

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND
ARCTIC POLICY

January 27, 2015
10:17 a.m.

MEMBERS PRESENT

Representative Bob Herron, Chair
Representative Craig Johnson
Representative Charisse Millett
Representative Louise Stutes
Representative Cathy Tilton
Representative Dan Ortiz
Representative Adam Wool

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 1
"An Act declaring the Arctic policy of the state."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 1
SHORT TITLE: STATE ARCTIC POLICY
SPONSOR(S): REPRESENTATIVE(S) HERRON

01/21/15	(H)	PREFILE RELEASED 1/9/15
01/21/15	(H)	READ THE FIRST TIME - REFERRALS
01/21/15	(H)	EDA, STA
01/27/15	(H)	EDA AT 10:15 AM BARNES 124

WITNESS REGISTER

ROB EARL, Staff
Representative Bob Herron
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 1 on behalf of Representative Herron, sponsor.

NIKOOSH CARLO, Executive Director
Alaska Arctic Policy Commission
Seattle, Washington

POSITION STATEMENT: Testified in support of HB 1.

NILS ANDREASSEN, Executive Director
Institute of the North;
Commissioner, Alaska Arctic Policy Commission
Anchorage, Alaska

POSITION STATEMENT: Provided remarks on the Alaska Arctic Policy Commission and testified in support of HB 1.

ELIZABETH CRAVALHO, Senior Director
Community and Government Affairs
NANA Regional Corporation;
Commissioner, Alaska Arctic Policy Commission
Kotzebue, Alaska

POSITION STATEMENT: Testified in support of HB 1.

REPRESENTATIVE DAVID GUTTENBERG
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Described his work as a commissioner of the Alaska Arctic Policy Commission and testified in support of HB 1.

REPRESENTATIVE BRYCE EDGMON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Described his work as a commissioner of the Alaska Arctic Policy Commission and testified in support of HB 1.

MIKE SFRAGA PhD, Vice-Chancellor for University and Student Advancement
University of Alaska Fairbanks
University of Alaska
Fairbanks, Alaska

POSITION STATEMENT: Discussed Arctic issues and testified in support of HB 1.

ACTION NARRATIVE

[10:17:01 AM](#)

CHAIR BOB HERRON called the House Special Committee on Economic Development, Tourism, and Arctic Policy meeting to order at

10:17 a.m. Representatives Wool, Stutes, Tilton, Ortiz, and Herron were present at the call to order. Representatives Johnson and Millett arrived as the meeting was in progress. Representatives Guttenberg and Edgmon were also present.

HB 1-STATE ARCTIC POLICY

10:18:42 AM

CHAIR HERRON announced that the only order of business would be HOUSE BILL NO. 1, "An Act declaring the Arctic policy of the state."

10:18:53 AM

CHAIR HERRON informed the committee the legislature commissioned the Alaska Arctic Policy Commission (AAPC) two years ago, and the Alaska Northern Waters Task Force (ANWTF) four years ago. Both of these organizations were tasked to inform the legislature about the Arctic and what it means to Alaska. On 1/30/15 the AAPC will deliver its final report, implementation plan, and executive summary to the legislature. On 2/2/15 there will be a press conference by the ten legislators who are members of the commission to explain the work done by AAPC over the past two years. One recommendation of AAPC was that the legislature consider introducing legislation to create an act declaring the Arctic policy of the state. Chair Herron stressed that the legislature needs to think about the Arctic on a daily basis because the U.S. is assuming the chair of the Arctic Council - an organization consisting of the eight countries of the circumpolar north - which will give Alaska a stage upon which world leaders will gather. During the two years the U.S. chairs the Arctic Council, there will be approximately 20 meetings held in the U.S. for working groups of senior officials from each country; about 15 meetings will be held in Alaska, thus Alaska will be on the "world stage." He advised that HB 1 is the start of an Arctic dialogue in which the legislature must be involved in support of the executive branch. Although not all legislators represent the Arctic part of Alaska, the Arctic affects all of Alaska, and is affected by all of Alaska.

10:21:53 AM

ROB EARL, Staff, Representative Bob Herron, Alaska State Legislature, on behalf of the sponsor, Representative Herron, introduced HB 1. He then noted that a sponsor statement, sectional analysis, a zero fiscal note [HB1-LEG-SESS-01-22-15]

from the Legislative Affairs Agency, two non-zero fiscal notes from the Department of Environmental Conservation [HB1-DEC-SPAR-01-20-15; HB1-DEC-FC-01-23-15], and the AAPC executive summary were provided in the committee packet. He explained that Section 1 of the bill covers nine findings and pointed out the importance of the following four findings: 1) Alaska makes the U.S. an Arctic nation; 6) Respect for indigenous peoples is critical to understanding the Arctic; 7) Other regions and nations are rapidly developing Arctic policies & strategies, so Alaska must effectively communicate its Arctic vision for safety, security & prosperity; 9) Alaska should create and maintain an official body to further develop Arctic strategies and policies. Section 1, subsection (b) refers to legislative intent that Arctic policy should guide legislation resulting from the AAPC implementation plan. Proposed Section AS 44.99.105 Declares a state Arctic policy, includes the following paragraphs: 1) Uphold the state's commitment to economically vibrant communities while maintaining a healthy environment; 2) Collaborate with all appropriate entities to achieve transparent and inclusive Arctic decision-making; 3) Enhance Alaska's security by strengthening Arctic safety; 4) Strengthen resilience of Arctic communities and integrate local knowledge. Mr. Earl further explained that legislative intent as indicated in proposed AS 44.99.105 contains four priorities of effort including promoting economic development, addressing the infrastructure gap in the Arctic, supporting healthy communities, and strengthening science and research. Lastly, subsection (c) aligns the state's definition of the Arctic with the federal definition, and states that for international purposes, "Arctic" means the entirety of the state.

[10:26:34 AM](#)

CHAIR HERRON clarified that section 1 would be intent and section 2 would be the codified section of the proposed legislation. He opened public testimony on HB 1.

[10:27:00 AM](#)

NIKOOSH CARLO, Executive Director, Alaska Arctic Policy Commission (AAPC), opined that the proposed Arctic policy legislation acknowledges that Alaskans are at the forefront of new exploration, the use of Arctic resources, and of new circumpolar cooperation. The bill recognizes Alaska's responsibility to provide information about the Arctic as well as promote understanding and the communication of relevant critical issues. Furthermore, HB 1 is a product of the

commission and was informed by the public and expert testimony during listening sessions and work sessions. She highlighted three main goals of the policy: to address community needs in the region and to strengthen the state's economy; to provide a framework and guidance for the future; and to demonstrate the state's intention about policies and to encourage efforts and priorities. Ms. Carlos concluded that HB 1 is designed to guide state initiatives and inform Arctic policy to best serve the interests of Alaskans and the nation.

10:31:13 AM

CHAIR HERRON observed that as executive director Ms. Carlos has had frequent contact with the White House and the U.S. Department of State (state department) during hearings held by AAPC. He asked for the federal administration's opinion on Alaska having its own Arctic policy.

MS. CARLO opined that the federal administration in general has been supportive of the state's effort to create an Arctic policy, gather information, and assess the social and economic priorities throughout the state. In addition, the commission was valued as a contact point for issues related to Arctic policies.

10:32:58 AM

NILS ANDREASSEN, Executive Director, Institute of the North; commissioner, AAPC, said he would speak on the concept "What is Arctic?" The state's motto of "North to the Future" has been a source of pride and today explorers look to what have been previous aspirations of opportunities in the Arctic that are now a reality. However, opportunities in the Arctic are challenging, complex, and confusing. The peoples of this increasing busy region need to fully understand the issues ahead. The AAPC has provided the first steps in approaching Alaska's role in the Arctic region and its commissioners have represented varied interests, ranging from conservation, oil and gas, fishing, and mining, and illustrated the urgency of issues such as risk and responsibility. He expressed his belief that Alaska is playing "catch-up" in evaluating the changing forces of globalization, climate change, and economic challenges, thus the importance of participatory governance and the informed management of resources to face these challenges. Mr. Andreassen opined AAPC has done a good job reflecting the aforementioned in HB 1. He pointed out the Arctic region of the state has different needs and opportunities than the rest of the

state, but it is still interrelated to all of Alaska. In defining the Arctic, the commission has been very public and has involved Alaskans in its discussions, which is a change from policies made at the federal level. Further, commissioners represented many constituencies well. He said it is important that the U.S. regards the Arctic domestically and internationally, and Alaska needs to have its prospective and priorities represented at each level. He referred to the Arctic Council chairmanship and noted Alaska has two years to inform the members on northern development, environmental protection, cultural assets and economic prosperity. Although AAPC has completed its deliverables, public outreach and education must continue. Mr. Andreassen said HB 1 allows Alaskans to be confident in the processes that have been developed, to engage in Arctic issues, and to use the opportunity for leadership. Alaska's leadership is based on place, need, and opportunity because the Arctic is home. The work has been ongoing for decades and the bill has captured past efforts and set in place steps for the future.

[10:38:53 AM](#)

CHAIR HERRON asked Mr. Andreassen for the reaction of his peers and colleagues to the AAPC preliminary report.

MR. ANDREASSEN responded that the international community is paying attention to Alaska and its role as a subnational jurisdiction similar to that of other states, territories, and regions within the Arctic represented by national governments. The preliminary report was well received, and HB 1 and the final AAPC report and implementation plan are significant components to the future of national perspectives in the Arctic.

[10:40:32 AM](#)

ELIZABETH CRAVALHO, Senior Director, Community and Government Affairs, NANA Regional Corporation; commissioner, AAPC, informed the committee NANA is one of 13 regional Alaska Native corporations created pursuant to the Alaska Native Claims Settlement Act of 1971. The NANA Regional Corporation owns the land upon which the Red Dog Mine is situated, and the wholly-owned subsidiary NANA Development Corporation, which operates over 30 companies throughout the U.S. The NANA Regional Corporation is owned by more than 13,600 Inupiat shareholders and is familiar with the challenges of balancing the risks of resource development with the opportunities provided thereby; in fact, the Red Dog Mine took years to achieve support for

development from the villages in the region. Consultation to achieve this support was by hearings, sharing information, and providing opportunities for meaningful influence on decisions. Today, subsistence management and shareholder employment and training committees continue to be active to ensure responsible management of the mine after 25 years of responsible operations that account for caribou migration and whaling activities. The mine profits shareholders and other corporations, and benefits residents through employment, payments in lieu of taxes to the Northwest Arctic Borough, dividends to shareholders, scholarships, payments to the elders' trust fund, and technical and first responder training for employees. The Inupiat people rely on the continued harvest of caribou, sheefish, and berries and, like hunters and gatherers, the state and must adapt and take advantage of opportunities in the Arctic. There are barriers to economic growth in Northwest Alaska, such as a changing climate, and communities face high energy prices and a high cost of living. Ms. Cravalho said infrastructure to support further resource development, defense activities, maritime traffic, future oil and gas development, and food security is necessary. Untapped human and natural resources of the region can play a significant role in diversifying the state's economy and the Arctic communities wish to work with the state and others to develop resources for a future in the Arctic that involves its residents; for example, understanding plans that are already vetted and established, and traveling to Arctic communities when necessary. Responsible resource development holds benefits and is most successful when public, private, and government entities work together and address local concerns. She concluded that HB 1 and the recommendations of AAPC bring the state closer to addressing the opportunities and challenges of the future.

[10:45:54 AM](#)

CHAIR HERRON invited comments from Representatives who served on the commission.

[10:46:40 AM](#)

REPRESENTATIVE DAVID GUTTENBERG, Alaska State Legislature, noted that he served during the second year of the commission as the chair of the security and defense component. In this capacity, he and other members met on security issues with the military and the U.S. Coast Guard, taking an international focus on the needs of the Arctic. He referred to the work of Dr. Harry Bader of the University of Alaska Fairbanks (UAF) who is based in

Washington D.C. Representative Guttenberg said the recent work on Arctic policy is a topic of discussion internationally and all the world is interested in the Arctic when planning for the economic outlook of the future. During discussions on defense policy, it became clear that the U.S. military is focused on the Arctic and a key question is where a port will be located. The military and the Coast Guard have a huge interest, and economic development will drive the location of a military presence, unless a military response of some kind becomes necessary. Representative Guttenberg stressed that Alaska makes the U.S. an Arctic nation and thus must influence the direction of activities in the future. The worldwide economy - based on the current price of oil - is a hindrance, but without putting infrastructure in place, there will be lost opportunities. In fact, in discussions with other nations and entities there is a lack of understanding about the fact there is no infrastructure and very limited facilities along the northern coast. He restated that there is a lost opportunity cost to not taking advantage of Alaska's positioning in the Arctic. The state must take advantage of its international positioning and the commission's recognition of this is reflected in the bill.

[10:52:12 AM](#)

REPRESENTATIVE BRYCE EDGMON, Alaska State Legislature, said HB 1 underscores the importance of the opening of the Arctic and the growing roles that Alaska and the U.S. will play. In 2010, previous to the formation of AAPC, the Alaska Northern Waters Task Force (ANWTF) heard extensive testimony on activities in the Arctic of which state government and the legislature were largely unaware. Since then, legislators and others have traveled along the coast of Alaska and have seen the diversity and the needs of coast communities from Unalaska to Wales, where the community feels trepidation due to increasing shipping traffic through the Bering Strait. At Wainwright, there is resolve in the community that its future is tied to both a cash and a subsistence way of life that needs resource development to survive. Representative Edgmon and others have seen a shift to resource development as an important component to rural communities. There has also been an opportunity to look at what opening the Arctic region means to Alaska from a strategic point of view. He observed that even today, Alaska remains a junior partner to the federal government, despite efforts to provide expert local knowledge about the region. However, since ANWTF in 2010, the "Arctic IQ" in the legislature has risen to the mainstream, along with an awareness of the limitations of the Coast Guard and the state's responsibilities in an international

arena. An Arctic policy is an opportunity for Alaska to work in the circumpolar arena, and perhaps to strengthen its partnership with federal counterparts that continue to act without consultation with the state. In addition, a lot of improvements are still needed in rural Alaska - coastal and Arctic - communities.

[10:58:19 AM](#)

REPRESENTATIVE EDGMON then expressed his support of HB 1. He suggested condensing the bill, and encouraged further committee discussion on ancillary issues such as coastal erosion in Western Alaska, permafrost and the changing climate, fisheries, and ocean acidification, and concluded that this is a weighty topic.

[11:00:24 AM](#)

CHAIR HERRON said a committee substitute for HB 1 will be available on 2/5/15 for debate. He described agencies of the federal government not as partners or counterparts, but as "counterpartners". Chair Herron told a story of the use of social media by residents of the Arctic region.

[11:02:09 AM](#)

MIKE SFRAGA PhD, Vice-Chancellor for University and Student Advancement, University of Alaska Fairbanks, informed the committee that he and Dartmouth College co-lead the University of the Arctic (UArctic) Institute for Arctic Policy and the Fulbright Arctic Initiative at the state department. He pointed out that UAF and its colleagues in the university system engage significantly in policy-related white papers and forums informing and influencing Arctic policy, which is why UAF is supportive of the work done by the committee, by AAPC, and by the governor's Arctic transition team. The state has invested in the university for 100 years and the Arctic research institution located in Fairbanks serves Alaska and the nation. The role of UAF is to support the work of the committee, the bill, and the state with research from the R/V Sikuliaq and the international Arctic research center; in fact, UAF is positioned to enable, inform, and influence the global discussion and debate about the Arctic. Since 2008, UAF, Dartmouth and [Carnegie Institution] have been holding institutes around the world on Arctic policy, most recently in Washington D.C. The purpose of the institutes is to inform and influence activities in the Arctic and Alaska, and the institutes are held in

coordination with the state department and the White House. Recent institutes were related to the upcoming U.S. chairmanship of the Arctic Council and involved the other seven Arctic nations. The Institute of the North also partners with UAF and they will continue to work together to serve the committee. Last year, Dr. Sfragas attended a meeting of the Joint Ocean Commission Initiative in Washington D.C., and the co-chairs of the initiative agreed to hold its April meeting in Fairbanks, which will bring another policy-setting body to Alaska thereby furthering the understanding of the region. Recently, UA approved the creation of the Center for Arctic Policy Studies, which will be housed at UAF and inclusive for all of the University of Alaska (UA). The center will serve to coalesce all of the university's efforts in Arctic policy, such as white papers and position papers, so that the state and others in the circumpolar north can benefit from its research. Dr. Sfragas closed, noting that Dr. Bader is working in Washington D.C. to address security issues and Dr. Lawson Brigham is a colleague working on Arctic shipping and infrastructure, both of whom are adding to the progress in Arctic policy that has been made in the past eight to ten years. He concluded that UAF is prepared to extend to the committee its expertise, research, partnerships, and strategies.

[11:08:19 AM](#)

REPRESENTATIVE WOOL asked about the importance of ratifying the [U.N. Conventions on the Law of the Sea] treaty.

DR. SFRAGA opined ratification is a priority in a number of areas. He questioned how the U.S. can be actively engaged to inform and influence activities in the Arctic without participation in the treaty.

[11:09:20 AM](#)

CHAIR HERRON inquired as to how the state's current financial situation is being addressed at UAF.

DR. SFRAGA said UAF Chancellor Rogers and the four UAF vice-chancellors met and recalibrated the work for the future to focus on the Arctic. The university will make strategic investments in the Arctic and science, technology, engineering and math disciplines (STEM), and some areas will have reduced budgets. On the policy side, UAF has been leveraging resources for a long time, but work will slow. Although hiring is not needed, resources are needed to complete the studies; however,

one of the university's priorities was to enable the Center for Arctic Policy Studies to complete its work. Arctic policy remains a priority for UAF and for the UA system.

11:11:20 AM

REPRESENTATIVE GUTTENBERG asked for more information about a recent meeting on Arctic research with the Secretary of the Navy.

DR. SFRAGA answered that the extensive ocean research by the RV Sikuliaq is known. However, Admiral Papp requested a briefing wherein UAF provided information on Arctic research ranging from unmanned aerial vehicles (UAVs) and the R/V Sikuliaq ocean research to rocket ranges. The Secretary of the Navy also requested a briefing that was held at UAF and which involved a close look at the science of ocean acidification and feedback loops, and then at how science and research inform policy. The Admiral and the Secretary were very complimentary and were subsequently invited by UAF to participate in the Arctic Science Summit Week in Fairbanks in 2016. The summit week is the largest Arctic-related meeting and is scheduled for Tokyo this year. Further, the new U.S. Coast Guard Center for Arctic Studies and Policy is interested as well.

11:13:49 AM

CHAIR HERRON related his understanding there will be further action from the Obama Administration that affects the Arctic and Alaska. He asked when U.S. Secretary of the Interior Sally Jewell will visit Alaska.

DR. SFRAGA said he did not know.

11:15:00 AM

CHAIR HERRON noted that world-wide publications that report on the Arctic have commented about "the federal government versus Alaska - the subnational on Arctic issues - and how the legislature and the Alaska Arctic Policy Commission [have] openly questioned some of the decisions, because we are not being fully consulted on a lot of the decisions that were made." He closed saying that HB 1 has three targets: the federal government, the state legislature, and the state executive branch. The AAPC implementation plan is to take on initiatives that are relative to the aforementioned three entities and projects. Chair Herron stated his intent to hear testimony on

the committee substitute for HB 1 on 2/5/15. As an aside, he said Senator McGuire's staff is available to provide information on the bill, and reminded the committee of a press conference scheduled for 2/2/15.

[HB 1 was held over.]

[11:17:59 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Economic Development, Tourism, and Arctic Policy meeting was adjourned at 11:17 a.m.