

SENATE FINANCE COMMITTEE

April 12, 2016

9:05 a.m.

9:05:16 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:05 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Peter Micciche, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Representative Mike Chenault, Sponsor; Donald Bullock, House Majority Attorney; Representative Steve Thompson, Sponsor; Jane Pierson, Staff, Representative Steve Thompson; Brodie Anderson, Staff, Representative Steve Thompson; Representative Cathy Munoz, Sponsor; Terry Harvey, Staff, Representative Cathy Munoz; Erin Shine, Staff, Senator Anna MacKinnon; Representative Cathy Tilton, Sponsor; Crystal Koeneman, Staff, Representative Cathy Munoz; Heath Hilyard, Staff, Representative Cathy Tilton.

PRESENT VIA TELECONFERENCE

Aaron Plikat, Building Trades Council of South Central Alaska, Anchorage; Rick Koch, City Manager, City of Kenai; Steve Wendt, Manager, Agrium, Kenai; Art Delaune, Wallbusters/Access Alaska, Fairbanks; Amy Erickson, Division of Motor Vehicles, Anchorage; Lt. Chad Goden, Alaska State Troopers, Sitka; John Springsteen, Executive Director, Alaska Industrial Development and Export Authority (AIDEA); Andy Mezirow, Self, Seward; Samantha

Weinstein, Executive Director, Southeast Alaska Guides Organization, Anchorage; Paul Johnson, Self, Gull Cove; Dick Rohrer, Self, Kodiak; Tom Brookover, Director, Division of Sport Fisheries, Department of Fish and Game; Alpheus Bullard, Attorney, Legislative Legal Services; Mike Tinker, Alaska Wildlife Conservation Association, Fairbanks; Dwight Kramer, Kenai Area Fisherman's Coalition, Kenai.

SUMMARY

HB 41 SPORT FISHING SERVICES

HB 41 was HEARD and HELD in committee for further consideration.

HB 77 DISABILITY:ID/LICENSE AND TRAINING RQMTS.

HB 77 was HEARD and HELD in committee for further consideration.

HB 100 UREA/AMMONIA/GAS-LIQ FACILITY; TAX CREDIT

HB 100 was HEARD and HELD in committee for further consideration.

HB 137 HUNT/FISH/TRAP: FEES;LICENSES;EXEMPTIONS

HB 137 was HEARD and HELD in committee for further consideration.

HB 143 AIDEA BONDS: SWEETHEART CREEK HYDRO PROJ.

HB 143 was HEARD and HELD in committee for further consideration.

HB 155 FEES; WAIVERS; CREDITS; DEDUCTIONS;TAXES

HB 155 was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon discussed the schedule.

#hb100

CS FOR HOUSE BILL NO. 100(FIN)

"An Act establishing a credit against the net income tax for an in-state processing facility that manufactures urea, ammonia, or gas-to-liquid products; relating to establishing the value of the state's royalty share of gas production based on contracts with certain in-state processing facilities that manufacture urea, ammonia, or gas-to-liquid products; and providing for an effective date."

9:06:27 AM

REPRESENTATIVE MIKE CHENAULT, SPONSOR, discussed HB 100. He reviewed the basic issues in the bill.

DONALD BULLOCK, HOUSE MAJORITY ATTORNEY, introduced himself.

9:09:49 AM

9:09:50 AM

AT EASE

9:10:16 AM

RECONVENED

Co-Chair MacKinnon confirmed that Speaker Chenault would provide the committee with a sponsor statement at a later date.

Mr. Bullock discussed the sectional analysis (copy on file):

Section 1. Adds a new subsection to AS 38.05.180, the oil and gas leasing statute. Provides for the use of the price established in a contract between a lessee and an in-state processing facility whose primary function is the manufacture and sale of urea, ammonia, or gas to liquids products to be the value of the gas for royalty purposes. Requires the commissioner of natural resources to make a written finding that accepting the contract price is in the best interest of the state and that the price is not unreasonably low. Requires that the lessee is not affiliated with the owner of the processing facility or with a purchaser of more than 10 percent of the products of the plant. Provides a definition for "gas-to-liquid product."

Section 2. Adds AS 43.20.052 to AS 43.20 (Alaska Net Income Tax Act) to provide an income tax credit to an in-state processing facility that produces urea, ammonia, or gas to liquids products for sale to third parties. Provides that the credit is equal to the amount of royalty paid on natural gas produced from state leases and delivered to the processing facility. Limits the taking of the credit to an amount that will not reduce the taxpayer's income tax below zero. Prevents any unused credit from applying to a tax in a subsequent taxable year. Requires reporting to the state by the taxpayer of the leases supplying the gas, the names of the lessees, the quantities purchased, price paid, and ownership of the processing facility.

Section 3. Repeals AS 43.20.052, the credit provision. Section 6 makes the repeal effective January 1, 2024.

Section 4. Makes the credit applicable to gas from state leases that is delivered for use at the processing plant during the period on or after July 1, 2017 and before January 1, 2024.

Section 5. Makes sections 1, 2, and 4 take effect on July 1, 2017.

Section 6. Repeals the tax credit January 1, 2024.

[9:12:54 AM](#)

Co-Chair Kelly queried the reason and determination of the credits.

Mr. Bullock stated that the credits were to give the company a tax credit based on the amount of gas that they purchased.

Co-Chair Kelly surmised that the credit was for the production of the product.

Mr. Bullock answered in the affirmative.

Senator Hoffman queried a cap on the tax credit.

Speaker Chenault detailed that there was a cap on the tax credits.

Senator Hoffman wondered if there was a cap on the tax liability.

Mr. Bullock was unsure if the percentages were considered, and detailed that the credit calculation was based on the royalty on the gas purchased.

[9:16:49 AM](#)

Senator Dunleavy wondered how long the plant had been shut down.

Speaker Chenault replied that it closed in 2007.

Senator Dunleavy asked whether Agrium was owned by people in state, or whether it was a subsidiary.

Representative Chenault replied that Agrium was owned by a Canadian corporation.

Senator Dunleavy asked if there was anything to prevent the parent company from selling Agrium after two or three year.

Representative Chenault did not think there was anything to prevent the company from selling. He explained that they must use state royalty gas in order to qualify for the credit.

Senator Dunleavy recalled that the parent company could sell the plant.

Representative Chenault agreed.

Mr. Bullock stated that the focus of the credit was to produce urea, ammonia, and gas to liquids produced. He stressed that the legislation was not owner-specific.

Senator Bishop had not had a chance to fully examine the bill. He was interested in Mr. Bullock's comments pertaining to the increasing price of fertilizer. He was concerned about Alaska's ability to produce its own food.

Senator Bishop referred to a small refinery credit. He discussed the price of asphalt in the Interior. He hoped the bill would aid in driving down the price of fertilizer in the Interior.

Representative Chenault replied that Agrium had sold to the state at a reasonable price.

[9:21:50 AM](#)

Vice-Chair Micciche thought there would be approximately \$159 million per year in revenue to generate the tax. He remarked that it was a break in corporate income tax. He surmised that it would be \$60 million in revenue to the state, but only \$12 million in corporate income tax credits.

Mr. Bullock was not able to answer the question, he was not familiar with the company's operations.

[9:23:20 AM](#)

Senator Olson referred to the controversial tax credits in other areas of the industry. He did not want to see a similar situation. He queried the administration's position on the bill.

Representative Chenault had not had such conversations with the administration. Under HB 100, it was incumbent upon the company to produce a minimum amount before being able to take advantage of a tax credit.

Vice-Chair Micciche referred to a conversation in the Senate Resources Committee, in which the administration indicated it would design tax credits with a similar composition to the one proposed in the bill. He thought the proposed tax could be likened to a "corporate tax holiday".

Representative Chenault answered in the affirmative.

[9:26:28 AM](#)

Co-Chair MacKinnon opened public testimony.

[9:26:55 AM](#)

AARON PLIKAT, BUILDING TRADES COUNCIL OF SOUTH CENTRAL ALASKA, ANCHORAGE (via teleconference), testified in favor of the bill. He did not think the bill concerned union versus non-union issues. He thought the bill was differentiated from other tax credit formats.

Co-Chair Kelly wanted to correct the record to say. He asserted that all the tax credits for the Cook Inlet required investment.

Representative Chenault agreed

9:29:23 AM

RICK KOCH, CITY MANAGER, CITY OF KENAI (via teleconference), testified in support of the bill. He thought that fertilizer production was not the only issue. He recounted that the urea cost (for use at the airport) had tripled upon the closure of the previous facility. He mentioned Alaska value-added products. He did not think the tax credit proposed in the bill was similar to other tax credit structures. He relayed that he had met with the governor, and the governor had expressed his support. He did not observe a negative component in the legislation.

Senator Bishop asked Mr. Koch to elaborate on the significance of the urea used at the airport.

Mr. Koch replied that the airport did use urea for de-icing.

9:33:36 AM

STEVE WENDT, MANAGER, AGRIMUM, KENAI (via teleconference), testified in favor of the bill. He discussed the closure of Agrimum due to insufficient supply.

Co-Chair MacKinnon asked if the Agrimum company operated with a board of directors, and whether they looked at a return on investment.

Mr. Wendt affirmed that the board of directors. He thought the bill would enable the company to offset the large initial investment able to compete in the corporation for the limited corporate dollars.

Senator Bishop referred to the previous testifier, Mr. Plikat, and wanted to make sure that the jobs would be available.

Mr. Wendt stated that the company planned on hiring all Alaskans for the 140 jobs that would be created. He detailed that the company only worked a seven day on/seven day off schedule.

HB 100 was HEARD and HELD in committee for further consideration.

#hb77

CS FOR HOUSE BILL NO. 77(FIN)

"An Act relating to training regarding disabilities for police officers, probation officers, parole officers, correctional officers, and village public safety officers; relating to guidelines for drivers when encountering or being stopped by a peace officer; relating to driver's license examinations; and relating to a voluntary disability designation on a state identification card and a driver's license."

[9:39:38 AM](#)

REPRESENTATIVE STEVE THOMPSON, SPONSOR, discussed the legislation:

When people with non-apparent disabilities interact with peace officers and corrections officers, elements of their disabilities often brush against officers' protocols and may result in serious misunderstanding or even tragedy. The goal of HB77 is to improve communications between law enforcement and corrections professionals who interact with people who have non-apparent disabilities, whether these disabled individuals encounter the "systems" as victims, witnesses, or alleged perpetrators.

The first part of HB 77 focuses on training regarding interactions with people with non-apparent disabilities. The bill requires the implementation of a non-apparent disability awareness training component for Alaska peace officers, corrections officers and parole/probation officers. The Alaska Police Standards Council, has established a basic course at the academy level. The training instructs officers how to engage in appropriate interactions with individuals who experience a non-apparent disability. The course instructs officers and the guidelines will stress understanding of the different manner in which people with non-apparent disabilities process sensory stimuli and language.

The bill also requires that the Department of Motor Vehicles (DMV) add a section to the Passenger Vehicle Driver Handbook that instructs drivers as to their responsibilities when interacting with a peace officer. Basic instruction will be added to the driver's manual and one or more questions will be added to the written driver's license test. Awareness training for both police officers and the public will aid in increasing the safety of most encounters.

Another component of HB 77 is to implement a statewide voluntary identification system where a discrete marker will be placed on an Alaska Driver's license or an Alaska ID card. The marker would indicate that the individual has a disability that may not be apparent. The police or corrections officer, having taken the disability awareness training, will be able to understand and more appropriately interact with the individual.

If a person's disability is not recognized during an encounter, it may affect the outcome of that encounter. This bill would push to improve communication between peace officers, corrections officers and parole/probation officers when interacting with people who have non-apparent disabilities. The hope of this bill is to reduce the potential for tragic encounters in our state.

9:42:20 AM

JANE PIERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, discussed the sectional analysis (copy on file):

Section 1. Amends AS 18.65.220 to include statutory language that expands the duties of the police standards council's training program to include training in recognizing and interacting with a person with disabilities, as well as familiarization with resources that are available to those with hidden disabilities.

Section 2. Adds a new subsection to AS 18.65.310. Providing that a person may voluntarily designate on their state identification card that the person has a disability and the proof required for the designation.

Section 3. Amends AS 18.65.670(c) to include disability training to village public safety officers.

Section 4. Amends AS 28.05.011 by adding a new subsection to include the duties and responsibilities of drivers when encountering or being stopped by a peace officer be included in the driver's manual.

Section 5. Amends AS 28.15.081(a) to include the duties and responsibilities of drivers when encountering or being stopped by a peace officer on the driver's test examination.

Section 6. AS 28.15.111 is amended by adding a new subsection (d), providing that a person may voluntarily designate on their Alaska Driver's License a disability designation, proof required for the designation and fees that may be charged.

Ms. Pearson remarked that Section 1 was in accordance with the Americans with Disabilities Act (ADA) Title II.

[9:44:04 AM](#)

Co-Chair MacKinnon asked if the driver's license indicator would qualify the individual for something else, and whether they would be screened for additional benefits.

Ms. Pierson answered in the negative, and clarified that an individual would be required to get a health care provider to receive the designation. It would not change any designation for any other type of services.

Co-Chair MacKinnon surmised that the only issue was the work to receive the designation.

Mr. Pierson agreed and restated that it was voluntary.

Co-Chair MacKinnon wondered whether the DMV would address the boundaries.

Ms. Pierson replied that there was already a set process.

Co-Chair MacKinnon remarked that there was some alleged issue of posing as police officers.

Senator Olson wondered if there were other states that had similar implementation.

Ms. Pierson was not sure. She had seen recent legislation that proposed to mark license plates.

[9:49:19 AM](#)

ART DELAUNE, WALLBUSTERS/ACCESS ALASKA, FAIRBANKS (via teleconference), testified in support of the bill.

Co-Chair MacKinnon CLOSED public testimony.

Co-Chair MacKinnon asked if there would be sensitivity to training when adding to the manual.

AMY ERICKSON, DIVISION OF MOTOR VEHICLES, ANCHORAGE (via teleconference), stated that the DMV had no problem putting a designation in the manual or license.

Co-Chair MacKinnon asked if Ms. Erickson had checked with the Department of Law about integration.

Co-Chair MacKinnon directed attention to a memo from LAW (copy on file).

LT. CHAD GODEN, ALASKA STATE TROOPERS, SITKA (via teleconference), stated that he it would not be a problem to implement the program.

HB 77 was HEARD and HELD in committee for further consideration.

#hb155

CS FOR HOUSE BILL NO. 155(FIN)

"An Act repealing an exploration incentive credit; amending the calculation of adjusted gross income for purposes of the tax on gambling activities aboard large passenger vessels; repealing the amount that may be deducted from the motor fuel tax to cover the expense of accounting and filing for the monthly tax return; repealing a provision allowing an investigation expense under the Alaska Small Loans Act to be in place of a fee required under the Alaska Business License Act; repealing the amount that may be deducted from the tobacco excise tax to cover the

expense of accounting and filing for the monthly tax return; repealing the discount on cigarette tax stamps provided as compensation for affixing the stamps to packages; and providing for an effective date."

[9:53:54 AM](#)

AT EASE

[9:55:27 AM](#)

RECONVENED

REPRESENTATIVE STEVE THOMPSON, SPONSOR; discussed the bill:

With increasing technology, DNA exonerations have been on the rise. There have been 325 post-conviction DNA exonerations with the vast majority coming since 2000. Each of these individuals spent time behind bars, an average of 13.6 years, and was released into a changed world. House Bill 55 gives these wrongfully imprisoned victims a chance to start a new life and integrate back into society.

Specifically, HB 55 creates an administrative process whereby victims of overturned criminal convictions can request compensation from the state for time served. They can be compensated up to \$50,000 per year with a cap at two million dollars. In order to qualify for the compensation, the claimant must have served time in prison and then have been exonerated via retrial, dismissed charges, or executive pardon because of innocence.

While there is no price on the emotional and personal suffering of those who were wrongfully imprisoned, HB 55 would bring Alaska up to the federal compensation standard to help right the state's wrong. Financial compensation would help victims of wrongful imprisonment repair their lives by covering costs of education, healthcare, housing and transportation.

This legislation will right the state's wrongs. Every innocent person, regardless of how they became incarcerated, deserves just compensation for the time they wrongly served. HB 55 is a stepping stone in a long process towards protecting all Alaskans.

[9:57:18 AM](#)

BRODIE ANDERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, discussed the sectional analysis:

Section 1of the bill adds wrongful conviction and imprisonment to AS 44.77.010(a) which provides for the presentation of money claims against the state to the Department of Administration.

Section 2 sets out the circumstances under which a person will be eligible for compensation for wrongful conviction and imprisonment:

AS 44.77.018(a) requires that for a person to obtain compensation, the person must first present the claim to the attorney general and show that the person was convicted of one or more offenses, was sentenced to a term of imprisonment, served part or all of the sentence, and:

(1) That the conviction was vacated or reversed because the person was not guilty; or a pardon was granted on account of innocence and wrongful conviction

(2) The person did not commit any of the crimes charged in the criminal action in which the person was convicted, and did not cause the conviction by committing perjury or induce another to commit perjury. A false confession or guilty plea to a crime the person did not commit is not considered a cause of conviction in this section.

AS 44.77.018(b) provides that a person is not entitled to compensation for a period of imprisonment that is served concurrently with a sentence for another offense.

AS 44.77.018(c) sets the requirement of the section at \$50,000 times the number of years of wrongful imprisonment, including fractions representing partial year, up to a maximum of \$2 million.

AS 44.77.018(d) prohibits a person who receives compensation under the section from bringing an action on the same subject matter involving the person's arrest, conviction, or length of confinement.

AS 44.77.018(e) requires that a claim must be filed within two years after the dismissal, not guilty verdict, or pardon on which the claim is based, except that the attorney general can authorize payment for a

late-filed claim if the person shows good cause for the delay.

Section 3 a person making a claim from wrongful conviction and imprisonment may appeal the denial of the claim under the Administrative Procedures Act, but may not, unlike other claimants under AS 44.77.010, bring an action under AS 09.50.250 - 09.50.300 (claims against the state) if the Department of Administration fails to act under AS 44.77.

Section 4 provides that for claims for wrongful conviction and imprisonment, the claims process in AS 44.77.010 - 44.77.060 applies even if the agency to which the person applies (which in this case would be the Department of Law) has a mandatory claims procedure.

Co-Chair MacKinnon CLOSED public testimony.

HB 155 was HEARD and HELD in committee for further consideration.

[10:01:37 AM](#)

AT EASE

[10:02:00 AM](#)

RECONVENED

#hb143

CS FOR HOUSE BILL NO. 143(FIN)

"An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project."

[10:02:15 AM](#)

REPRESENTATIVE CATHY MUNOZ, SPONSOR, discussed the bill:

House Bill 143 authorizes the Alaska Industrial Development and Export Authority to issue up to \$120 million in conduit issuance bonds to finance a hydroelectric project at Sweetheart Lake, approximately 43 miles south of Juneau. Conduit issuances do not impact AIDEA bonding capacity and would solely be based on the merits of the project.

AIDEA would act as a facilitator by vetting and performing due diligence on the project to determine whether it qualifies for such financing.

Hydroelectric power is a clean, effective, and affordable source of energy in coastal, rainforest Alaska - a region that can use it to offset high costs of industries such as mining, processing fish, and forest products. Mining, tourism, and fish processing are vital to the area's economy.

Affordable energy is a keystone of a healthy and sustainable economy. It ensures Alaska families, businesses, and job-creating industries may grow and thrive. HB 143 would help a region take steps toward unlocking its great energy and resource potential and move toward having a stronger and more diversified economy.

[10:05:07 AM](#)

TERRY HARVEY, STAFF, REPRESENTATIVE CATHY MUNOZ, discussed the sectional analysis (copy on file):

Section 1 (a) Provides legislative approval for the Alaska Industrial Development and Export Authority to issue bonds for the Sweetheart Lake hydroelectric project in an amount not to exceed \$120,000,000 payable exclusively from the revenue derived from the project.

(b) Provides that the bond authorization in this section does not constitute a general obligation of the state or authority.

(c) Provides that the bonds authorized by this section may not be considered in calculating the authority's 12-month bonding limitation under AS 44.88.095(a).

Section 2 Repeals sec. 1 on June 30, 2020.

[10:06:25 AM](#)

Senator Dunleavy wondered whether the bill had any cost to the state.

Representative Munoz reiterated that the bill had no cost to the state.

[10:06:46 AM](#)

Senator Olson wondered what would occur if the mine shut down.

Representative Munoz related that Kensington had invested in an 8,000 foot tunnel, and there were reserves that were available for low cost power.

Senator Olson asked about the potential ramifications if Kensington were to shut down.

Representative Munoz replied that the other large customer was the downtown district heating project.

Vice-Chair Micciche wondered why the bond authorization did not constitute a general obligation to the state.

[10:09:19 AM](#)

JOHN SPRINGSTEEN, EXECUTIVE DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA) (via teleconference), explained that the clause was included so the project would not be against the 12-month rolling limit of \$400 million.

Co-Chair MacKinnon announced that the bond debt report had zero cash available for future bond under the legislature's debt calculation. She wondered if the limit would be exceeded by \$120 million.

Mr. Springsteen replied that it was a conduit issuance and relied solely on the revenue of the project.

Co-Chair MacKinnon wondered whether other projects were counted against the debt limit of the rolling average with backed revenue bonds.

Mr. Springsteen stated that current statute dictated that the only bond issuances that were not counted toward the \$400 million 12-month rolling cap were refunding bonds.

Co-Chair MacKinnon wondered if the legislation was raising the cap by \$120 million.

Mr. Springsteen replied that the legislation was a one-time approval.

Co-Chair MacKinnon asked how long it would take to fund the project.

Mr. Springsteen stated that the project had not yet come forward with a feasibility study.

Co-Chair MacKinnon asked if such projects were typically 10 years, 20 years, 30 years, or 50 years.

Mr. Springsteen thought that hydroelectric projects were typically 50 years, and the project could be up to 100 years.

Vice-Chair Micciche surmised that the bill was not against AIDEA's bonding limitation because the securities were based upon the financial backing of another entity.

Mr. Springsteen iterated that the assets and revenue of the project provided a security for the bond issuance.

Co-Chair MacKinnon asked if there was a moral obligation with the revenue bond.

Mr. Springsteen stated that in the instance there was not a moral obligation.

Co-Chair MacKinnon opened public testimony.

Co-Chair MacKinnon CLOSED public testimony.

[10:15:27 AM](#)

AT EASE

[10:15:37 AM](#)

RECONVENED

[10:16:19 AM](#)

Vice-Chair Micciche wanted to support the Kensington mine. He stated that the heat pump technology was fascinating. He hoped to expand heat pump technology.

Co-Chair MacKinnon commented that she would like to discuss the reason for the language.

HB 143 was HEARD and HELD in committee for further consideration.

#hb41

CS FOR HOUSE BILL NO. 41(FIN) am

"An Act relating to sport fishing services, sport fishing operators, and sport fishing guides; and providing for an effective date."

10:17:40 AM

AT EASE

10:21:27 AM

RECONVENED

Vice-Chair Micciche MOVED to ADOPT proposed committee substitute for CSHB 41(FIN), Work Draft 29-LS0238\G (Bullard, 3/18/16).

Co-Chair MacKinnon OBJECTED for discussion.

ERIN SHINE, STAFF, SENATOR ANNA MACKINNON, explained that, over the interim, there was work on examining the issues raised in previous hearing from the prior session. She stated that on January 12, 2016, the stakeholders, departments, and staff to address those concerns. The main change in the committee substitute was that the freshwater and saltwater were bifurcated, and the logbooks and licensing only require saltwater. She noted that on page 2, line 31 to page 3, line 9 added a definition of saltwater sport fishing services. She looked at page 5, lines 10 through 14 which allowed the department to adopt regulations for a procedure that allows a person to apply for a waiver of timely submission of the reports required in the bill. She stated that the other substantial change was on page 8, line 19, which moved the effective date to 2019.

Co-Chair MacKinnon REMOVED her OBJECTION. There being NO OBJECTION, it was so ordered.

10:24:31 AM

REPRESENTATIVE CATHY TILTON, SPONSOR, related that she had worked over the previous interim to address issues that had been identified.

[10:25:21 AM](#)

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE CATHY MUNOZ, discussed the sectional analysis (copy on file):

Section 1 - Effective January 1, 2016; establishes license fees at the rate of \$200 for operators, \$100 for guides, and \$200 combined.

Section 2 - Effective January 1, 2016; Amends 16.05.395 Sport fishing vessel registration; updates the statute references to reflect the reinstated program.

Section 3 - Effective January 1, 2026; removes the language in Section 4 to reflect the 10 year sunset provision.

Section 4 - Effective January 1, 2016; Reestablishes the Sport fishing operator license, Sport fish guide license, reporting requirements, penalties, and definitions; only change to original statute language is to reflect the updated statute citations.

Section 5 - Effective January 1, 2016; Reestablishes language in AS 25.27.244(s)(2) as this language was repealed December 31, 2014; cleanup of statute since (ii) was repealed in 2005.

Section 6 - Effective January 1, 2016; Reinserts language into AS 41.21.506 Comprehensive Management Plan, Regulations that was repealed with the sunset provision; This language requires the DNR Commissioner to develop and adopt a management plan for the Kenai River Special Management Area in conjunction with the Borough.

Section 7 - Effective January 1, 2026; removes the language in Section 8 to reflect the 10 year sunset provision.

Section 8 - Effective January 1, 2026; Repealers for the 10 year sunset provision.

Sections 9 and 10 - Transitional provision for regulations with an immediate effective date.

Section 11 - Section 3, 7, and 8 take effect January 1, 2021.

Section 12 - Effective date of January 1, 2016.

[10:29:35 AM](#)

Co-Chair MacKinnon stated that her staff had sent her a message to make the committee aware that there was an ongoing issue related a violation in the bill.

Co-Chair MacKinnon specified that the subsequent two bills concerned fisheries on the topic of state versus personal use.

Co-Chair MacKinnon asked the sponsor to summarize what was trying to be accomplished with the bill.

Representative Tilton stated that the bill was introduced to better serve the state with regard to the allocation of halibut resources.

Co-Chair MacKinnon noted that she would reopen public testimony.

[10:33:01 AM](#)

ANDY MEZIROU, SELF, SEWARD (via teleconference), testified in support of the bill.

Senator Dunleavy asked if the department currently kept a logbook.

Mr. Mezirow stated that the department currently had a log book, however without the legislation the department would not be able to have it

[10:36:08 AM](#)

SAMANTHA WEINSTEIN, EXECUTIVE DIRECTOR, SOUTHEAST ALASKA GUIDES ORGANIZATION, ANCHORAGE (via teleconference), testified in support of the bill.

[10:37:24 AM](#)

PAUL JOHNSON, SELF, GULL COVE (via teleconference), testified in support of the bill. He was concerned that individuals in rural areas would not proper access, and felt that there was room for mistakes.

[10:39:44 AM](#)

Co-Chair MacKinnon mentioned that there was work on a resolution related to the violation issue.

10:40:18 AM

DICK ROHRER, SELF, KODIAK (via teleconference), echoed the comments of the previous testifier. He maintained that // He directed attention to page 6, lines 4 through 6 of the bill.

Senator Olson asked why the designation was changed to saltwater only, rather than including freshwater.

HEATH HILYARD, STAFF, REPRESENTATIVE CATHY TILTON, explained that stakeholder meetings resulted in the feeling that there were a number of unique situations within the freshwater realm that required different treatment. He stated that the logbook programs drove the information to make management decisions at the North Council level, it was deemed necessary to progress with treating the freshwater at a different time.

Senator Olson wondered whether the bill targeted saltwater guides.

Mr. Hilyard responded that it was not the intent of the bill.

Senator Olson asked if the bill would have any effect on Native and non-Native subsistence users.

Mr. Hilyard believed that the subsistence provision was at a state level, and halibut was a federally managed fish. He deferred to the department to answer more specifically.

Senator Olson stressed that he wanted an answer to his question.

10:45:34 AM

TOM BROOKOVER, DIRECTOR, DIVISION OF SPORT FISHERIES, DEPARTMENT OF FISH AND GAME (via teleconference), agreed to provide that information.

Co-Chair MacKinnon requested more information about the freshwater provision, and how that position would be defended for logs in freshwater.

Vice-Chair Micciche understood that there would be no change to the freshwater requirement.

Ms. Koeneman agreed.

ALPHEUS BULLARD, ATTORNEY, LEGISLATIVE LEGAL SERVICES (via teleconference), remarked that the bill, except for one provision, related only to the management of saltwater fishing guides and saltwater fishing operators.

Vice-Chair Micciche asked for more information about the change to freshwater.

Mr. Bullard referred to Section 2, which had a requirement that all vessels used to provide sport fishing services whether in freshwater or saltwater have appropriate identification.

Co-Chair MacKinnon requested that language and amendments be delivered to her office the following day.

HB 41 was HEARD and HELD in committee for further consideration.

#hb137

CS FOR HOUSE BILL NO. 137(FIN) am

"An Act raising certain fees related to sport fishing, hunting, and trapping; relating to the fish and game fund; providing for the repeal of the sport fishing surcharge and sport fishing facility revenue bonds; replacing the permanent sport fishing, hunting, or trapping identification card for certain residents with an identification card valid for three years; relating to hunting and fishing by proxy; relating to fish and game conservation decals; raising the age of eligibility for a sport fishing, hunting, or trapping license exemption for state residents; raising the age at which a state resident is required to obtain a license for sport fishing, hunting, or trapping; and providing for an effective date."

[10:48:36 AM](#)

Co-Chair MacKinnon opened public testimony.

10:49:23 AM

AT EASE

10:49:30 AM

RECONVENED

Co-Chair MacKinnon announced that the day's testimony would address version U.

10:49:43 AM

MIKE TINKER, ALASKA WILDLIFE CONSERVATION ASSOCIATION, FAIRBANKS (via teleconference), testified in opposition to the bill.

Co-Chair MacKinnon asked Mr. Tinker to provide his written testimony.

Co-Chair MacKinnon stated that she would hear from one more testifier.

10:53:20 AM

DWIGHT KRAMER, KENAI AREA FISHERMAN'S COALITION, KENAI (via teleconference), spoke in opposition to the bill.

Co-Chair MacKinnon She offered to give testifiers priority the following day.

HB 137 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

10:57:01 AM

The meeting was adjourned at 10:56 a.m.