

SENATE FINANCE COMMITTEE  
April 13, 2013  
9:04 a.m.

9:04:55 AM

CALL TO ORDER

Vice-Chair Fairclough called the Senate Finance Committee meeting to order at 9:04 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

Representative Tammie Wilson; McHugh Pierre, Deputy Commissioner, Department of Military and Veterans Affairs; Christine Marasigan, Staff, Senator Kevin Meyer; Representative Shelley Hughes.

PRESENT VIA TELECONFERENCE

Steve Colligan, E-Terra, LLC, Mat-Su; Ro Bailey, University of Alaska, Anchorage.

SUMMARY

CSHCR 6(EDT)

EST. LEG. TASK FORCE ON UNMANNED AIRCRAFT

SCS CSHCR 6(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new indeterminate fiscal note from the Legislature.

HB 180        MILITARY YOUTH ACADEMY

HB 180 was REPORTED out of committee with a "do pass" recommendation and with two previously published fiscal impact notes: FN3(MVA) and FN4(EED).

#hb180

HOUSE BILL NO. 180

"An Act relating to the Alaska Challenge Youth Academy; and providing for an effective date."

9:05:42 AM

REPRESENTATIVE TAMMIE WILSON, stated that the objective of the Alaska Military Youth Academy was to assist young Alaskans between the ages of 16 and 19, who statistically are headed for a troubled future, to become self-confident, contributing citizens of the state. She shared that the academy offered a 22 week residential program and that upon completion the cadets were involved in a 12 month after-care program to further their education, enter the workforce, or enlist in the military. She said that the academy had graduated 4000 cadets in the last 20 years; the academy graduated approximately 300 cadets per year. She related that the bill would change the name of the Alaska Military Youth Academy and also change the formula program. She explained that the academy currently received 7 times the base student allocation (BSA), but should be funded based on performance.

9:07:27 AM

MCHUGH PIERRE, DEPUTY COMMISSIONER, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS (DMVA), related that the department had worked closely with the bill sponsors. He stressed that the academy was one of the best programs in the country. He believed that the legislation would allow the department more planning time with their budget cycle. He related that the current funding formula had been established to allow the division to grow, which it had. He relayed that the division now had the ability to remove the "training wheels" and become more independent. He hoped that the division could work through the full budget process for the coming fiscal year and debate the merits of the program.

[9:08:48 AM](#)

Vice-Chair Fairclough noted fiscal note 3 from DMVA. She related that the proposed operating funding for FY14 was \$11,074,600.

Mr. Pierre commented that the note reflected that the bill would have zero impact on the FY14 budget and might not impact FY15. He said that the bill would impact the way the money came to the program. He noted the reduction from the Department of Education and Early Childhood Development (DEED) of approximately \$4 million in FY14. He stated that the department would come forward in FY15 to request the appropriation from the general fund.

[9:10:19 AM](#)

Senator Hoffman wondered where the interagency receipts were being reduced from.

Mr. Pierre explained that instead of appropriating money to DEED, the funds would be appropriated directly to DMVA. Senator Hoffman understood that the BSA would not need funding for academy students.

Mr. Pierre replied in the affirmative. He furthered that instead of receiving money from the BSA, the department would receive it directly from the general fund.

[9:11:06 AM](#)

AT EASE

[9:11:50 AM](#)

RECONVENED

Vice-Chair Fairclough noted fiscal note 4 from DEED. She wondered if the department was planning of returning year after year to request the allocation and should the committee be put on notice that there would be a general fund request every year.

Mr. Pierre responded that every year the academy would come back and request a certain amount based on the number of cadets expected to graduate. He stated that the program served students who had dropped out of public school and that that number could fluctuate. He said that the program served between 9 and 10 percent of the drop out population.

He relayed that the department would address the number of students each year and how much general fund match would be appropriate to fund the student population.

Representative Wilson interjected that the academy received the names of drop outs from school superintendents on a yearly basis and that the role of DEED was as a pass through grant.

[9:13:41 AM](#)

Senator Olson understood that the students at the academy currently received 7 times the BSA.

Mr. Pierre explained that the existing formula was 7 times the BSA, times the number of residential students as of October 1; plus .6 times the BSA multiplied by the number of non-residential students as of October 1, minus the federal match. He said the cost was roughly \$35,000 per graduated student.

[9:14:49 AM](#)

Senator Olson noted that roughly 4,000 cadets came through the academy and 70 percent graduated.

Mr. Pierre replied that there had been a total of 4,000 graduated in 20 years. He said that the academy had approximately 400 cadets entering the program per year, with roughly 300 graduates.

[9:15:56 AM](#)

Vice-Chair Fairclough OPENED public testimony.

Vice-Chair Fairclough CLOSED public testimony.

Senator Bishop MOVED to REPORT HB 180 out of committee with individual recommendations and accompanying fiscal notes.

[9:16:38 AM](#)

HB 180 was REPORTED out of committee with a "do pass" recommendation and with two previously published fiscal impact notes: FN3(MVA) and FN4(EED).

[9:16:40 AM](#)

AT EASE

[9:19:43 AM](#)

RECONVENED

#hcr6

CS FOR HOUSE CONCURRENT RESOLUTION NO. 6(EDT)

Recognizing the Alaska Center for Unmanned Aircraft Systems Integration at the University of Alaska Fairbanks as a national leader in unmanned aircraft research and development; and relating to a Task Force on Unmanned Aircraft Systems.

[9:19:54 AM](#)

Senator Bishop MOVED to ADOPT the proposed committee substitute for HCR 6, Work Draft 28-LS0655\P, (4/12/13, Gardner) as a working document.

[9:20:07 AM](#)

Vice-Chair Fairclough OBJECTED for the purpose of discussion.

CHRISTINE MARASIGAN, STAFF, SENATOR KEVIN MEYER, discussed the changes in the current bill. She stated that the two major changes could be found on Pages 3 and 4 of the legislation. She explained that on Page 3, line 11, the 15 person task force was changed to a 7 person task force. She said that Page 4 reflected that the termination date of the committee had been moved to July 1, 2014.

[9:21:06 AM](#)

Senator Olson queried the ultimate goal of the taskforce.

Ms. Marasigan deferred the question to the bill sponsor.

Senator Olson understood that the CS had changed the number of people on the taskforce and the termination date, but had not altered the original purpose of the taskforce.

Ms. Marasigan replied in the affirmative.

[9:21:57 AM](#)

Vice-Chair Fairclough WITHDREW her OBJECTION. There being NO further OBJECTION, Work Draft 28-LS0655\P was ADOPTED.

9:22:13 AM

REPRESENTATIVE SHELLEY HUGHES, appreciated the changes proposed in the CS. She said that the legislative taskforce would be responsible for providing policy recommendations for the Alaska Center for Unmanned Aircraft Systems Integration. She said that with emerging technology certain laws had to be revisited in order to ensure that the safety and privacy of Alaskans. She stated that constituents had expressed concern about the use of military drones. She relayed that she had researched drones and had discovered that the technology could be used for good; she believed it was important to embrace the technology for the purpose of doing good. She thought that the aircraft could be used to save lives and cited an instance where a drone was used to locate a downed aircraft near Bethel. She stated that as the unmanned aircraft were integrated into national airspace the field would grow from 70,000 to 100,000 jobs nationwide in the next three years. She stressed that because Alaska was go far ahead in this field than the rest of the country, the economic rewards to the state could be substantial. She said that the taskforce would examine privacy concerns as well as the application and use of the unmanned aircraft and potential unmanned aircraft use in the private sector.

9:26:03 AM

AT EASE

9:26:52 AM

RECONVENED

Vice-Chair Fairclough discussed the fiscal note.

Senator Dunleavy pointed out to the committee that the fiscal note still reflected a 13 member taskforce.

Vice-Chair Fairclough noted that fiscal note 2 had replaced fiscal note 1. She stated that there had been concern that the committee would cost money; the legislation stated that taskforce members would be allowed travel and per diem. She understood that the costs would be absorbed and no additional funds would be needed.

Representative Shelly Hughes agreed.

Vice-Chair Fairclough OPENED public testimony.

[9:28:37 AM](#)

STEVE COLLIGAN, E-TERRA, LLC, MAT-SU (via teleconference), testified in support of HCR 6. He believed that the technology would revolutionize data gathering. He said that the evolution of the industry should be integrated into Alaska law in order to craft meaningful legislation that protected the public.

[9:33:19 AM](#)

Senator Olson queried the maximum altitude that the drones could reach.

Mr. Colligan replied that the ceiling was restricted at 400 feet. He added that certain aircraft had a weight limit as well.

[9:35:30 AM](#)

RO BAILEY, UNIVERSITY OF ALASKA, ANCHORAGE (via teleconference), explained that the range and altitude consult for unmanned aircraft system was the same as any manned aircraft system. She said that the ones that the university had been working with were generally much smaller, less than 55 pounds, but capable of significant altitudes. She stated that the drones used by the military could go up to an excess of 60,000 feet. She stressed that no unmanned aircraft system could enter the national airspace system without extensive study by the Federal Aviation Administration (FAA). She said that test sites were designed to completely develop the processes and procedures to ensure that manned aviation was safe at all times when the operation of unmanned aircraft systems was expanded beyond public entities to private and commercial entities.

[9:37:44 AM](#)

Senator Olson wondered about the plans for dealing with out of control drones.

Ms. Bailey replied that jam proof communication systems were being discussed to reduce the probability of a drone

being taken over. She added that the aircraft would undergo significant testing and extensive, well protected software would be used in the drone, which would cause the autopilot to make specific and known actions. She shared that the drones would ultimately have a system onboard with a separate and secure communication like that would allow the drone to be forcibly crashed.

[9:41:36 AM](#)

Senator Olson assumed that the taskforce would address the issue of drones colliding with manned aircraft. Representative Hughes replied in the affirmative.

Vice-Chair Fairclough returned the gavel to Senator Meyer.

[9:43:17 AM](#)

Co-Chair Meyer CLOSED public testimony.

Vice-Chair Fairclough MOVED to REPORT HCR 6 out of committee with individual recommendations and a forthcoming amended fiscal note.

SCS CSHCR 6(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new indeterminate fiscal note from the Legislature.

Co-Chair Meyer discussed housekeeping.

[9:44:58 AM](#)

#

ADJOURNMENT

The meeting was adjourned at 9:45 a.m.