

SENATE FINANCE COMMITTEE
February 7, 2013
9:03 a.m.

9:03:15 AM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Lynn Kent, Deputy Commissioner, Department of Environmental Conservation; Chip Thoma, President, Responsible Cruising in Alaska; John Binkley, President, Alaska Cruise Association; Pete Wedin, Homer; Dave Wetzal, Admiralty Environmental, Juneau; Andy Rogers, Alaska State Chamber of Commerce, Anchorage; Dr. K. Koski, Salmon Biologist, Juneau; Karla Hart, Alaska Community Action on Toxics, Juneau; Daven Hafey, Southeast Alaska Conservation Council, Juneau; James Sullivan, Southeast Alaska Conservation Council, Juneau; Jim Powell, Juneau; Michelle Ridgeway, Juneau; Melissa Kookesh, Assistant to the President, Central Council Tlingit and Haida Indian Tribes of Alaska (CCTHITA).

PRESENT VIA TELECONFERENCE

Rick Rogers, Executive Director, Resources Development Council; Rick Harness, Homer; Michael McCarthy, Homer; Eric Yancey, Wrangell; David Beebe, Kupreanof; Byron Charles,

Ketchikan; Bernahard Richert, Anchorage; George Pletnikoff, Palmer; Darlene Dobds, California; Vi Waghiyi, Village of Savoonga; Delice Calcote, Alaska Inter Travel Council, Sutton; Piama Oleyer, Unalaska; Harrold Borbidge, Sitka.

SUMMARY

SB 29 CRUISE SHIP WASTEWATER DISCHARGE PERMITS

SB 29 was HEARD and HELD in committee for further consideration.

HB 80 CRUISE SHIP WASTEWATER DISCHARGE PERMITS

HB 80 was HEARD and HELD in committee for further consideration.

#sb29

SENATE BILL NO. 29

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

[9:03:23 AM](#)

Co-Chair Meyer asked the deputy commissioner to detail the differences between the house and the senate bills.

LYNN KENT, DEPUTY COMMISSIONER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION stated that there were no differences between the two bills.

SB 29 was HEARD and HELD in committee for further consideration.

#hb80

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."

[9:04:05 AM](#)

Co-Chair Meyer noted that HB 80 would replace SB 29. He stated that invited and public testimony would be heard.

CHIP THOMA, PRESIDENT, RESPONSIBLE CRUISING IN ALASKA, discussed past accomplishments regarding cruise ship. He stated that his organization formed in 1999 to propose a local cruise ship head tax for the City and Borough of Juneau. He addressed the prior meeting's testimony by Deputy Commissioner Kent. The Department of Justice found that major shipping lines were violating pollution requirements by rerouting pipes in their sewage system, allowing the ships to discharge at night. These shipping lines were fined \$30 million in 2000. A survey in Alaska found that that none of the advanced wastewater treatment systems were operational.

Mr. Thoma recalled Deputy Commissioner Kent voicing that the state could not meet all of the water quality standards, but he agreed that the progress was remarkable. He understood that many of the water treatment systems were functional. He expressed concern about discharge of ammonia and copper. He stated that copper, nickel and zinc discharge resulted from pipes on the ship and ammonia was a component of large volumes of grey water. He informed the committee that water softeners used in the cruise ships dissolved the metal in the pipes and led to copper being discharged in the ocean. He acknowledged that some ships were copper and metal free.

[9:09:02 AM](#)

Mr. Thoma addressed questions posed by Vice-Chair Fairclough. He explained that onshore permits existed for areas that were easily tested and for ocean rangers. Juneau had four connections to the sewage treatment plant for grey water. He mentioned the Ocean Ranger Program. Mixing zones remained the same including Chatham straight and Stevens Passage. The salmon migration routes were the same. He stated that 14 of the ships discharged offshore and they were permitted to do so, while 7 discharged in harbors, which lessened the impact. He advocated for leaving the present law in place, as it maintained a higher standard. He recommended extending permits to 2020. He added that lowering the copper count discharged by cruise ships was as simple as eliminating the use of water softeners on the ships. Since the copper affected salmon only, he recommended relocation of the ships with copper pipes.

[9:11:46 AM](#)

Mr. Thoma stated that testing for mobile mixing zones was complicated, as cruise ship discharge occurred at night. He recommended simple solutions to many of the issues. He added that metal ball valves used during port time increased the copper counts. When the metal ball valves were replaced with plastic, the copper counts decreased dramatically.

Mr. Thoma discussed Deputy Commissioner Kent's affidavit presented four years ago regarding the cruise ships. He offered to attach copies of the affidavit to his testimony for committee members.

[9:13:29 AM](#)

Co-Chair Meyer understood Mr. Thoma's opinion was to extend the permit and allow technology "time to catch up." If the cruise lines with copper pipes continued to struggle, the ships could be recycled and used elsewhere.

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AT EASE

[9:14:50 AM](#)

RECONVENED

JOHN BINKLEY, PRESIDENT, ALASKA CRUISE ASSOCIATION, noted that he represented an organization that contributed to the economy in Alaska. He commended Deputy Commissioner Kent on her testimony during the prior meeting. He discussed the work of the science panel that generated the impetus for the bill. The issues addressed in HB 80 had been reviewed for many years. He provided history of cruise ships and discharge of wastewater in Alaska. He stated that a group of scientists researched wastewater in Alaska.

Mr. Binkley explained that in June 2001 under Governor Tony Knowles, review of cruise ship wastewater led to numerous studies performed by a panel of renowned scientists. New legislation was adopted to control the discharge of treated wastewater from cruise ships in Alaska. The ships were required to have advanced wastewater treatment stations. The industry invested over \$200 million on the required systems. The industry employed technology changes including the decision to appoint an environmental officer to oversee the regulations. The officer reported to the CEO and

supervised the management practices regarding environmental matters.

[9:19:45 AM](#)

Mr. Binkley stated that the ships discharged "near drinking water" effluent on a continuous basis following treatment. The industry reached a much higher quality of discharge in 2004. In 2006, a ballot initiative was passed, implementing 5 different taxes on the cruise industry. He opined that the ballot initiative established a requirement that was unique to large ships and was unattainable. The legislature reviewed the ballot initiative in 2009 through a long and heated debate. The legislature in 2009 opted for additional time and a review by a science advisory panel. The preliminary report in January 2013 concluded that the technology employed by the cruise ships was the best available. New and emerging technologies were sought by the panel without success. The science panel determined that all marine species were protected. He maintained that the bill allowed the Department of Environmental Conservation (DEC) to make sound decisions when protecting the Alaskan environment.

[9:24:21 AM](#)

Vice-Chair Fairclough recalled an allegation of felony charges regarding the discharge of raw sewage at night. She asked if every cruise ship entering Alaskan waters used advanced treatment systems.

Mr. Binkley replied that much misinformation was released to the public. He stressed that DEC would not allow the practice. He argued that the statements regarding raw sewage were reckless. He noted that prosecution would occur for the gross violation. He stated that cruise ships discharged drinking water quality effluence continuously.

[9:26:40 AM](#)

Vice-Chair Fairclough stated that DEC confirmed that clear water was discharged. Four components were identified; ammonia, nickel, copper and zinc existed at higher levels than were recommended by the initiative. She expressed interested in the conversation regarding nickel and copper in ocean waters.

Mr. Binkley testified that "as an Alaskan" his family relied on the tourism industry. The issue was framed as an one supporting industry, when he opined that the issue supported Alaskans. He stressed that the cruise ships would take their business elsewhere and Alaskans would be hurt by the lack of tourism dollars.

[9:29:59 AM](#)

Senator Olson asked about how many of Mr. Binkley's 170 employees were Alaskan and received a Permanent Fund Dividend (PFD).

Mr. Binkley responded that his company hired Alaskans, but he was not sure about his employees' PFDs.

Senator Olson asked if he visited the "Riverboat Discovery" and asked the employees what part of Nebraska they were from, how they would answer.

Mr. Binkley responded that he had no employees from Nebraska.

[9:31:21 AM](#)

Senator Olson stated that many summer employees in Alaska were visiting from other states.

Mr. Binkley responded that there was validity to Senator Olson's concern. He admitted that many seasonal businesses took advantage of the visitor season.

Senator Olson stated that many of the products sold in tourism shops were not made in Alaska. He argued that it was not Alaskans directly affected, but instead opportunists taking advantage of the tourist season.

Mr. Binkley argued that many Alaskans were employed by the tourism industry. He recommended an inquiry with Department of Labor and Workforce Development regarding statistics. He understood that statistics suggested a high level of employment by Alaska in the visitor industry.

[9:32:58 AM](#)

Co-Chair Meyer opened public testimony.

[9:33:33 AM](#)

PETE WEDIN, HOMER, stated that he owned and operated a small fishing charter in Alaska. He informed the committee that the Alaska Seafood Marketing Industry (ASMI) stated that Alaskan waters were pure. He recommended that legislators and the public visit www.alaskaseafood.org to become more familiar with the campaign that would spend over \$20 million in 2013 to promote Alaska's image. He suggested that the legislation would compromise the image. He explained that his fishing area was designated a critical habitat area in 1974. The area included many oyster farms and he requested that the committee amend HB 80 to prevent discharges in sensitive areas around the state. He concluded that the preliminary report was not "final" and he appealed to allow the scientific panel to finish its research and provide the final report.

[9:36:11 AM](#)

DAVE WETZEL, ADMIRALTY ENVIRONMENTAL, JUNEAU, testified in favor of HB 80. He stated that advanced wastewater system manufacturers created solutions that worked to meet the standards. He stated that he was personally involved in all of the sampling and witnessed a high level of compliance in the effluent tested. He stated that if ships were discharging at night, which was when sampling was performed. The sampling program would catch any night time illegal discharge. He noted the remarkable consistency in results between the different treatment systems. The problem was already solved via the implementation of stricter regulations. The regulations were met. He expressed admiration for the industry and their compliance with and concern about test results.

[9:41:45 AM](#)

ANDY ROGERS, ALASKA STATE CHAMBER OF COMMERCE, ANCHORAGE, testified in favor of policies that improved the business climate and protected the environment. Members of the organization gathered to establish positions prior to the legislative session and the proposed legislation became a priority. He advocated for policies based on sound science. He spoke to the economic impact of cruise ship tourism across the state. He testified in support of the legislation.

9:45:02 AM

Senator Olson asked if the next generation of Alaska would condemn the legislature for ignoring the risks to the salmon population by passing the legislation. He voiced that his constituents were faced with many salmon "disasters" that led to significant losses for fishermen.

9:46:09 AM

Mr. Rogers encouraged the legislature to lean on the state agencies and trust that they have the best interest in protecting Alaska. He could not predict the threats to the environment. The wastewater treatment systems were performing exceptionally well.

9:47:26 AM

Senator Olson expressed a lack of trust in the scientific panel. He stated that the removal of one scientist who had an adverse opinion suggested that the panel was designed to create a report that would facilitate the industry's goal.

Mr. Rogers could not speak to the credentials of the members of the science panel and was not in a position to critique their performance.

Senator Dunleavy asked about Alaska State Chamber of Commerce members with seafood trade associations.

Mr. Rogers replied that several members had seafood trade associations. He offered to provide a list of active members of the chamber of commerce.

Senator Dunleavy clarified that the Alaska State Chamber of Commerce represented both the cruise industry and the seafood trade associations.

Mr. Rogers agreed that his membership consisted of private sector businesses and did not distinguish by geographic location, size or industry. Because of the diversity, decisions were well vetted.

9:50:09 AM

DR. K. KOSKI, SALMON BIOLOGIST, JUNEAU, testified in interest of maintaining the pristine environment for salmon

in Alaska. He offered to answer questions. He stated that very low concentrations of copper did affect the olfactory function of salmon, which was essential to their migration. He suggested that the fishing industry would suffer as a result of cumulative copper counts in the ocean. He opposed the legislation.

Senator Dunleavy asked about the Copper River king salmon. The Copper River was named because of the copper mine in the vicinity. He assumed that there was copper in the river and wondered why the salmon runs were not impacted.

Dr. Koski replied that he did not have the data regarding copper counts in the Copper River.

Senator Dunleavy assumed that prior to the mining regulations; copper may have been discharged into the river via the mine. He added that ice melt from glaciers might lead to copper leaching into the river.

[9:54:21 AM](#)

Dr. Koski respected the question as one posed by proponents of Pebble Mine. He opined that the levels of copper in the Copper River represented an important piece of the discussion.

Vice-Chair Fairclough referred to Pebble Mine advertising and conflicting information about copper levels. She wondered if the effect of the copper compromised the health of the fish. She noted that land based facilities discharged levels across the Alaskan coast, which had been deemed acceptable. She wondered if the effect of copper in the water damaged the fish or compromised the olfactory sense.

Dr. Koski suggested that both homing and survival of the salmon were affected by copper. He referenced research by Dr. Shultz that observed urban run-off in streams and mortalities were found in adult salmon. The copper pollution was an effect of both terrestrial and water sources. He offered to provide research about copper toxicity and effects on the olfactory of salmon to the committee. He apologized that he had very little time to prepare for the presentation.

Co-Chair Meyer offered to copy the research.

[9:57:15 AM](#)

KARLA HART, ALASKA COMMUNITY ACTION ON TOXICS, JUNEAU, advocated for fairness. She testified in opposition to the legislation. She pointed out arguments that municipalities and ferries were not held to the same standards as the cruise ships. The ferry and community wastewater systems were serving a public purpose. The cruise ship industry benefited from externalizing costs to the maximum extent for corporate profits.

[10:02:24 AM](#)

DAVEN HAFEY, SOUTHEAST ALASKA CONSERVATION COUNCIL, JUNEAU, explained that the Southeast Alaska Conservation Council advocated for members from 18 communities throughout Southeast Alaska. Many members' livelihoods depended on healthy water. He stressed that his council was not opposed to the cruise ship industry, but he advocated for thriving in a way that honored and respected the waters. He pointed out that the legislation was based on a preliminary report, rather than a final report. He opposed the legislation.

[10:04:10 AM](#)

JAMES SULLIVAN, SOUTHEAST ALASKA CONSERVATION COUNCIL, JUNEAU, expressed concern regarding the word, "unattainable." He disagreed with the argument that the restrictions and regulations were "unattainable." He requested a final science report. He argued that, in many instances, the requested criterion was attained. He pointed out instances stated in the science panel's preliminary report stating compliance of attainment of zinc, copper, nickel, and ammonia levels in 2011. He requested a review of the preliminary report to further examine the successes in compliance that some cruise ships attained. He proposed hearing testimony from the science panel.

[10:07:26 AM](#)

RICK ROGERS, EXECUTIVE DIRECTOR, RESOURCE DEVELOPMENT COUNCIL (via teleconference), grow Alaska through responsible development. He advocated for predictable, timely and efficient state and federal permitting processes based on sound science and economic feasibility. He believed that public policy based on rhetoric, fear or

misinformation would negatively impact resource policy in Alaska. He commended the cruise ship advisory panel, who met approximately 15 times to help shape a rational wastewater discharge policy for the cruise industry. He supported the legislation because the evidence did not suggest that the health and productivity of the fisheries would be compromised. The fisheries were an important renewable resource. The legislation was based on science and the advice of DEC. The advanced systems on the cruise ships were more efficient than those found in municipalities or on ferry ships.

[10:11:43 AM](#)

RICK HARNESS, HOMER (via teleconference), testified in opposition to the legislation. He voiced that the legislation was pushed through the legislature. He advocated for taking time to study the issue further. He argued that a mixing zone was technically a dumping zone, where many chemicals and metals were dumped into the water. He advocated for clean and pristine oceans. He wanted the legislature to hold the industry to a high standard for the protection of the communities.

[10:15:43 AM](#)

MICHAEL MCCARTHY, HOMER (via teleconference) testified against the legislation. He stated that he read the bill along with a 62 page report. He mentioned that Haines' residents had boycotted the cruise industry after reports that cruise ships dumped raw sewage into Lynn Canal. He recommended vetting the issue further as the consequences of a bad decision were great. He pointed out section 2, lines 10 - 13 of HB 80, which he opined circumvented Alaska's best interest to protect water and fish. He quoted Abraham Lincoln, "I do the very best I know how, the very best I can and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, ten angels swearing I was right will make no difference."

[10:19:44 AM](#)

ERIC YANCEY, WRANGELL (via teleconference), provided history about the cruise ship wastewater issue. He understood that heavy metals were the major risk to salmon. He worried that the interior benefitted tourism while

southeast Alaska suffered from the effects of the cruise ship wastewater.

DEVID BEEBE, KUPREANOF (via teleconference), testified in opposition to HB 80. He stated that the fish could not survive in the cesspool of Alaskan waters. He claimed that most of the fish caught were not safe to consume. He advocated for commercial fishing.

[10:26:15 AM](#)

BYRON CHARLES, KETCHIKAN (via teleconference), testified in opposition to HB 80. He mentioned a conversation with Representative Peggy Wilson regarding fisheries and waters. He suggested that municipal tanks be installed to allow for cruise ship wastewater disposal.

[10:30:55 AM](#)

BERNAHARD RICHERT, ANCHORAGE (via teleconference), stated that sales of resources were an important part of Alaska's economy. He testified against the legislation. He advocated for the pristine image used to market Alaskan resources.

[10:31:43 AM](#)

GEORGE PLETNIKOFF, PALMER (via teleconference) worked as the Alaska Ocean's campaigner for Greenpeace. He expressed concern for the impacts of the legislation. He stated that the melting of the arctic ice would open the waters for cruise ships. He wished for caution regarding the precedent set regarding cruise ship regulations. He advocated for clean waters in Southeast Alaska as well as the Arctic Ocean. He added that some municipalities classified as native villages discharged "primary one" treated sewage into waters.

[10:34:12 AM](#)

JIM POWELL, JUNEAU, appreciated the difficult position of the legislature. He understood that the state needed the cruise ship industry. He recognized that the legislature was in a position where they must predict the future in the balance. He wished to hear from the Coast Guard and Department of Fish and Game (DF&G). He thought that the opinions of both entities would provide valuable

information. He added that DEC was not the expert in fish. He wished to know the cost of monitoring the mixing zone through bio monitoring. He commented on cumulative impact of discharge, which could be ascertained through bio monitoring. He concluded that California had recently passed a law regarding discharge zones.

[10:38:39 AM](#)

MICHELLE RIDGEWAY, JUNEAU, stated that she was a research diver and lifelong Alaskan. She served on the DEC cruise ship wastewater science panel. She expressed concerns regarding the report. She provided a letter to the committee regarding the science panel's final report. She highlighted the zero fiscal note associated with the action. She argued that the action of the bill would lead to fiscal impact for the development of a moving mixing zone model that would adequately address the needs of the bill's requirements. Studies suggested that the cost of the model could range from \$50 thousand to \$200 thousand range. The science panel cost \$310 thousand. She added that public testimony indicated that the public was unhappy with the legislation. She concluded that the science panel did not address mixing zones in their incomplete report. Text was added to the report in the final hour by a member of the panel who represented the cruise ships. She expressed concern about the myth of instantaneous dilution in the mixing zones. She mentioned DEC studies that stated that waters were not diluted instantaneously.

[10:44:34 AM](#)

Mr. Pletnikoff continued with his testimony. He testified in opposition to HB 80. He stated that the discharge from 400 additional ships would enter the Bering Sea as a result of the legislation. He expressed concern about the salmon due to the pollutants in the ocean water.

[10:47:29 AM](#)

DARLENE DOBDS, CALIFORNIA (via teleconference), expressed concern about the diminishing salmon population in Alaska. She advocated for weighing both sides of the issue before passing HB 80.

[10:48:44 AM](#)

VI WAGHIYI, VILLAGE OF SAVOONGA (via teleconference), represented native population. She spoke in opposition to the legislation. She represented the native village of Savoonga on Saint Lawrence Island. She stated that her people were very concerned about cruise-ship discharge contaminating the ocean waters in the Bering Sea. She explained that her people depended on the sea for physical, cultural and spiritual sustenance. She expressed concern about the ammonia discharge because of its impact on toxic algae in the area. Heavy metals were also a concern as they could concentrate in the flesh of traditional subsistence foods. The copper in the cruise ship discharge could adversely affect a salmon's ability to navigate through the ocean. The legislation would affect the villages' food, safety, health and wellbeing.

Senator Olson asked about the evidence of abnormalities in the sea animals.

Ms. Waghiyi replied that global contaminants were trapped in the arctic through air and ocean currents. She mentioned a community based project identifying pesticides, Polychlorinated biphenyl (PCB) and heavy metals in traditional foods. She insisted on proactive measures to protect the people of Alaska.

[10:55:11 AM](#)

DELICE CALCOTE, ALASKA INTER TRAVEL COUNCIL, SUTTON (via teleconference), testified in opposition to the legislation. She reminded about article 12, section 12, the disclaimer and agreement of the constitution of Alaska as well as section 4 of the Compact or agreement for the Statehood Act. "Our lands, our people, our water, our fish, our fish habitats are to be protected forever." She expressed that she felt harassed by the discharged wastewater from cruise ships that accumulated significantly leading to adverse effects. She wondered about pollution discharged into the air and water affecting the coastal communities.

[10:59:55 AM](#)

PIAMA OLEYER, UNALASKA (via teleconference), explained that she had raised her children in Unalaska. People in her community died from pollution. She testified in opposition to the legislation. She stated that, according to studies,

irradiation of human waste purified it. She was unable to locate studies stating that irradiation was not harmful to humans. She voiced proof that pollution affected foods near her home, when she found fish with burns and portions of rotten flesh. She found salmon riddled with white pustules, which she sent to DF&G it was deemed a natural occurrence. She stated that she had never seen these "natural occurrences" during her childhood even though her family subsistence fished for generations.

11:04:01 AM

HARROLD BORBIDGE, SITKA (via teleconference), testified in opposition to the legislation. He asked why the state did not subsidize the needs of the industry to meet the stricter standards.

11:06:02 AM

MELLISSA KOOKESH, ASSISTANT TO THE PRESIDENT, CENTRAL COUNCIL TLINGIT AND HAIDA INDIAN TRIBES OF ALASKA (CCTHITA), read part of a letter written by President Thomas (copy on file). She opposed the bill. She explained that Central Council served 22 villages and communities and had over 28 thousand tribal citizens. She requested assurance from DEC that the herring, salmon, shellfish and seaweed would not be negatively impacted by the loosened discharged standards. She advocated for uniform and stringent standards on permit requirements for the cruise ship industry.

11:10:11 AM

Co-Chair Meyer closed public testimony.

HB 80 was HEARD and HELD in committee for further consideration.

Co-Chair Meyer stated that the deliberations would continue on February 8, 2013. He stated that DEC would testify again and the committee would vote.

Vice-Chair Fairclough requested testimony from DF&G.

Co-Chair Meyer agreed to either invite the department to the following day's committee meeting or solicit a statement for the members.

Vice-Chair Fairclough voiced that the abundant testimony regarding subsistence fishing and habitat was the purview of DF&G. She remained very interested in the subject.

[11:12:53 AM](#)

ADJOURNMENT

The meeting was adjourned at 11:12 a.m.