

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 7, 2016
1:47 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Cathy Giessel, Vice Chair
Senator Kevin Meyer
Senator Gary Stevens

MEMBERS ABSENT

Senator Johnny Ellis

COMMITTEE CALENDAR

SENATE BILL NO. 193

"An Act extending the exemption from regulation by the Regulatory Commission of Alaska for certain facilities or plants generating energy from renewable energy resources."

- MOVED CSSB 193(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 268

"An Act relating to the dividends from the Alaska Industrial Development and Export Authority; relating to the meaning of 'mark-to-market fair value,' 'net income,' 'project or development,' and 'unrestricted net income' for purposes of the Alaska Industrial Development and Export Authority; and providing for an effective date."

- MOVED HB 268 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 305(EDC)

"An Act relating to an exemption from the regulation of postsecondary educational institutions."

- HEARD & HELD

SENATE BILL NO. 118

"An Act relating to surveys required to be submitted to the Department of Natural Resources; relating to peer review by the State Board of Registration for Architects, Engineers, and Land

Surveyors of required surveys submitted to the Department of Natural Resources; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 314

"An Act relating to the Alaska regional economic assistance program; extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 193

SHORT TITLE: EXTEND EXEMPTION FOR SMALL POWER PLANTS

SPONSOR(S): SENATOR(S) MCGUIRE

02/22/16	(S)	READ THE FIRST TIME - REFERRALS
02/22/16	(S)	NRG, L&C
03/15/16	(S)	NRG AT 1:00 PM BUTROVICH 205
03/15/16	(S)	Heard & Held
03/15/16	(S)	MINUTE (NRG)
03/31/16	(S)	NRG AT 3:30 PM BELTZ 105 (TSBldg)
03/31/16	(S)	Moved CSSB 193(NRG) Out of Committee
03/31/16	(S)	MINUTE (NRG)
04/01/16	(S)	NRG RPT CS 3DP 1NR SAME TITLE
04/01/16	(S)	DP: BISHOP, MICCICHE, EGAN
04/01/16	(S)	NR: HOFFMAN
04/05/16	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/05/16	(S)	Heard & Held
04/05/16	(S)	MINUTE (L&C)
04/07/16	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 268

SHORT TITLE: AIDEA: DIVIDEND TO STATE; INCOME; VALUATION

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/20/16	(H)	READ THE FIRST TIME - REFERRALS
01/20/16	(H)	L&C, FIN
02/17/16	(H)	L&C AT 3:15 PM BARNES 124
02/17/16	(H)	Heard & Held
02/17/16	(H)	MINUTE (L&C)
02/26/16	(H)	L&C AT 3:15 PM BARNES 124
02/26/16	(H)	Moved HB 268 Out of Committee
02/26/16	(H)	MINUTE (L&C)

02/29/16 (H) L&C RPT 2DP 3NR
 02/29/16 (H) DP: COLVER, OLSON
 02/29/16 (H) NR: LEDOUX, JOSEPHSON, KITO
 03/16/16 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/16/16 (H) Heard & Held
 03/16/16 (H) MINUTE (FIN)
 03/22/16 (H) FIN AT 9:30 AM HOUSE FINANCE 519
 03/22/16 (H) Moved HB 268 Out of Committee
 03/22/16 (H) MINUTE (FIN)
 03/23/16 (H) FIN RPT 10DP 1NR
 03/23/16 (H) DP: SADDLER, KAWASAKI, PRUITT, GARA,
 GUTTENBERG, GATTIS, EDGMON, MUNOZ,
 NEUMAN,
 03/23/16 (H) THOMPSON
 03/23/16 (H) NR: WILSON
 03/29/16 (H) TRANSMITTED TO (S)
 03/29/16 (H) VERSION: HB 268
 03/30/16 (S) READ THE FIRST TIME - REFERRALS
 03/30/16 (S) L&C, FIN
 04/05/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/05/16 (S) Scheduled but Not Heard
 04/07/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 305

SHORT TITLE: RECREATIONAL/AVOCATIONAL TRAINING EXEMPT.

SPONSOR(s): GATTIS

02/08/16 (H) READ THE FIRST TIME - REFERRALS
 02/08/16 (H) EDC
 03/28/16 (H) EDC RPT CS (EDC) NT 5DP 1NR
 03/28/16 (H) DP: TALERICO, SEATON, COLVER,
 SPOHNHOLZ, KELLER
 03/28/16 (H) NR: DRUMMOND
 03/28/16 (H) EDC AT 8:00 AM CAPITOL 106
 03/28/16 (H) Moved CSHB 305(EDC) Out of Committee
 03/28/16 (H) MINUTE (EDC)
 03/31/16 (H) TRANSMITTED TO (S)
 03/31/16 (H) VERSION: CSHB 305(EDC)
 04/01/16 (S) READ THE FIRST TIME - REFERRALS
 04/01/16 (S) L&C
 04/07/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 118

SHORT TITLE: DNR LAND DISPOSAL SURVEYS; PEER REVIEW

SPONSOR(s): COSTELLO

01/19/16 (S) PREFILE RELEASED 1/8/16

01/19/16 (S) READ THE FIRST TIME - REFERRALS
01/19/16 (S) L&C, RES
02/25/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/25/16 (S) <Bill Hearing Canceled>
04/07/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 314

SHORT TITLE: AK REG ECON ASSIST. PROGRAM; EXTEND
SPONSOR(s): HUGHES

02/17/16 (H) READ THE FIRST TIME - REFERRALS
02/17/16 (H) L&C
03/09/16 (H) L&C AT 3:15 PM BARNES 124
03/09/16 (H) Scheduled but Not Heard
03/11/16 (H) L&C AT 3:15 PM BARNES 124
03/11/16 (H) -- MEETING CANCELED --
03/21/16 (H) L&C AT 3:15 PM BARNES 124
03/21/16 (H) Moved HB 314 Out of Committee
03/21/16 (H) MINUTE (L&C)
03/23/16 (H) L&C RPT 6DP 1NR
03/23/16 (H) DP: LEDOUX, COLVER, JOSEPHSON, KITO,
HUGHES, OLSON

03/23/16 (H) NR: TILTON
03/23/16 (H) FIN REFERRAL ADDED AFTER L&C
03/29/16 (H) FIN REFERRAL WAIVED
04/01/16 (H) TRANSMITTED TO (S)
04/01/16 (H) VERSION: HB 314
04/04/16 (S) READ THE FIRST TIME - REFERRALS
04/04/16 (S) L&C, FIN
04/07/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

WESTON EILER, Staff

Senate Labor and Commerce Standing Committee and
Senator Mia Costello
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Reviewed the changes in the CS for SB 193
and presented information on SB 118.

JESSE LOGAN, Staff

Senator Lesil McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions related to SB 193 on
behalf of the sponsor.

KEITH COMSTOCK, Vice President and CEO
Juneau Hydropower Inc.
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 193.

THERESA CLEMMER, Attorney
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 193.

ROBERT GRIMM, President and CEO
Alaska Power and Telephone Company (APTC)
Skagway, Alaska

POSITION STATEMENT: Testified in support of SB 193.

GENE THERRIAULT, Policy Director
Alaska Industrial Development and Export Authority (AIDEA)
Anchorage, Alaska

POSITION STATEMENT: Provided information related to HB 268.

MICHAEL LAMB, Chief Financial Officer
Alaska Industrial Development and Export Authority (AIDEA)
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to HB 268.

REPRESENTATIVE LYNN GATTIS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 305.

CHRYSTAL RANDOLPH, Staff
Representative Lynn Gattis
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided the sectional analysis for HB 305.

STEPHANIE BUTLER, Director
Program Operations
Alaska Commission on Postsecondary Education
Juneau, Alaska

POSITION STATEMENT: Provided answers to the questions previously asked on SB 305.

JODEE DIXON, Owner
The Yoga Path
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 305.

BARBARA DOBBERTHIEN, Executive Director and
Chief Operating Officer
Yoga Alliance
Arlington, Virginia

POSITION STATEMENT: Testified in support of HB 305.

JOHN KERR, representing himself
Anchorage, Alaska

POSITION STATEMENT: Raised concerns with SB 118.

REPRESENTATIVE SHELLEY HUGHES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 314.

BRITTENY CIONI-HAYWORD, Director
Division of Economic Development
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Provided information related to HB 314.

ROBERT VENABLES, Energy and Transportation Coordinator
Southeast Conference
Haines, Alaska

POSITION STATEMENT: Presented information related to HB 314.

DOUG GRIFFIN, Southwest Alaska Municipal Conference
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 314.

ACTION NARRATIVE

[1:47:48 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:47 p.m. Present at the call to order were Senators Stevens, Giessel, Meyer, and Chair Costello. She reviewed the agenda.

SB 193-EXTEND EXEMPTION FOR SMALL POWER PLANTS

[1:49:26 PM](#)

CHAIR COSTELLO announced the consideration of SB 193. She stated the intention is to close public testimony, adopt a committee substitute (CS), and look to the will of the committee.

[1:49:52 PM](#)

SENATOR GIESSEL moved to adopt the CS for SB 193, labeled 29-LS1513\H, as the working document.

CHAIR COSTELLO objected for discussion purposes.

[1:50:08 PM](#)

WESTON EILER, Staff, Senate Labor and Commerce Standing Committee and Senator Costello, Alaska State Legislature, informed the committee that the CS for SB 193 removes the January 1, 2020 sunset date on the exemption of small power production plants and facilities from regulation by the Regulatory Commission of Alaska (RCA). The original version of the bill extended the exemption, however, after conversation with stakeholders and the sponsor, the sunset was removed. The exemption was enacted in 2010 to align with federal tax credits and has been very successful. Version H will allow the exemption to continue without a sunset.

He noted that Alaska regulates power projects of this size more strictly than the federal government. The bill will provide more certainty for independent power producers, allow for long-term planning, increase competition, and reduce rates for consumers.

[1:52:19 PM](#)

CHAIR COSTELLO removed her objection. Finding no further objection, the CS was adopted.

SENATOR STEVENS commented that this bill is needed and asked if rate payers are protected.

MR. EILER deferred the question to the sponsor.

[1:53:52 PM](#)

JESSE LOGAN, Staff, Senator Lesil McGuire, Alaska State Legislature, explained that rate payers are protected through the Regulatory Commission of Alaska (RCA). The bill pertains only to facilities that sell to regulated utilities. The RCA approves any power purchasing agreement between a non-regulated facility and a regulated utility.

SENATOR MEYER asked how many small independent power producers there are throughout the state.

MR. LOGAN said he didn't have an exact number, but there are quite a few. There are more than 20 wind projects and at least one active geothermal project. Currently, about 23 percent of

the state's energy is produced by hydroelectricity, most of which is in Southeast Alaska.

SENATOR MEYER offered his belief that that Kodiak uses about 99 percent renewable energy.

SENATOR STEVENS agreed that the City of Kodiak uses about 99 percent renewable energy. Many small communities are in good locations for renewable energy opportunities.

[1:55:37 PM](#)

KEITH COMSTOCK, Vice President and CEO, Juneau Hydropower Inc., testified in support of SB 193. He informed the committee that the Sweetheart Lake hydroelectric project is in the final stages of permitting and hopes to be in production later this year. He thanked the sponsor and the committee for amending the bill. He described the timeline for the project and said the change helps projects that take a long time.

[1:57:54 PM](#)

THERESA CLEMMER, Attorney, testified in support of SB 193. She said she is testifying on behalf of Alaska Environmental Power (AEP), which operates a windfarm in Delta Junction. AEP is one of the small renewable energy producers that will greatly benefit from the bill.

[1:58:35 PM](#)

ROBERT GRIMM, President and CEO, Alaska Power and Telephone Company (APTC), testified in support of SB 193. He related that APTC is unique because it is both a public utility and an independent power producer (IPP). He applauded the bill, particularly removing the sunset date.

[1:59:49 PM](#)

SENATOR GIESSEL moved to report the CS for SB 193, labeled 29-LS1513\H, from committee with individual recommendations and attached zero fiscal note.

CHAIR COSTELLO announced that without objection, CSSB 193(L&C) is reported from the Senate Labor and Commerce Standing Committee.

[2:00:19 PM](#)

At ease

HB 268-AIDEA: DIVIDEND TO STATE; INCOME; VALUATION

[2:02:24 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 268. She noted that the committee heard the Senate version of the bill.

[2:03:15 PM](#)

GENE THERRIAULT, Policy Director, Alaska Industrial Development and Export Authority (AIDEA), said the committee heard the Senate version of HB 268 on 2/25/16 and this language is identical to the Senate version. He summarized on page 2, line 3, the bill intends to add an exclusion to the calculation of the AIDEA dividend. He discussed what wasn't anticipated when the legislation passed initially. HB 268 will result in the dividend being calculated on the true net income.

He explained the two problems the bill attempts to fix - the mark-to-market adjustment and outside appropriation net income issues.

He noted the slide program in members' packets. He explained the stacking of Governmental Accounting Standards Board (GASB) rules that will increase the uncertainty of the dividend.

[2:09:03 PM](#)

CHAIR COSTELLO referenced page 2, beginning on line 9, and asked why the bill adds definitions to project development, and what AS 44.88.900 is.

MR. THERRIAULT explained that on page 2, line 5, excluding the losses is discussed. Because there are multiple programs, the money could come into various funds. Project development is added along with the list of financing tools AIDEA has.

CHAIR COSTELLO asked if the other bill creating another fund would be added, were it to pass.

MR. THERRIAULT said yes, if it passes.

[2:11:02 PM](#)

SENATOR MEYER asked what affect this will have on the dividend.

MR. THERRIAULT said it will probably not increase the dividend, just "narrow the band of uncertainty around the expectation of what the dividend is likely to be."

CHAIR COSTELLO asked why that is significant.

MR. THERRIAULT explained that it brings more predictability for both the state and AIDEA.

CHAIR COSTELLO asked about the genesis of suggestions made in the bill.

MR. THERRIAULT said they came at the suggestion of Mr. Lamb at AIDEA.

SENATOR STEVENS asked if additional GASB issues are anticipated.

MR. THERRIAULT deferred the question to Mr. Lamb.

[2:13:56 PM](#)

MICHAEL LAMB, Chief Financial Officer, Alaska Industrial Development and Export Authority (AIDEA), answered questions related to HB 268. He listed the upcoming GASB statements and advised that they are constantly coming out. Currently, there are about 79 GASB statements. The bill uses the mark-to-market fair value to capture future rules.

[2:16:16 PM](#)

CHAIR COSTELLO closed public testimony on HB 268 and solicited a motion.

[2:16:27 PM](#)

SENATOR GIESSEL moved to report HB 268, labeled 29-GH2708\A, from committee with individual recommendations and attached fiscal note.

[2:16:44 PM](#)

CHAIR COSTELLO announced that without objection, HB 268 is reported from the Senate Labor and Commerce Standing Committee.

[2:16:49 PM](#)

At ease

HB 305-RECREATIONAL/AVOCATIONAL TRAINING EXEMPT.

[2:18:22 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 305. She noted that this is the first hearing of the bill. [CSHB 305(EDC) is before the committee.]

[2:18:49 PM](#)

REPRESENTATIVE LYNN GATTIS, Alaska State Legislature, sponsor of HB 305, said the bill puts sideboards on the regulatory powers

of the Alaska Commission on Postsecondary Education (ACPE). It exempts recreational and avocational training programs that are done primarily for fun and not as a career.

[2:20:45 PM](#)

CHRYSTAL RANDOLPH, Staff, Representative Lynn Gattis, Alaska State Legislature, provided the sectional analysis for HB 305.

Section 1:

AS 14.48.030 (a). Adds new lines.

Exemptions to the Regulations of Postsecondary Institutions.

Exempts programs that are in a field that:

- A. Does not require a professional or occupational license under AS 08.
- B. Provides training primarily for recreational purposes; and
- C. At the advanced training level, prepares program graduates to teach or instruct in that field.

Section 2:

AS 14.48.030. Adds new subsection.

Exemptions to the Regulations of Postsecondary Institutions.

Requires the educational programs or institutions that are exempt under (a)(5) to provide students with written notice, before enrollment, that the program or institution is exempt from state authorization requirements.

Section 3:

AS 14.48.030. Adds new paragraphs.

Exemptions to the Regulations of Postsecondary Institutions.

Provides definitions to the terms "avocational," "recreational," and "vocational".

[2:22:44 PM](#)

CHAIR COSTELLO inquired about page 2, line 5, "at the advanced training level, prepares program graduates to teach or instruct in that field" and asked how this would apply to coaches who would need special training.

MS. RANDOLPH said she believes the bill wouldn't apply to recreational youth programs because ACPE regulates postsecondary programs.

CHAIR COSTELLO said she'd like that clarified.

[2:24:28 PM](#)

SENATOR STEVENS asked for examples of exempted programs.

MS. RANDOLPH listed karate, Zumba, and hunter courses.

SENATOR STEVENS asked if ACPE will suffer a loss due to this bill.

MS. RANDOLPH deferred to the representative from ACPE.

[2:25:30 PM](#)

STEPHANIE BUTLER, Director, Program Operations, Alaska Commission on Postsecondary Education, said HB 305 would represent a loss in revenue, but not a significant loss. Regarding the coach question, a volunteer youth coach would not be subject to commission regulations. Someone looking to coach or teach in a school would need to meet all district requirements.

CHAIR COSTELLO asked if the administration or ACPE has a position on the bill or the zero fiscal note.

MS. BUTLER said ACPE does not have concerns about the bill and has no comment on the fiscal note.

[2:27:17 PM](#)

JODEE DIXON, Owner, The Yoga Path, testified in support of HB 305. She said that yoga teacher training (YTT) is a program for advanced yoga. It is a 200-hour program that requires commitment and is motivating for those who complete the training. Completion generally does not lead to a sustainable career.

She said Alaska does not regulate yoga teachers and they do not have to have a special license. She discussed the Yoga Alliance, of which she is a member, which sets standards for the industry.

[2:30:28 PM](#)

SENATOR MEYER asked if there are different types of yoga that require different training.

MS. DIXON said there are many types, but all of them could generally be categorized as Hatha Yoga.

SENATOR MEYER asked if yoga is used for both relaxation and stretching.

MS. DIXON said it's used for a myriad of reasons to benefit the health of the individual.

[2:34:09 PM](#)

BARBARA DOBBERTHIEN, Executive Director and Chief Operating Officer, Yoga Alliance, testified in support of HB 305. She clarified that ACPE's institutional authorization process does not apply to yoga programs and YTT programs should not be subject to the requirements. She listed the states that have passed legislation similar to HB 305. The bill is consistent with the national trend of states refraining from subjecting YTTs to occupational educational regulation.

[2:36:49 PM](#)

CHAIR COSTELLO closed public testimony and held HB 305 in committee for further consideration.

#

[2:37:15 PM](#)

At ease

SB 118-DNR LAND DISPOSAL SURVEYS; PEER REVIEW

[2:38:40 PM](#)

CHAIR COSTELLO announced the consideration of SB 118. She noted that this is the first hearing.

WESTON EILER, Staff, Senate Labor and Commerce Standing Committee, introduced the bill on behalf of the sponsor, speaking to the following sponsor statement:

Senate Bill 118 creates a peer review alternative to the Department of Natural Resources' (DNR) review of survey work submitted to the State of Alaska. The bill amends state law to allow the administration facilitate a peer review process of survey work through a subcommittee of the State Board of Registration of Architects, Engineers, and Land Surveyors.

During the past several years, the State of Alaska has worked to address a substantial back-log in processing permit applications. While funds appropriated in the budget have helped alleviate some systemic issues, more work is needed and limited funds are available for additional reforms. Land surveyors are licensed professional, are held to high standards by the State of Alaska, and can play a role in enhancing the state's permitting process.

Senate Bill 118 proposes utilizing technical expertise in the private sector as part of permit review. Under the bill, permit applicants submitting survey work to the state would have the option of going through the traditional departmental review, or have their submissions analyzed by a subcommittee of three land surveyors. The subcommittee would be organized by the board, funded with program receipts, and be comprised of professional surveyors who do not have a financial interest in the project. DNR retains final decision making authority on permitting but is held to a two week timeline after receiving peer reviewed work.

Senate Bill 118 provides an expedient alternative for permit applicants that could help advance development projects, while also easing workloads for the department.

MR. EILER said the sponsor's office has been working with stakeholders to refine the mechanics of peer review. A committee substitute is anticipated that retains the use of peer review, but keeps it within DNR's purview. The department and the administration have drafted language that will change the fiscal note.

[2:43:24 PM](#)

CHAIR COSTELLO asked him to walk through this version of the bill.

MR. EILER said Section 1 enhances the authority of the State Board of Registration for Architects, Engineers, and Land Surveyors allowing the board to set and collect fees.

Section 2 clarifies that the peer review process would be proprietary and would not fall under public records requests.

Section 3 discusses criteria for professional land surveyors, not employed by DNR, who sit on a peer review subcommittee.

Section 4 outlines the timeline envisioned for the peer review. It also gives a notice period and provides standards or criteria for the peer review. It states that the department retains the authority to render a final decision on a survey.

Section 5 is primarily existing text, but also adds the peer review process to the powers of the commissioner.

Section 6 is transition language to enact and establish this process.

Section 7 provides the immediate effective date for Section 6.

Section 8 provides an effective date of January 1, 2017, for all but Section 6.

[2:48:35 PM](#)

SENATOR STEVENS said it makes sense to solve the backlog first. He asked if there is an appeal process.

MR. EILER said that would probably be addressed through existing regulation by the department. Peer review surveys are primarily to check for accuracy, but not to approve the final permit.

SENATOR STEVENS summarized that after a peer review, the department would provide a review and final determination.

MR. EILER agreed the final decision resides with the department. The peer review is designed to facilitate the process.

SENATOR STEVENS asked if the peer review can deny a project.

MR. EILER said the department would set that criteria in regulation. Technical lapses could be addressed by the subcommittee.

SENATOR STEVENS asked for assurance that there is an appeal process and the first review by peers wouldn't kill a project.

CHAIR COSTELLO advised that the department will attend the second hearing of SB 118 and could address those issues.

[2:52:06 PM](#)

SENATOR MEYER asked if other states follow this process.

MR. EILER said he would find out. He noted that the Municipality of Anchorage uses peer review.

SENATOR MEYER asked how subcommittee members would be selected.

MR. EILER said the licensing entity would select the subcommittees. He said he is working to refine that aspect of the bill and it will be addressed differently in the forthcoming CS.

CHAIR COSTELLO opened public testimony.

[2:53:54 PM](#)

JOHN KERR, representing himself, raised concerns with SB 118. He said he is a licensed surveyor and appreciates any efforts to expedite any process. However, the bill seems to have the potential to provide substandard reviews. It creates a path for the survey to bypass the expertise in DNR. The two-week timeline doesn't take larger projects into consideration. He listed examples, such as the Susitna Hydroelectric Project, the Knik Arm Bridge, the Alaska Stand Alone Pipeline, and almost any road project.

He concluded that SB 118 is cumbersome legislation that doesn't provide protection to the public.

[2:57:05 PM](#)

CHAIR COSTELLO said she will consider his testimony and he is welcome to provide written comments to her office.

[2:57:29 PM](#)

CHAIR COSTELLO held SB 118 in committee for further review.

HB 314-AK REG ECON ASSIST. PROGRAM; EXTEND

[2:57:46 PM](#)

CHAIR COSTELLO announced the consideration of HB 314. She noted that this is the first hearing on the bill.

[2:58:21 PM](#)

REPRESENTATIVE SHELLEY HUGHES, Alaska State Legislature, sponsor of HB 314, explained that the legislation extends the authorization of the Alaska Regional Development Organizations (ARDOR) program for five years to FY2021. There is zero funding for the program this year. The bill leaves the reporting

requirements in place, subject to state funding. She noted that 89 percent of ARDOR funding last year was not state funding.

She reported on the Copper Valley Development Association accomplishment of assisting seven business startups. She shared that the Southeast Alaska Municipal Conference (SWAMC) has an exciting focus of manufacturing trusses for cold weather housing. Anchorage Economic Development's focus on their airport has been successful. In the Kenai area the focus has been on business retention and incubation.

She concluded that the reauthorization of the ARDOR program allows them to retain their designation to carry out their activities.

[3:02:01 PM](#)

SENATOR STEVENS offered his understanding that without the bill ARDORs cannot apply for funding.

REPRESENTATIVE HUGHES replied they could apply for certain funds, but it might be a problem for federal funding and foreign funding.

SENATOR MEYER asked if there was no more state match for funding for ARDORs.

REPRESENTATIVE HUGHES said that is correct. It is her understanding that they could leverage other dollars, but not state matching dollars.

BRITTENY CIONI-HAYWORD, Director, Division of Economic Development, Department of Commerce, Community and Economic Development (DCCED), said she is eager for HB 314 to move forward. She explained that DCCED often works on statewide initiatives within the ARDOR program, such as by providing education, grants, and foreign work opportunities.

[3:04:40 PM](#)

CHAIR COSTELLO opened public testimony.

[3:04:51 PM](#)

ROBERT VENABLES, Energy and Transportation Coordinator, Southeast Conference, said the state's ARDOR program has demonstrated its value over the past 28 years. This program facilitates the public and private investment that will stimulate the economy and create jobs. It is a powerful mechanism to move economic development forward. Southeast

Conference will miss the state money but will move forward and look for other sources of revenue. The October EDA report shows that the investment of about \$70,000 a year for each ARDOR has collectively been leveraged to over \$100 million in construction projects and \$286 million in private investment.

[3:06:26 PM](#)

CHAIR COSTELLO asked if the lack of reporting requirements will yield a loss in identity for ARDORS.

MR. VENABLES said there is a high level of transparency when reporting to conference members that will allow questions to be answered.

SENATOR MEYER asked what the source of funds will be.

MR. VENABLES listed the U.S. Department of Energy specifically and added that they are looking toward the private sector.

SENATOR MEYER observed that there are other opportunities, such as crowd funding, and it looks like the program will thrive.

MR. VENABLES said they will survive, but it will be more difficult to thrive.

[3:09:31 PM](#)

SENATOR STEVENS asked Ms. Hayward if she'll still be aware of ARDOR accomplishments.

MS. HAYWARD said she believes the division will be able to track what the different ARDORS are doing. They will maintain the working relationship until the appropriations begin again. There will still be need for a minimal vetting process.

SENATOR STEVENS agreed there should still be basic reporting of ARDORS.

MS. HAYWARD said the division would figure out how to provide a report without burdening state staff.

SENATOR STEVENS suggested asking for the reports that are given to the various boards.

MS. HAYWARD said the division could find resources to produce some sort of report.

[3:13:33 PM](#)

CHAIR COSTELLO suggested working together to communicate what the ARDORs are doing without being onerous on the ARDORs.

SENATOR MEYER asked if there would be a state bank for marijuana businesses.

MS. HAYWARD said she didn't have that knowledge.

[3:15:42 PM](#)

DOUG GRIFFIN, Southwest Alaska Municipal Conference (SWAMC), testified in support of HB 314. He related that SWAMC has been in existence since 1988 and includes about 25 percent of the tribes in Alaska in the region. Fishing is the newest endeavor and they hope to focus initially on seafood processing. They have the potential to access \$2.5 million over five years.

[3:19:37 PM](#)

CHAIR COSTELLO closed public testimony and held HB 314 in committee.

[3:20:03 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:20 p.m.