hard to envision that a general permit could be developed to encompass everything necessary for a large mine. Mr. Menefee said he does not believe that is the intention with the general permit. Again, this authority already exists under AS 38.05.0202(a)(1) and HB 77 merely specifies [the action] as a general permit in order to clarify to the public that this authority exists.

[2:38:26 PM](#)

REPRESENTATIVE TUCK questioned what a general permit is currently titled.

MR. MENEFEE clarified that currently there are general permits, but they are not referred to that in statute. He offered to read the committee the statute from which the division believes it has the authority to issue general permits. Most of the challenges against the division are related to procedure, and therefore the division can eliminate a legal risk if it can provide absolute clarity that general permits are allowed. The aforementioned is what is targeted with HB 77.

REPRESENTATIVE TUCK stated that it would be helpful for Mr. Menefee to point out, when he reaches that section in HB 77, where the language specifying general permits is being added in statute.

[2:39:52 PM](#)

MR. MENEFEE, moving on to point 2 of the briefing paper, explained that currently DMLW has the authority to exchange lands. That authority is specified in Titles 29 and 38. When DMLW does exchanges for state land, they are disposals of interest. Currently, Title 38 land exchange language makes it difficult to fulfill all the requirements in statute to perform a land exchange. As municipal entitlements are completed, there will be more complicated land exchanges. There is a mixed ownership pattern, and therefore development projects or municipalities may need to consolidate land or exchange land. Under the proposed change in HB 77, Title 38 exchange statutes would be modified such that the exchange would go through a normal AS 38.05.035(e) decision process, which is a disposal of interest decision process. The process utilizes public and agency review and a formal decision that is in the state's best interest is being made. The aforementioned is already utilized for many disposals of state land and DMLW does not view exchanges of state land as any different. Therefore, the division wants to ensure that it can perform its duties efficiently and the same way that other decisions are made. However, currently there is a higher burden on the exchanges that make it difficult to complete; for example, the False Creek land exchange took 25 years to complete. The change proposed in HB 77 would reduce the time and cost to the applicant.

[2:42:30 PM](#)

REPRESENTATIVE TUCK inquired as to why the False Creek land exchange took so long to complete and whether that would be fixed by HB 77.

MR. MENEFEE explained that in general there was a situation in which appraisals were performed, but they would become stale due to the requirements of the process. Therefore, a re-appraisal and further negotiations would occur, which took more time. The idea came from his discussions with the land exchange staff, which revealed that very few exchanges have occurred since enactment of the [existing] statute. The suggestion was that performing land exchanges with a disposal of interest decision would speed the process.

[2:43:59 PM](#)

MR. MENEFEE, returning to his briefing paper, related that point 3 addresses reducing the risk of litigation, which could have some adverse ramifications. Currently, part of the statute addresses the types of payments, all upfront or over time per a contract, that can be utilized with land sales. Existing law only speaks to land sold by auction, although land is sold in situations other than by auction. The desire for all land sales is to be able to enter into a contract to pay over time. If there was a challenge and the challenger prevailed, there would be the risk of losing millions of dollars in land sales each year. Therefore, the division wants to be able to continue the practice of entering into contracts that allow payment over time and the individual eventually obtains their patent.

[2:45:28 PM](#)

REPRESENTATIVE HAWKER, referring to Section 7 of HB 77, asked why "or property" is being added when the overarching section, Title 2, is the sale of land.

MR. MENEFEE responded that a development on the land - for example, a house - is an issue that sometimes occurs. Therefore, the development has to be sold as well as the land.

[2:46:31 PM](#)

REPRESENTATIVE HAWKER related his understanding that DMLW has a practice of accepting full payment at closing. In a bid situation, the division would take a 5 percent deposit and accept cash at closing or offering term payments. The idea, he surmised, is to make it very clear that term payments may be

made in all instances in which the division disposes of land or property.

MR. MENELEE confirmed that to be correct.

[2:47:02 PM](#)

REPRESENTATIVE HAWKER asked whether the mandate language of "shall" potentially prohibits the division from offering cash at closing payments. He suggested consideration of changing the language to read as follows: "the remainder of the purchase price to be paid at the time of closing or in monthly"

MR. MENELEE deferred to the Department of Law (DOL), although he said he believes the division still has the ability to put all the money down right away.

[2:49:45 PM](#)

ASHLEY BROWN, Assistant Attorney General, Oil, Gas & Mining Section, Natural Resources Section, Department of Law, said she would get back to the committee with an answer.

[2:50:09 PM](#)

REPRESENTATIVE TARR, referring to [Section 22, page 15, line 11], pointed out that the reference to "the mineral estate" does not appear to have been in the previous statute that is being eliminated with these changes. She requested Mr. Menefee to speak to that.

MR. MENELEE explained that in cases where someone owns both the surface and mineral estate and is willing to give it to the state, the value of it would have to be determined in order to achieve an exchange.

[2:51:25 PM](#)

REPRESENTATIVE TUCK inquired as to whether the state could exchange mineral rights away.

MR. MENELEE answered that although it is unlikely, technically the state could do so. In further response, he said the state would always like to maintain the opportunity for people to stake mining claims, particularly where it will have no adverse effect. Typically, the state aggressively tries to protect that

right because it is the dominant estate. Still, there may be some situation where it may be advantageous to do so.

[2:52:56 PM](#)

REPRESENTATIVE TARR related her understanding that the state owns the mineral rights/subsurface rights. Therefore, she questioned who as a private landholder, save the Alaska Native corporations, would be a private landholder who holds their mineral rights.

MR. MENEFEЕ responded that there are quite a few individuals who do own their own mineral rights, but he could not name them. He specified that private individuals do hold mineral estates to their properties, which often are from the federal government. For instance, someone could have staked a federal mining claim and that individual could apply and obtain a federal patent to that mineral claim as the individual owns the mineral estate.

[2:53:52 PM](#)

MR. MENEFEЕ, returning to his briefing paper, directed attention to point 4, which proposes extending a lease for up to two years in two specific instances. Per statute, a long-term lessee allows a preference right to purchase the land, which merely means that there is an option to sell the land to the long-term lessee. The aforementioned can be applied for up to the end of their lease. Therefore, at the end of a lease, the state could face having to authorize structures that are already improved for the period while the state decides whether to sell it or not. The division wants a two-year window in which to perform that activity, adjudication, or decision. There are also situations in which a lessee finds the need to expand their business. If the lessee has substantially changed what they are doing, [DMLW] has to review it. The aforementioned two-year extension would keep the business legal with a lease while the division adjudicates the request.

[2:55:59 PM](#)

CO-CHAIR SADDLER inquired as to what a preference right is.

MR. MENEFEЕ explained that a preference right means that without having to go to competition, the lessee can apply for something. Normally, disposal of state land is done competitively. However, in a case in which a lessee has a long-term lease, the lessee could apply for a preference right under AS 38.05.102.

Although the statute does not specify the lessee will obtain it, it allows for the lessee to request it noncompetitively and the [division] can adjudicate whether it is in the state's best interest to sell that land to the lessee.

[2:57:09 PM](#)

CO-CHAIR FEIGE surmised that being able to grant that preference right could be considered an incentive for making investments and to further the settlement of the land.

MR. MENEFEЕ replied yes, adding that for long-term leases the division does not dictate how much the lessee invests. Still, it could be considered an incentive because the lessee would not lose their investment since they would have the option to purchase it.

[2:57:41 PM](#)

REPRESENTATIVE SEATON clarified his understanding that the proposed extension in point 4 is only for leases not permits.

MR. MENEFEЕ confirmed that to be the case.

[2:57:57 PM](#)

REPRESENTATIVE TUCK asked whether there is a definition for long-term lease.

MR. MENEFEЕ offered to get that information to the committee.

[2:58:12 PM](#)

REPRESENTATIVE TUCK surmised that the two-year window is not just for a preference right for the lessee to purchase the land, but also to extend the lease.

MR. MENEFEЕ posed a scenario in which there is a 40-year lease and explained that to extend the lease [DMLW] must still go through a decision process. However, last year the legislature approved a renewal statute that allowed one-time, noncompetitive, equal-term extensions. In this case, if the lessee is in good standing, the lessee could obtain another 40-year lease. Although the aforementioned change encouraged more development, it did not take into account whether the lessee had substantially changed their operations. A substantial change in operations would result in the need for DMLW to perform a new

and full adjudication of that lease. Meanwhile, there would be unauthorized development on the land. In further response, Mr. Menefee confirmed that once an individual has a lease and has made investments in the land, it makes sense to continue it.

[3:00:14 PM](#)

REPRESENTATIVE P. WILSON asked whether point 3 would apply to waterfront leases as well.

MR. MENEFEE said yes, specifying that they are referred to as upland leases and tideland leases.
[HB 77 was held over.]

[3:00:55 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:01 p.m.