

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

February 19, 2014

1:32 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 Scott Kawasaki  
Representative Geran Tarr

**MEMBERS ABSENT**

All members present

**OTHER LEGISLATORS PRESENT**

Representative Andrew Josephson

**COMMITTEE CALENDAR**

HOUSE BILL NO. 135

"An Act relating to the reservation of certain mining claims from all uses incompatible with the purposes for establishing the Petersville Recreational Mining Area."

- MOVED HB 135 OUT OF COMMITTEE

HOUSE BILL NO. 161

"An Act relating to auctions or raffles for big game harvest permits and to the selection of nonprofit organizations to conduct auctions and raffles for the Department of Fish and Game."

- HEARD & HELD

HOUSE JOINT RESOLUTION NO. 26

Urging the United States Congress to provide a means for consistently and equitably sharing with all oil and gas producing states adjacent to federal outer continental shelf areas a portion of revenue generated from oil and gas

development on the outer continental shelf to ensure that those states develop necessary infrastructure to support outer continental shelf development and preserve environmental integrity.

- MOVED HJR 26 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 135

SHORT TITLE: PETERSVILLE RECREATIONAL MINING AREA

SPONSOR(S): REPRESENTATIVE(S) KELLER

02/22/13	(H)	READ THE FIRST TIME - REFERRALS
02/22/13	(H)	RES
02/19/14	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 161

SHORT TITLE: AUCTIONS FOR BIG GAME HARVEST PERMITS

SPONSOR(S): REPRESENTATIVE(S) GATTIS

03/11/13	(H)	READ THE FIRST TIME - REFERRALS
03/11/13	(H)	RES
04/10/13	(H)	RES AT 1:00 PM BARNES 124
04/10/13	(H)	Heard & Held
04/10/13	(H)	MINUTE(RES)
02/19/14	(H)	RES AT 1:00 PM BARNES 124

BILL: HJR 26

SHORT TITLE: OFFSHORE OIL & GAS REVENUE SHARING

SPONSOR(S): REPRESENTATIVE(S) SADDLER

02/17/14	(H)	READ THE FIRST TIME - REFERRALS
02/17/14	(H)	RES
02/19/14	(H)	RES AT 1:00 PM BARNES 124

**WITNESS REGISTER**

JIM POUND, Staff  
Representative Wes Keller  
Juneau, Alaska

**POSITION STATEMENT:** Testified on behalf of the prime sponsor of HB 135, Representative Wes Keller.

BRENT GOODRUM, Director  
Central Office  
Division of Mining, Land and Water

Department of Natural Resources (DNR)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the discussion of  
HB 135.

MICHELE STEVENS  
Petersville, Alaska

**POSITION STATEMENT:** Testified during the discussion of HB 135.

JULES TILESTON  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in favor of HB 135.

REPRESENTATIVE LYNN GATTIS  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Testified as prime sponsor of HB 161.

WAYNE E. HEIMER  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 161.

REID HARRIS, Staff  
Representative Lynn Gattis  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Testified on behalf of the prime sponsor of  
HB 161, Representative Lynn Gattis.

DOUG VINCENT-LANG, Director  
Division of Wildlife Conservation  
Alaska Department of Fish & Game  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the discussion of  
HB 161.

KAREN GORDON  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 161.

DAVE CAMPBELL, Donations Chairman  
Southcentral Alaska Chapter  
Ruffed Grouse Society  
Eagle River, Alaska

**POSITION STATEMENT:** Testified in support of HB 161.

GARY STEVENS

Chugiak, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 161.

MIKE CRAWFORD, Regional Representative

Safari Club International (SCI)

Soldotna, Alaska

**POSITION STATEMENT:** Testified in support of HB 161.

HELEN NETSCHERT, President

Alaska Kenai Peninsula Chapter

Safari Club International

Soldotna, Alaska

**POSITION STATEMENT:** Testified in support of HB 161.

EDDIE GRASSER, Chairman

Legislative Outdoor Heritage Caucus Advisory Council

Palmer, Alaska

**POSITION STATEMENT:** Testified in support of HB 161.

DON QUARBERG

Delta Junction, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 161, Version Y, as currently written.

CHARLOTTE BROWER, Mayor

North Slope Borough (NSB)

Barrow, Alaska

**POSITION STATEMENT:** Testified in support of HJR 26.

SARAH ERKMANN, External Affairs Manager

Alaska Oil and Gas Association (AOGA)

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HJR 26.

ADRIAN HERRERA, Washington D.C. Coordinator

Arctic Power

Washington, D.C.

**POSITION STATEMENT:** Testified in support of HJR 26.

#### **ACTION NARRATIVE**

[1:32:21 PM](#)

**CO-CHAIR DAN SADDLER** called the House Resources Standing Committee meeting to order at 1:32 p.m. Representatives Seaton, Kawasaki, Johnson, and P. Wilson, Feige, and Saddler were present at the call to order. Representatives Hawker, Olson,

and Tarr arrived as the meeting was in progress. Representative Josephson was also present.

**HB 135-PETERSVILLE RECREATIONAL MINING AREA**

[1:32:46 PM](#)

CO-CHAIR SADDLER announced that the first order of business would be HOUSE BILL NO. 135, "An Act relating to the reservation of certain mining claims from all uses incompatible with the purposes for establishing the Petersville Recreational Mining Area."

[1:32:56 PM](#)

JIM POUND, Staff, Representative Wes Keller, on behalf of prime sponsor of HB 135, stated that HB 135 will allow the state to fulfill an agreement it made back in the 1990s with a potential business owner. This bill would allow the state to obtain about 200 acres of federal land it has previously selected and determine the land use as most likely recreational mining. He said this area [in the Petersville Recreational Mining Area] is currently being "somewhat" managed by the stakeholder who has long ago developed historic sites, buildings, and equipment from mining. This bill could help the [Petersville Recreational Mining Area] become the home of a mining museum and create opportunities for locals and tourists to try gold panning without worrying about being on someone else's claim. He asked members for their support for HB 135.

[1:34:32 PM](#)

REPRESENTATIVE SEATON understood that if HB 135 passes it would then be up to the Department of Natural Resources (DNR) to determine the allowable land uses. He asked for further clarification since he interprets the bill to mean it would reserve the land from all uses incompatible with the recreational mining district.

BRENT GOODRUM, Director, Central Office, Division of Mining, Land and Water, Department of Natural Resources (DNR), stated that HB 135 would remove a parcel of land from the southern portion of the Petersville Recreational Mining Area. He explained that House Bill 46 passed the legislature in May 1997 and was signed into law creating a recreational mining area in Petersville in the upper Susitna Valley. He described the northern Petersville Recreational Mining Area, which consists of

approximately 280 acres and is currently open and active under state ownership; however, the southern portion of the aforementioned mining area consists of approximately 220 acres of state-selected land that is still under federal ownership. This bill would seek to specifically remove the southern portion from the Petersville Recreational Mining Area.

[1:36:05 PM](#)

REPRESENTATIVE SEATON referred to [page 1, line 5, subsection (f),] which read, "The vacant and unappropriated state-owned land and water and the state land and water acquired in the future that lie within the following described mining claims described in United States Mineral Survey No. 2384 are reserved from all uses incompatible with the purposes of this section and are assigned to the department for control and management [as the Petersville Recreational Mining Area:....]" He said the title reads, "An Act relating to the reservation of certain mining claims from all uses incompatible with the purposes for establishing the Petersville Recreational Mining Area." He asked for further clarification on the bill.

MR. GOODRUM responded that this language relates to the creation of the Petersville Recreational Mining Area but the aspect he will focus on would remove sections of land from the mining area that comprises the southern portion of the Petersville Recreational Mining Area.

REPRESENTATIVE SEATON said he understood and thanked Mr. Goodrum for the clarification.

[1:37:43 PM](#)

CO-CHAIR SADDLER noted the committee is working on Version A [the original version] of HB 135.

CO-CHAIR SADDLER opened public testimony on HB 135.

[1:38:39 PM](#)

MICHELE STEVENS stated she was a lifelong Alaskan. She summarized her written testimony [in members' packets]. In the 1990s she gifted about 500 acres of state mining claims to the state with the hope that she would be able to operate a recreational mining operation on the site. At the time, it was illegal to conduct any recreational mining on mining claims. Although House Bill 46 was initiated and passed the legislature,

the Department of Natural Resources (DNR), Division of Mining, Land and Water was not able to move forward with the agreement. Thus, HB 135 would remove the parcel in order to allow the mining claims to revert back to her in hopes that she will be able to proceed forward with a new mechanism - a mining lease from the State of Alaska that would allow her to [conduct recreational mining activities]. Same questions arose in 2012 on whether the land would revert back to her, which was remedied by placing amendments on the Peters Creek's claims. She related her understanding that if HB 135 passes the land will revert back to her and that she will be able to move forward with the aforementioned state's agreement in a different manner.

[1:41:08 PM](#)

CO-CHAIR SADDLER related his understanding that this bill would mean all parties could fulfill the intent of the previous agreement made [in the 1990s]. Thus, this bill would clear the path forward to reach the original intent, he said.

MS. STEVENS answered yes. She said this bill would put her on a different path. She remarked that Steve Hirshbah has "blazed" some trails by working with the DNR on land leases. She anticipated that under the bill she would be able to move forward with the state [on the aforementioned agreement].

[1:42:05 PM](#)

REPRESENTATIVE P. WILSON asked for further clarification on the zero fiscal note. She wondered whether the state would need to spend money or if Ms. Stevens is requesting any additional funding.

MS. STEVENS answered that the State of Alaska would not be putting any money into the process. Instead, she thought that the state would likely gain revenue by allowing her to operate her business.

[1:42:39 PM](#)

CO-CHAIR SADDLER asked her to outline her hopes and intentions for recreational mining activity in the Petersville area.

MS. STEVENS responded that her buildings were built in 1996. Additionally, she has obtained a Marion shovel that was used to build the Panama Canal and used on the Alaska Railroad as well as for mining in the Petersville area. She would like to

consider opening a museum to showcase mining relics such as the shovel and to open the creek area for gold panning and picnics.

[1:43:33 PM](#)

JULES TILESTON, speaking as a private citizen, noted that he previously served as the director of the Division of Mining and Water Management 21 years ago when this situation initially began. He stated he has submitted written testimony to the committee. He said he strongly supports the bill as written.

[1:44:04 PM](#)

REPRESENTATIVE TARR surmised the proposed Petersville Recreational Mining Area operation would be similar to the operation at Crow Creek mine.

MR. TILSTON confirmed this; however, she noted that the difference between Petersville area and Crow Creek is that the Crow Creek mine is on private land completely owned by the Crow Creek group as allowable under the federal mining laws whereas the Petersville mining claim would be managed under the final jurisdiction by the state's DNR.

[1:44:48 PM](#)

CO-CHAIR SADDLER, after first determining no one else wished to testify, closed public testimony on HB 135.

[1:45:09 PM](#)

REPRESENTATIVE JOHNSON asked whether this area is accessible by road.

MR. GOODRUM confirmed a road lies in close proximity to the southern portion of the Petersville Recreational Mining Area.

REPRESENTATIVE JOHNSON asked for a more definitive definition of "close proximity."

MR. GOODRUM directed attention to a map in committee members' packets that shows a faint line for the road. He offered to provide more precise information on the road.

REPRESENTATIVE JOHNSON wondered what type of business opportunity and clientele would be served, for example, if the

mining would be geared for tourists or if one person seeks to generate mining revenue.

MR. GOODRUM replied that the division would work with the applicant on a business plan. Currently, the land is still considered federal land and the state needs to complete the conveyance process. He anticipated the division would then work on a business plan with the potential applicant to determine how the rules would be applied. He characterized this as being an important first step to "untangle" this complicated situation. He offered his belief that this information would be forthcoming.

[1:47:02 PM](#)

REPRESENTATIVE KAWASAKI referred to a memo in members' packets from the [Division of Legal and Research Services], Legal Services [dated January 29, 2013] from Donald M. Bullock, Jr. who raised the question on the reason mining claims were excluded from this bill.

MR. GOODRUM answered that the entire Petersville mining area was at one point state-selected land with previous federal mining claims located there. A mineral survey was conducted in 1984 that prevented the state from taking ownership of the selected land. The aforementioned federal mining claims were abandoned prior to the land being patented. Therefore the state's selection still "hovered" over the top and the state has the ability to bring the land into ownership. During the mineral survey that land was surveyed and the easiest way to reference back and identify this area is to reference the 1984 surveys. This is how the Petersville Recreational Mining Area was created, he said, since it leveraged existing surveys in place.

REPRESENTATIVE KAWASAKI inquired whether any current federal claims exist on that land.

MR. GOODRUM answered that to his knowledge there are not any active federal claims that in the [Petersville Recreational Mining Area].

REPRESENTATIVE KAWASAKI asked whether recreational use is the best use of the lands or if other uses exist.

MR. GOODRUM replied that the aforementioned land use question is several steps down the road. He said the state determines the best use of the land and the division will work with the

potential applicant on the appropriate type of activities allowable on the land. He said, "I think that those decisions are still in front of us, but it's clearly paved the way for the state to follow through on what had been originally conceived as far as what could be done with this area."

[1:49:58 PM](#)

REPRESENTATIVE P. WILSON moved to report HB 135 out of committee with individual recommendations and the accompanying fiscal note. There being no objection, HB 135 was reported from the House Resources Standing Committee.

The committee took an at-ease from 1:50 p.m. to 1:52 p.m.

#### **HB 161-AUCTIONS FOR BIG GAME HARVEST PERMITS**

[1:52:27 PM](#)

CO-CHAIR SADDLER announced that the next order of business would be HOUSE BILL NO. 161, "An Act relating to auctions or raffles for big game harvest permits and to the selection of nonprofit organizations to conduct auctions and raffles for the Department of Fish and Game."

[1:52:51 PM](#)

REPRESENTATIVE LYNN GATTIS, Alaska State Legislature, stated the committee held a hearing last year on HB 161 and she has subsequently worked on the bill with the Alaska Department of Fish & Game (ADF&G) as well as several sporting groups to create the work draft in members' packets.

[1:53:43 PM](#)

REPRESENTATIVE SEATON moved to adopt the proposed committee substitute (CS) for HB 161, Version Y, labeled 28-LS0530\Y, Bullard, 2/17/14 as the working document.

REPRESENTATIVE KAWASAKI objected for discussion purposes.

[1:53:53 PM](#)

REPRESENTATIVE GATTIS stated that the ADF&G operates several programs that allow big game permits to be donated to nonprofit sporting groups to support state wildlife management. Three separate auction programs are authorized in statute, including

the Delta Bison, Etolin Elk and Big Game programs. The current statutory framework governing the two most prominent programs has become outdated - Delta Bison and Big Game - and therefore many groups are ambivalent about participating in these programs.

REPRESENTATIVE GATTIS explained HB 161 [Version Y] would expand the previously mentioned program's scope by allowing additional permits to be issued for more species and increase the current statutory limit of 19 permits to 42 permits. The bill would further invigorate the program by giving the designated nonprofit organizations a greater share of the proceeds from the auction of the permit[s].

REPRESENTATIVE GATTIS indicated the reason for this is that not enough folks wanted to participate in the permit fundraising effort [when the organization could only retain [10] percent of the net profits]. By increasing the nonprofit's share to [30] percent, the program could attract more interest and the permit raffle or auction should be more attractive to organizations.

REPRESENTATIVE GATTIS highlighted changes in the guidelines that allow the department to auction off permits [in Section 1]. This language would allow the ADF&G to limit the donations to nonprofit organizations that are established to promote education in outdoor traditions and conservation and wildlife protection programs in partnership with the department.

[1:55:55 PM](#)

REPRESENTATIVE GATTIS noted that two types of permits can be issued under the bill. She explained that permits under Section 1 allow 100 percent of the proceeds from the auction to be retained by the sporting group operating the auction. Permits under Section 2 of the bill would allocate 30 percent of the proceeds to qualified sporting group organizations while 70 percent will be retained by the department and deposited in the fish and game fund.

REPRESENTATIVE GATTIS reported the sale of these specific game permits brought in \$460,000 in revenue from 2009 to 2013. She reiterated that this money is deposited in the fish and game fund and has been used to directly benefit purchasers of general hunting, fishing and trapping licenses.

REPRESENTATIVE GATTIS said the "North American Model of Wildlife Conservation" has been removed from HB 161. This language brought some confusion that was never intended, she said.

[1:56:31 PM](#)

CO-CHAIR SADDLER opened public testimony on HB 161.

[1:56:53 PM](#)

WAYNE E. HEIMER provided background on the permit auction system. He said this system has always existed in western states, in which governors would give hunting and fishing permits away as a form of political patronage. In fact, until the 1960s Alaska's permit system was very much like this, but was withdrawn by the legislature after Governor Egan issued a governor's permit for the taking of Dall sheep in the Brooks Range by the nephew of the Shah of Iran. He related his understanding the Shah was really was there to steal peregrine falcons, which were considered an endangered species. The idea to use these permits for conservation purposes arose in Wyoming during the time that he was the Dall sheep research biologist for the Alaska Department of Fish & Game. He offered his belief that he was the first person to advocate using permits to raise conservation money although the department was not interested in the program. Thus, he shifted the program idea to the Foundation for North American Wild Sheep, now known as the Wild Sheep Foundation. The Alaska Chapter of the Wild Sheep Foundation later worked with Senator Con Bunde on the enabling legislation that allows permit auctions to take place in Alaska.

MR. HEIMER related his background, such that he spent over 15 years with the Foundation for North American Wild Sheep and Wild Sheep Foundation, having served three terms on the board, as well as having served as the Alaska Chapter president. These organizations generate "big dollars" for permits, in particular, for Dall sheep. In fact, he previously worked to advertise and sell Dall sheep permits in the market when the permits weren't as attractive as they are now.

[1:59:16 PM](#)

MR. HEIMER said he is opposed to HB 161 because the premises are highly questionable. The idea that the permit system is a "Golden Goose" from which one can repeatedly squeeze eggs is false. The auction prices for these permits can vary much as 100 percent. "Sometimes they attract significant dollars but

sometimes they don't," he said. These buyers typically state that they want to give back to the resource that they enjoy and he acknowledged that benefit. He noted these hunters are also looking for an unusual animal although they will not pay more than the other bidders are willing to pay. He characterized this market as a "volatile" market and he questioned the assumption that one could simply make more permits available and maintain the high price for permits.

MR. HEIMER also questioned the rationale or ethos behind HB 161. He stated his preference to have amateur non-governmental organizations (NGOs) but not industrial ones auctioning the hunt permits such as the Wild Sheep Foundation. He questioned capitalizing the NGOs over the manager. He said that having one permit go specifically to an NGO for education seems to presume that this action will be more beneficial in the long run than capitalizing the managers who produce the benefits from the resource under Alaska's Constitution and state statutes.

MR. HEIMER said non-governmental organizations (NGOs) often confuse themselves with the [governmental] managers, which they are not. In fact, the NGOs exist to support and assist the managers. The aforementioned reasons lead to him to question the premise of HB 161. Further, someone will need to market these permits, which will entail substantial work. Although an organization might earn 30 percent of the proceeds, but again, he wondered whether 30 percent of the proceeds could be better spent by the agency providing benefits or if it would just be used to pay the NGO's overhead costs. In response to a question, he answered that he had previously submitted written comments last April but has not recently done so.

[2:02:21 PM](#)

REPRESENTATIVE SEATON asked whether his main objection to HB 161 has been that expanding the number of permits will deflate the value in a pretty small market.

MR. HEIMER replied that is a major concern of his since the buyers at auction really tend to appreciate the appearance of exclusivity of the permits.

[2:03:05 PM](#)

REPRESENTATIVE P. WILSON understood the concern that the NGOs or organizations really end up paying [administrative costs] for

the managers and the proceeds are not used for the NGOs' goals and activities to enhance wildlife.

MR. HEIMER related a scenario in which a permit brought in \$100,000, with 30 percent being spent to market the NGO. The state would need to assume the NGO will produce more benefits with the \$30,000 than the [state's] managers would produce with the same funds. He offered his belief it is likely that the NGOs will spend it on overhead.

2:04:27 PM

REPRESENTATIVE SEATON referred to page 2, lines 13-14 of Version Y. He understood 30 percent of the net proceeds from the permit auction would be retained by the organization, noting the costs of marketing, advertising, and holding the auction would be deducted first.

MR. HEIMER remarked that this troubles him even more.

REPRESENTATIVE GATTIS said anyone who has organized fundraisers knows the costs and efforts involved in doing so. She explained that this bill seeks to make it worthwhile for fundraisers to fundraise. She characterized the situation as a "win-win" situation when the fundraising organization can raise more money for the organization and the state through the auction process. The bill would allow the state to obtain 70 percent of the proceeds with 30 percent retained by the NGOs. She stated that the current level of allowing 10 net proceeds be retained by NGOs has resulted in people simply not willing to raise the funds.

2:06:19 PM

REPRESENTATIVE JOHNSON asked whether the bill relates to one permit out of several permits in an area. He further asked whether the auctioned permit is a guaranteed permit rather than an opportunity to participate in a drawing permit hunt.

REPRESENTATIVE GATTIS agreed it was a guaranteed permit.

REPRESENTATIVE JOHNSON asked how much the state typically receives for other permits in the hunt area.

REID HARRIS, Staff, Representative Lynn Gattis, Alaska State Legislature, on behalf of Representative Lynn Gattis, the prime

sponsor of HB 161, said he deferred to the ADF&G to answer. He confirmed the permit would be guaranteed.

REPRESENTATIVE JOHNSON asked how much revenue the state receives from any permit that is a drawing permit.

MR. HARRIS deferred to ADF&G to answer.

REPRESENTATIVE JOHNSON reiterated his question by posing a scenario in which 10 permits are available in one area and one permit is auctioned off. He asked how much revenue the state receives on the remaining nine permits for drawing permit hunts.

DOUG VINCENT-LANG, Director, Division of Wildlife Conservation, Alaska Department of Fish & Game, responded the department only makes the amount of money equivalent to the license fees and application fee to enter the drawing hunt.

[2:08:26 PM](#)

REPRESENTATIVE JOHNSON asked whether the amount would be approximately \$25-\$50 fees for the drawing hunt entry fees.

MR. VINCENT-LANG answered that is correct.

REPRESENTATIVE JOHNSON asked whether any drawing has made less than \$50.

MR. VINCENT-LANG answered no.

REPRESENTATIVE JOHNSON summarized there isn't any comparison between the [permit hunts being auctioned] for regular hunts in terms of generating funds for the state. For example, if an auctioned hunt raises \$100,000 and the state receives 70 percent, or even 50 percent of the proceeds, the state will still receive \$50,000 as opposed to the \$50 it would receive if the department issued drawing permits. Therefore, this bill represents an opportunity to increase the state's treasury by allowing qualified organizations to raise money to help preserve species. He summarized this bill would allow organizations to auction one hunt per area per species. He emphasized the difference in terms of economics alone is significant; however, the bill would not adversely affect the species. He characterized HB 161 as making it economic for someone to make money for the state.

[2:10:08 PM](#)

REPRESENTATIVE P. WILSON said she was familiar with Etolin Island. She asked how many elk permits would be issued and of those the number that would be auctioned off.

REPRESENTATIVE JOHNSON responded that the number of permits in the game management system allow for a certain number of animals to be taken. One hunt would be reserved for the ADF&G's auction and the remaining permits will be issued to citizens, he said. He reiterated the number of permits issued would depend on the size of the herd.

REPRESENTATIVE P. WILSON maintained her interest in how many permits will be auctioned off and the total number of permits that will be issued.

MR. HARRIS said the original bill removed all four tags designated for Etolin Island out of the ADF&G's auction permits. He said the Devil's Thumb Archers Archery Club objected since this organization has been the recipient of the elk raffle permit for some time. In fact, the club has applied for and received a tag nearly every year and has typically been the only organization applying for the permits. The sponsor decided not to change the Etolin Island elk permit language so the language in Version Y will reinstate the language [under AS 16.05.343(b)].

[2:12:27 PM](#)

REPRESENTATIVE KAWASAKI removed his objection.

[Version Y was before the committee].

[2:12:42 PM](#)

KAREN GORDON, testifying on behalf of herself, noted she currently serves as a board member for the Wild Sheep Foundation and has been involved with this foundation for several years. She previously wrote an article about the ADF&G's permit system and has followed the [auction or raffle of big game harvest permit] program. She offered her belief that this bill is a "clever scheme" to fund a special interest private organization without any benefit to the state. Current enabling legislation - enacted in 1995 - prescribes profit as a motive to sell permits. The laws in place provide significant funds to the state since the permits go to the organizations best experienced in [conducting the auctions.] She questioned reducing the

state's percentage of net proceeds from the 90 percent to 70 percent under the bill. She said, "This doesn't make sense." This bill would preclude permits being sold where they have proven to be the most profitable to the state. Instead, under the bill, 30 percent of the net proceeds will generously fund a private organization. For example, if the bill was applied to the recent Dall sheep permit sold at the Wild Sheep convention last month the process would cost the state \$52,500 in net proceeds rather than \$17,500. She characterized the Wild Sheep convention as a place where "sheep-crazed" wealthy hunters congregate to specifically buy these permits. She reported the first Dall sheep permit was auctioned off for \$200,000, a second one was auctioned off for \$200,000 several years ago, and the most recent one was auctioned off for \$175,000.

[2:14:43 PM](#)

MS. GORDON said the permit system in place for the Wild Sheep Foundation alone raised \$926,000 in state permits since 1997. Thus, it isn't as though this process doesn't already bring money to the state. She cautioned against setting up a monopoly without any controls on how the money is spent. In fact, funds could be used for political contributions since safeguards will be removed under the bill. She questioned whether a conflict of interest exists since the Wild Sheep Foundation's board includes the commissioner of the ADF&G and another department employee, but the commissioner sets the terms of the permits that are awarded, rather than by law, as it appropriately is now. She concluded that this bill entirely fails to benefit the state and should not proceed any further in any form. This plan will decrease profit to the state over the short and long term and will establish a funding stream from the state to a private organization managed, in part, by several ADF&G employees. This bill is an example of fixing something that is not broken, she said.

REPRESENTATIVE GATTIS respectfully disagreed, saying that offering 30 percent is far more of an incentive to get organizations to participate. She offered her belief that the state will receive more revenue by having more people involved and the process will gain more funding for the state.

[2:17:12 PM](#)

DAVE CAMPBELL, Donations Chairman, Southcentral Alaska Chapter, Ruffed Grouse Society, stated he has resided in Alaska for over 47 years. He detailed his membership in relevant organization,

including that he is a member of the Ruffed Grouse Society, a life member of the Rocky Mountain Elk Foundation, the National Rifle Association (NRA), the Boone and Crockett Association, the KwaZulu-Natal Hunting and Conservation Association, the One-Shot Antelope Hunt Club, as well as a member of Trout Unlimited and the Arctic Bird Dog Association. He said he supports ethical and legal means of flora and fauna throughout the world, but especially in Alaska. He said, "I believe with all my heart that HB 161 is needed by 501 (3) (c) organizations in Alaska to benefit their individual programs for conservation, legal sport hunting, and sport fishing." This bill will aid the nonprofit organizations in their fundraising endeavors as well as increasing funds to the general fund in Alaska. He offered his belief that this bill is long overdue for passage in this legislature.

[2:18:59 PM](#)

GARY STEVENS, speaking on behalf of himself, said he also serves on the Board of Directors for the Outdoor Council. He pointed out the number of permits would increase from 19 to 46, not including ones for wolves. He offered his belief this is too many permits. He agreed with Mr. Heimer's testimony in terms of the sheer volume of permits being detrimental to the state, in particular, in terms of bison and Dall sheep. In terms of the value of the permits for the raffle, he estimated over 20,000 applicants apply for the bison hunts in Delta. Based on \$10 resident and non-residents fees he further estimated that the bison hunt generates over \$200,000. He noted the permittee can enjoy the natural resource that belongs to all Alaskans. Although he does not have a copy of the proposed committee substitute, (CS) for HB 161, Version Y, he referred to page 1, line 8 of HB 161 as introduced, [Version U] which reads, "The donation may be made only to a nonprofit corporation established to promote **outdoor and conservation programs in partnership with the department** ...." He understood the sponsor to say this language changed, but he was not aware of any nonprofit organization that would qualify using this language. He expressed interest in identifying which organizations could qualify.

[2:21:21 PM](#)

REPRESENTATIVE TARR related her understanding that management issues and a perceived shortage of Dall sheep and bison have prompted him to comment on these species.

MR. STEVENS responded that it is not a "perceived" shortage since the bill will create a shortage of opportunities for Alaska and non-residents to participate in hunting Dall sheep and bison. He questioned taking five permits from those two species from the limited number of permits available for the general public, which he found to be excessive.

[2:22:39 PM](#)

MIKE CRAWFORD, Regional Representative, Safari Club International (SCI), stated he lives on the Kenai Peninsula and is a member of the Legislative Outdoor Heritage Caucus Advisory Committee and is the Chair of the Kenai Soldotna Advisory Committee of Fish and Game. He represents two award-winning chapters in Alaska. He reported that SCI has over 50,000 members and over 200 chapters. He stated that the SCI is a nonprofit organization, a leader in defending hunting rights and conservation around the world, the U.S., and Alaska. He offered SCI's support of HB 161. He offered his belief that the main objection to this bill is that people might think that the organization is being greedy. He disagreed, noting that SCI has given over \$750,000 to fish and game projects and State of Alaska fish and game projects, including the Wood Bison reintroduction project, the recent Kenai Peninsula moose calf survival study, the Kodiak Island chronic wasting disease affecting deer, the Kodiak brown bear. The SCI spends more time and money on the permit tags for a small return. He related a scenario in which the SCI held a Friday night auction for a Tok [Dall sheep] tag, which drew \$16,000. Recently, the Wild Sheep Foundation sold the same Dall sheep tag for \$180,000. He indicated the same people attend these conventions and if the SCI had held its auction on a Saturday it may have needed more funds. He said the auctions benefit the wildlife, the hunters, and the state. The SCI looks forward to advancing conservation and hunter's rights by working with the state on projects for years to come.

[2:25:39 PM](#)

REPRESENTATIVE SEATON referred to page 1, Version Y, and asked whether SCI will fit under the definition. The language in subsection (a) read, in part, "The denotation may be made only to a nonprofit corporation established to promote education in outdoor traditions and conservation and wildlife protection programs in partnership with the department subject to the terms of a memorandum of agreement developed by the department."

MR. CRAWFORD replied he believes so.

[2:26:16 PM](#)

REPRESENTATIVE TARR referred to the administrative burden and motivation of nonprofits to participate in permits. She asked whether simply increasing the 10 percent to 30 percent alone would have a positive benefit for the organization.

MR. CRAWFORD answered that he believed it would. He stated that when the fundraiser is done, the organization knows a set amount of money will be raised, and if the organization must give up 90 percent of the proceeds, it is more likely the nonprofit will use something to generate more income. Of course, the SCI would also like to help the ADF&G and the state on conservation projects and interests, but the increase in the percentage is what he is most interested in [rather than an increase in the number of permits].

[2:27:37 PM](#)

REPRESENTATIVE SEATON turned to the donor license auction proceeds in 2011 and 2012, which identifies species for permits that have been held, including bison, musk ox, brown bear, and Dall sheep, but not for moose. He asked whether the organization chose not to auction them off.

MR. CRAWFORD believed that is the case. He said his organization attempts to get the most money it can for its efforts. He indicated that receiving a greater percentage [30 percent of net proceeds] would create an incentive.

REPRESENTATIVE SEATON wondered if 19 permits were available at [30] percent if the organization would apply for more permits or if the SCI would only offer one at its fundraiser.

MR. CRAWFORD related that he receives an invitation from ADF&G each year to apply for those tags. He reported that the SCI has declined to offer certain tags. He suggested that the [30] percent will get everyone's attention. He offered his belief that this should generate additional income for the state. He anticipated the tag would be auctioned off for more money so the state's portion will be greater, too. He characterized the SCI organization as a great organization and people attending will be willing to pay for these experiences in Alaska.

[2:30:41 PM](#)

HELEN NETSCHERT, President, Alaska Kenai Peninsula Chapter, Safari Club International, reported that her club is a 501 (c) (3) nonprofit corporation consisting of approximately 200 volunteers and none of their officers are compensated for any work they do. She stated that HB 161 will benefit all of her organization's educational, wildlife, and conservation efforts on the Kenai Peninsula. Currently, the organization has been focused on moose. Additionally, the club offers educational programs for children ages 10 and above. She said her club supports HB 161.

[2:32:02 PM](#)

REPRESENTATIVE JOHNSON asked whether the tag alone is sold or if the club packages the hunt and includes a guide.

MS. NETSCHERT responded that the Safari Club International (SCI) markets it as a hunt and the person buying the hunt must obtain a [big game guide-outfitter] and transportation. The SCI provides this information in the explanation of the hunt. Of course, an out-of-state person is required to have a guide for Dall sheep anyway. She recapped that the SCI markets it as a hunt.

MR. CRAWFORD added there have been times when the tag was matched with a guide as a package, but not always. Thus, sometimes the SCI packages the hunts and will probably do so in the future.

REPRESENTATIVE JOHNSON asked for further clarification on how the cost of the permit would be broken out in packaged hunts.

MR. CRAWFORD advised that the SCI tries to get the guide to donate 100 percent of his/her services and the club may cover some costs involved.

[2:34:47 PM](#)

EDDIE GRASSER, Chairman, Legislative Outdoor Heritage Caucus Advisory Council, stated he wears many hats but today represents the aforementioned organization, which he chairs. A number of organizations have seats on the council, including SCI, Kenai River Sportfishing Association, Rocky Mountain Elk Foundation, National Rifle Association, and Ruffed Grouse Society. He offered support for HB 161 and believes it will greatly benefit the state in terms of conservation and enhanced revenues for the

ADF&G. Based on over thirty years of fundraising, he highlighted clarification on several points. He noted that in Version Y, one Dall sheep has been added, but no additional bison so it takes it back to the original statutory language. Thus, no additional bison are added in Version Y. Additionally, the organization can raffle permit package hunts in the marketplace, especially for prevalent species, such as moose and caribou to enhance fundraising. He acknowledged a popular area is the Nelchina Basin, although it is a subsistence tier 2, tier 1, area so those permits are not available for this type of permit.

MR. GRASSER reinforced what Mr. Harris stated about Etolin Island. He said that the four permits for Etolin Island elk are in current statute. In terms of money going to private organizations, the 30 percent must be spent in consultation with the department. Therefore, if SCI obtained one of these permits and raised \$100,000 and obtained 30 percent, it would need to consult with the department on how the funds will be spent. He characterized it as being a built in safeguard. Further, the department has memorandum of agreements (MOA) with several organizations. In fact, any of the aforementioned nonprofits has the ability to enter into MOAs with the department. He said there isn't any exclusionary language that prevents any organization such as the Wild Sheep Foundation (WSF), the Ruffed Grouse Society (RGS), the Alaska Outdoor Council, or the SCI.

MR. GRASSER said the LOHCAC has made this bill a priority for the session since the organization believes it will greatly benefit Alaska.

[2:38:42 PM](#)

REPRESENTATIVE KAWASAKI stated that part of the rub of the bill as introduced had to do with being able to use the proceeds to pay for expenses associated with lobbying. He understood that Mr. Grasser lobbies for some groups. He asked whether the organization have any objections to the change and how the information is audited.

MR. GRASSER referred to page 2 of HB 161 [Version Y, lines 14-17]. He emphasized that the organization would need to consult with the department on how to spend the 30 percent of the net proceeds.

REPRESENTATIVE KAWASAKI asked for further clarification on how the department currently audits to ensure the funds are not used for lobbying.

MR. GRASSER deferred to the department.

[2:40:34 PM](#)

DON QUARBERG, said he speaking on behalf of himself, but noted he also serves as Chair of the Delta Advisory Committee; however, the advisory committee has not discussed HB 161. He expressed concern about the supply side economics, noting the committee has already discussed this; however, he agreed that saturating the market with permits will reduce their value. He would prefer not to focus only on the economics. He highlighted that the chances of obtaining a Tok management area Dall sheep permit is about one percent. He suggested that with the limited number of tags the department could auction the permits off, but the department must manage based on a sustained-yield basis for Alaskans. The bill provides the commissioner with a lot of latitude and discretion to design how the funds are spent. He suggested the bill should have some sideboards. He referred to page 2, lines 13-17 [of the original bill] to language restricting contributions for political campaigns and lobbying. He did not object to that language being inserted. He preferred not to allow proceeds to be spent on lobbying.

MR. QUARBERG added that he thought 10 percent profit was acceptable. He expressed concern about the potential for creative accounting in administrative costs associated prior to the net proceeds from permits. He said until these concerns are satisfied he did not think he could support the bill. He understood the organizations wanting to support the bill to increase funding for these worthy nonprofits especially since these organizations benefit the public, too.

[2:44:32 PM](#)

CO-CHAIR SADDLER, after first determining no one else wished to testify, closed public testimony on HB 161. He then passed the gavel to Co-Chair Feige.

[HB 161 was held over.]

The committee took an at-ease from 2:44 p.m. to 2:46 p.m.

**HJR 26-OFFSHORE OIL & GAS REVENUE SHARING**

2:46:00 PM

CO-CHAIR FEIGE announced that the next order of business would be HOUSE JOINT RESOLUTION NO. 26, Urging the United States Congress to provide a means for consistently and equitably sharing with all oil and gas producing states adjacent to federal outer continental shelf areas a portion of revenue generated from oil and gas development on the outer continental shelf to ensure that those states develop necessary infrastructure to support outer continental shelf development and preserve environmental integrity.

2:46:07 PM

CO-CHAIR SADDLER, as sponsor of HJR 26, introduced the resolution. He said that oil and gas development in federal areas can be a boon for our country, providing revenue and jobs and secure sources of domestic energy, but it also creates costly impacts on nearby states, communities, and their residents. While the federal government recognizes these strains, they set policies in place to share proceeds from such development to help states offset the costs for the improvements and services necessary for safe and responsible development. The federal government shares 50 percent on onshore areas where the production occurs, in areas within three miles of shore, the near shore, it shares 27 percent, and for offshore areas, it shares 37.5 percent of the revenues. However, current federal law says the State of Alaska and similarly situated states don't receive any share of federal revenues oil produced out of prospects in areas such as the Chukchi or Beaufort Seas.

CO-CHAIR SADDLER said many believe there is lots of oil in the outer continental shelf (OCS). The industry shares that belief in its investment of millions of dollars in leasing, exploration, and drilling. Just as onshore development on the North Slope requires infrastructure and investment, offshore development will require infrastructure investment in ports, roads, airports, utilities, housing, and more. Further, it would require additional state services such as oil spill emergency response, public health and safety, and environmental monitoring and mitigation. Right now might be the best opportunity in years in progress for OCS revenue sharing. He pointed out that U.S. Senator Lisa Murkowski is the ranking Republican member of the Senate Energy and Resources Committee. The new chair is U.S. Senator Mary Landrieu, Louisiana, a strong advocate for the oil industry and an advocate for OCS revenue

sharing. These two senators have introduced the Fixing Americas Inequities with Revenue (FAIR Act), which would extend to all OCS states the same 37.5 percent share that the Gulf Coast states currently receive. This resolution, HJR 26, would send a strong message from the State of Alaska to the U.S. Congress in support of the FAIR Act or similar legislation that aims at a fair and sensible system of federal revenue sharing.

[2:48:19 PM](#)

CO-CHAIR FEIGE opened public testimony on HJR 26.

[2:48:45 PM](#)

CHARLOTTE BROWER, Mayor, North Slope Borough (NSB), speaking from written testimony, paraphrased, as follows:

Good afternoon. My name is Charlotte Brower. I am the Mayor of the North Slope Borough and foremost am the wife of a whaling captain, mother of six children and grandmother of 25 so I have a dear investment in the North Slope.

Thank you for the opportunity to speak on HJR 26, a resolution urging the United States Congress to provide for sharing with local areas the revenue from the oil and gas development on our outer continental shelf.

On July 23rd of this past summer, I was invited to testify before the U.S. Senate Energy Committee in support of S. 1273, known as the "Fixing America's Inequities with Revenues Act of 2013" or "FAIR Act".

Today I am here before you to express support for HJR 26 as a way to help secure passage of measures like S. 1273 in Washington D.C. By working together as Alaskans, we need to send a message for receiving a fair and equitable distribution of revenues that come from energy development on our Outer Continental Shelf (OCS).

[2:50:44 PM](#)

MAYOR BROWER continued reading her written testimony, as follows:

The Congress should pass legislation to ensure that state and local governments will have resources to keep up with infrastructure requirements, expand emergency response and search and rescue capabilities, take an active role in oil spill preparedness, and work to maintain healthy communities and a healthy ecosystem.

The North Slope Borough is the largest municipality in the United States encompassing over 94,000 square miles, including more than 8,000 miles of Arctic coastline along the Beaufort and Chukchi Seas.

The majority of North Slope residents are Inupiat Eskimos. We are heavily dependent upon marine mammals, such as Bowhead and Beluga whales, seals and walrus to sustain our physical health and our cultural and spiritual well-being. The importance of subsistence in our coastal communities and marine environment goes beyond the need for food. Our unique Inupiat culture, our traditions, and our links to our ancestors and history are also tied to our subsistence lifestyle, to our custom of sharing with others, and to celebrating our connection to the land and the ocean.

We are mindful of the critical need to protect the environment and preserve our culture and our resources. However, we also recognize that our ability to continue to provide even basic services to our communities depends upon revenue from the oil and gas industry, which today primarily operates on state land in our region. Without these revenues, the North Slope Borough would not be able to maintain the airstrips, health care facilities, water and sewer, search and rescue or other services we provide in our villages.

What many people in the Lower 48 do not understand is that the infrastructure enjoyed today by other coastal states - paved roads, deep water ports, and modern communications - those don't exist in the North Slope region.

Most people do not understand the challenges Alaska's rural governments' face. As one example, a gallon of milk costs \$10 today in Barrow. That same gallon of

milk might cost \$18 or more in some of our villages. Other food items such as fresh fruits and vegetables are even more expensive relative to the Lower 48 or even other parts of Alaska because the cost of transportation in our region is very high. And now imagine the cost to the North Slope Borough for new roads, upgrades to airstrips, new health care facilities or new water and sewer or gas lines that must be built through permafrost.

2:54:09 PM

MAYOR BROWER continued reading her written testimony, as follows:

We also face threats to the infrastructure we have in place today. With the Arctic Ocean now ice free for a longer period every spring and fall, storms are eroding the land around our villages - in some cases over five to six feet per year. [A] moderate storm once consumed more than a million dollars in response costs from our borough. Over the last ten years the coastline near Barrow has receded toward an old landfill that holds tens of thousands of barrels of [U.S.] Navy and {U.S.} Air Force waste. Ten years ago, the ocean was 200 feet away from the landfill. Now it is only 120 feet away.

Coastal erosion also threatens Barrow's utility system, which is an underground system of tunnels designed to protect the city's utilities from the cold. This system provides indoor plumbing to our residents and eliminates the need for outhouses and water delivery by truck. And like most other things in the Arctic, it is very expensive.

2:55:30 PM

MAYOR BROWER continued reading her written testimony, as follows:

I would also like to note that the oil and gas industry, researchers, and federal agencies, including the U.S. Coast Guard, all use our local infrastructure - our airports, roads, and hospitals. We welcome people to our community and we are grateful for the [U.S.] Coast Guard's presence in Barrow during the

2012 drilling season, but Congress must recognize the cost to our community of maintaining and expanding critical infrastructure as industry develops offshore resources.

There is also a great [deal] of scientific research needed to understand how best to mitigate the impact of oil and gas development on the Arctic Environment and the North Slope Borough can and should be part of that effort.

The last thing I would like to emphasize is the role of the state and local governments in emergency preparedness associated with offshore energy development, including oil spill response. Let us pray that our good Lord will prevent the need, but in the event of an emergency it will be the brave men and women from the North Slope Borough Search and Rescue Department and the Alaska Department of Public Safety's troopers and the village [police safety officers] VPSOs who will most likely be first on the scene.

In summary, the people of the North Slope live in one of the most undeveloped regions in our nation. Investments must be made in the infrastructure necessary to ensure that the OCS development can be conducted safely and responsibly. And the burden of providing such infrastructure should not fall solely on the people [who] have the most to lose in case of an oil spill.

Thank you for sponsoring HJR 26 [and] to help the people of the North Slope Borough [to] send this message to the United States Congress.

[2:57:59 PM](#)

CO-CHAIR SADDLER remarked that it is appropriate to have Mayor Brower and Inupiaq spoken in the House Resources Committee room as the committee discusses the impact of the OCS on the North Slope.

[2:58:31 PM](#)

SARAH ERKMANN, External Affairs Manager, Alaska Oil and Gas Association (AOGA), stated that AOGA supports HJR 26. She

related that AOGA is the business trade organization representing the majority of oil and gas producers, explorers, refiners, transporters, and marketers in Alaska. With 15 member companies, the AOGA represents both large and small companies with interest on the North Slope, in the Cook Inlet, and in the OCS [often referred to as the "Offshore"].

MS. ERKMANN said the AOGA appreciate the focus on developing Alaska's offshore resources in a way that recognizes Alaskans' interest in advancing the issue because the Offshore is considered the "next generation" of oil and gas development in Alaska. It is truly a world-class resource with an anticipated 27 billion barrels of oil to produce. She said, "AOGA can say at a high level that we support an OCS revenue-sharing program as long as additional costs are not passed on to the offshore oil and gas industry in the form of bonuses, rent, or royalties." The AOGA appreciates the legislature's efforts as well as efforts made by Alaska's Congressional delegation to keep the Offshore Revenue Sharing alive at the federal level. She thanked members for the opportunity to testify.

[3:00:15 PM](#)

ADRIAN HERRERA, Washington D.C. Coordinator, Arctic Power, asked to speak in support of HJR 26. He related that Arctic Power is a 501 (c) (6) not-for-profit citizens' based organization arguing for the environmentally responsible development of oil and gas resources in the Arctic region of Alaska. The Arctic Power strongly supports HJR 26 and support for OCS revenue sharing nationwide as well as in the state. Two prime reasons are to bring parity with the rest of the nation, in particular, with the Gulf of Mexico states, which receive 37.5 percent. Additionally, Arctic Power works to mitigate impacts to coastal communities in Alaska and the state as a whole. The current status of zero percent revenue sharing does nothing to encourage the State of Alaska or any other coastal state to pursue offshore development nor does it provide any mitigation costs against problems or impacts to the environment or coastal communities. As previously mentioned, a bill is before the Congress, S. 1273, the "Fair Act", which is probably the prime target HJR 26 will be used for although another bill, S. 199 by U.S. Senator Mark Begich. He advised that S. 199 carries much the same language as S. 1273, except it is geographically limited to the State of Alaska. It has received strong support and U.S. Senator Begich has signed on as a sponsor of S. 1273, which will likely be the vehicle. Thus, Alaska has full support for the OCS revenue-sharing bills currently active in the U.S.

Senate, he said. Last year, in the U.S. House of Representatives, H.R. 2231, an OCS revenue-sharing bill, passed carrying the same figure of 37.5 percent to the state closest to the development, which was sponsored by U.S. Representative Richard Norman "Doc" Hastings, Chair of the Natural Resources Committee, representing Washington's 4th district.

[3:02:43 PM](#)

MR. HERRERA related that the White House has expressed strong concerns against revenue sharing towards states not receiving it, such as Alaska due to the loss of revenue to the federal government. He noted that taking 37.5 percent from the entire OCS royalties and revenues going to states would represent a loss to the U.S. Treasury. Similarly, based on a bill passed in 2006 called the "Gulf of Mexico Energy Security Act of 2006 (Pub. Law 109-432 [GOMESA], drafted by U.S. Senator Mary Landrieu, allow 37.5 percent of royalty and revenue to the local communities up to a cap of \$500 million per year. The "FAIR Act" reduces that cap to zero in 2025 and the White House and U.S. Treasury finds this to be "stealing money from the treasury." In fact, during hearings U.S. Senators stated this concern.

MR. HERRERA said another front mentioned by the White House and the Department of the Interior relates to the environmental mitigation programs specific to the Land and Water Conservation Fund (LWCF). The Land and Water Conservation Fund so far has been a boondoggle because it has been raided by various presidents and Congressional committees to fund other projects not related to environmental conservation or environmental mitigation. He reported that the President seeks to fund the LCWF with \$900 million, noting it already receives \$125 million under GOMESA and will receive \$62.5 million under the proposed FAIR Act. During debate on the proposed FAIR Act in July the Chair and ranking member Senator Murkowski both stated for the record that LWCF should not be reduced. However, in the Arctic Power's opinion the proposed \$900 million for future OCS revenue for the LCWF is really a "pie in the sky" and would not receive that type of support in the Congress, he said. He reiterated that the Arctic Power supports the clause in HJR 26 that addresses this.

[3:05:45 PM](#)

MR. HERRERA pointed out that the delegation agree that the purpose of the change in revenue sharing is to bring parity

between onshore development, which receives 50 percent from federal lands going towards the state; parity between the Gulf of Mexico under the GOMESA Act of 2006, which receives 37.5 percent; and parity between the entire nation as a whole. He questioned why one state would receive some funds but another state, such as Alaska receives nothing at all, particularly since the state has more coastline, more rural area, and is closer to development than any other state.

MR. HERRERA said the second point brought up by U.S. Senator Murkowski was impact. She indicated that it doesn't matter if it is one mile offshore or 50 miles offshore, the impact to the shoreline is still very high. Finally, in his organization's opinion, the White House has been taking a very myopic view in that it "doesn't look at the big picture." For example, if one increases the attractiveness of development by allowing infrastructure to be built on the shoreline, more companies will take advantage of that and develop offshore. Further, greater offshore development leads to greater revenue streams and under the proposed FAIR Act and GOMESA Act of 2006, additional environmental mitigation would exist. The proposed FAIR Act allows for 10 percent of the entire OCS revenue nationwide to be spent by coastal communities on environmental mitigation and also on alternative energy development. In closing, he said the Arctic Power believes this will address the views of President Obama, the White House, and the DOI. He offered appreciation for HJR 26 to address these issues.

[3:08:44 PM](#)

CO-CHAIR FEIGE, after first determining no one else wished to testify, closed public testimony on HJR 26.

[3:09:03 PM](#)

REPRESENTATIVE JOHNSON moved to report HJR 26 out of committee with individual recommendations and the accompanying fiscal note.

REPRESENTATIVE JOHNSON said he would like the committee to take a roll call vote on this measure.

REPRESENTATIVE SEATON objected to reporting HJR 26 from committee.

The committee took a brief at-ease.

[3:09:57 PM](#)

A roll call vote was taken. Representatives Johnson, Olson, Seaton, Feige, and Saddler voted in favor of reporting HJR 26 out of committee. [Representatives Hawker, P. Wilson, Tarr, and Kawasaki were not in the room]. Therefore, HJR 26 was reported out of the House Resources Standing Committee by a vote of 5-0.

[3:10:57 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:11 p.m.