

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 28, 2016

3:30 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Mia Costello, Vice Chair
Senator John Coghill
Senator Peter Micciche
Senator Bert Stedman
Senator Bill Stoltze
Senator Bill Wielechowski

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE 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."

- MOVED SCS CSHB 137(RES) OUT OF COMMITTEE

CONFIRMATION HEARING

Alaska Gasline Development Corporation
Luke Hopkins

- CONFIRMATION ADVANCED

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 216(RES)

"An Act relating to obstruction or interference with a person's free passage on or use of navigable water; and amending the definition of 'navigable water' under the Alaska Land Act."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 137

SHORT TITLE: HUNT/FISH/TRAP: FEES;LICENSES;EXEMPTIONS

SPONSOR(S): REPRESENTATIVE(S) TALERICO

03/06/15	(H)	READ THE FIRST TIME - REFERRALS
03/06/15	(H)	RES, FIN
03/20/15	(H)	RES AT 1:00 PM BARNES 124
03/20/15	(H)	Heard & Held
03/20/15	(H)	MINUTE(RES)
03/25/15	(H)	RES AT 6:00 PM BARNES 124
03/25/15	(H)	Moved CSHB 137(RES) Out of Committee
03/25/15	(H)	MINUTE(RES)
03/27/15	(H)	RES RPT CS(RES) NT 2DP 3NR 2AM
03/27/15	(H)	DP: OLSON, TALERICO
03/27/15	(H)	NR: HERRON, JOSEPHSON, JOHNSON
03/27/15	(H)	AM: SEATON, TARR
04/07/15	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/07/15	(H)	Heard & Held
04/07/15	(H)	MINUTE(FIN)
04/10/15	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/10/15	(H)	Heard & Held
04/10/15	(H)	MINUTE(FIN)
04/13/15	(H)	FIN RPT CS(FIN) NT 5DP 5NR
04/13/15	(H)	DP: PRUITT, WILSON, GATTIS, MUNOZ, THOMPSON
04/13/15	(H)	NR: SADDLER, GARA, GUTTENBERG, EDGMON, NEUMAN
04/13/15	(H)	FIN AT 9:00 AM HOUSE FINANCE 519
04/13/15	(H)	Moved CSHB 137(FIN) Out of Committee
04/13/15	(H)	MINUTE(FIN)
04/15/15	(H)	TRANSMITTED TO (S)
04/15/15	(H)	VERSION: CSHB 137(FIN) AM
04/15/15	(S)	RES AT 3:30 PM BUTROVICH 205
04/15/15	(S)	Scheduled but Not Heard
04/16/15	(S)	READ THE FIRST TIME - REFERRALS
04/16/15	(S)	RES, FIN
04/16/15	(S)	RES AT 3:30 PM BUTROVICH 205
04/16/15	(S)	Heard & Held
04/16/15	(S)	MINUTE(RES)

04/17/15	(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/17/15	(S)	Scheduled but Not Heard
02/29/16	(S)	RES AT 3:30 PM BUTROVICH 205
02/29/16	(S)	Heard & Held
02/29/16	(S)	MINUTE(RES)
03/23/16	(S)	RES AT 3:30 PM BUTROVICH 205
03/23/16	(S)	Heard & Held
03/23/16	(S)	MINUTE(RES)
03/28/16	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

AKIS GIALOPSOS, Staff to Senator Giessel and the Senate Resources Committee
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Explained the changes from HB 137, version V, to version SCS CSHB137 (RES), 29-LS0625\U.

REPRESENTATIVE TALERICO
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: As sponsor of HB 137 supported version U.

KEVIN BROOKS, Deputy Commissioner
 Alaska Department of Fish and Game (ADF&G)
 Juneau, Alaska

POSITION STATEMENT: Commented on HB 137.

BRUCE DALE, Director
 Division of Wildlife Conservation
 Alaska Department of Fish and Game (ADF&G)
 Palmer, Alaska

POSITION STATEMENT: Commented on HB 137.

TOM BROOKOVER, Director
 Division of Sportfish
 Alaska Department of Fish and Game (ADF&G)
 Anchorage, Alaska

POSITION STATEMENT: Commented on HB 137.

LUKE HOPKINS, representing himself
 Fairbanks, Alaska

POSITION STATEMENT: Alaska Gasline Development Corporation Board (AGDC) nominee.

ACTION NARRATIVE

[3:30:19 PM](#)

CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Costello, Micciche, Coghill, and Chair Giessel. Senator Stedman joined the committee.

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

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CHAIR GIESSEL announced consideration of HB 137, last heard on March 23.

SENATOR COSTELLO moved to bring SCS CSHB137 (RES), 29-LS0625\U, before the committee as the working document.

CHAIR GIESSEL objected for discussion purposes.

SENATOR WIELECHOWSKI joined the committee.

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AKIS GIALOPSOS, Staff to Senator Giessel and the Senate Resources Committee, explained the changes from version V to version U version of CSHB 137 as follows:

1. Page 1, Lines 1, 3, and 12: Amends the title to remove the language related to the powers and duties of the commissioner of fish and game (an attempt to institute a Chitina dip netters fee); replaces the word "rivers" with "watersheds"; and adds a new semicolon related to the Chitina dip net fishery.
2. Page 2, Lines 2-7: Adds a new Section. 1, creating the "Sustainable Wildlife Account" as a separate account in the Fish and Game Fund. The account would receive moneys accruing from the intensive management surcharge imposed by a later section of the bill (Section. 23).

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3. Removes the former Sections. 1, 2, and 3 of the prior version "V" of the bill. Those items were: intent language related to the North American Wildlife Conservation model; a new paragraph related to the powers and duties of the commissioner of fish and game; and a section removing language related to the payment of hatchery bonds (that conforms throughout this version).

4. Page 4, Line 10: Lowers the resident hunting license in Section. 4 (Prior Version Section. 7) from "40" dollars to "35" dollars.

5. Removes the former Sections. 6, 11, 13, 15, and 17 of version "V". Those sections are related to maintaining the prior hatchery surcharge on several licenses after the bonds had been paid. The repeal language for those bonds will remain, but the surcharge finding a way to remain has gone away as a consequence of removing those sections. So there should not be a 9 dollar surcharge from now on.

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SENATOR STOLTZE joined the committee.

6. Page 8, Line 19: Amends Section. 20 (Prior Version Section. 27) to reword "the age of 16" to "16 years of age."

7. Page 8, Lines 25-28: Amends Section. 21 (Prior Version Section. 28) by adding the word "watersheds" after the words "Kenai and Kasilof rivers" on lines 25 and 28, respectively.

8. Page 9, Lines 21-31: Adds a new Section. 22, repealing certain hatchery surcharge provisions (effective date is further in the bill with other effective dates related to the expiration of the hatchery surcharge).

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9. Page 10, Line 13: Amends Section. 23 (Prior Version Section. 29) by increasing the intensive management surcharge on nonresidents from "2010" dollars in the previous version of the bill, to "30" dollars while keeping the resident surcharge at "10" dollars.

10. Page 13, Lines 9-20: Adds a new Section. 31, amending the existing AS 16.10.570 (Article 11: Chitina Dip Net Fishery), by adding the duties of maintaining and improving state-owned land used to access the Chitina dip net fishery, and maintaining and operating sanitary facilities provided for the use of persons participating in the Chitina dip net fishery, to the Department of Fish & Game. He noted that existing language also requires the ADF&G to work in concert with the Department of Natural Resources (DNR) and Department of Transportation and Public Facilities (DOTPF), respectively.

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11. Page 13, Line 21: Amends Section. 32 (Prior Version Section. 37) by adding a repeal provision for the Sustainable Wildlife Account (new Section. 1).

12. Page 13, Line 22: Amends Section. 33 (Prior Version Section. 38) by adding a repeal provision to the Fish and Game Fund statute for payment of revenue bonds related to hatcheries once they have been paid.

13. Page 14, Lines 13-21: Amends Section. 35 (Prior Version Sections. 40, 41) by making the effects of Sections. 22 and 33 conditional on the Commissioner of Fish & Game notifying the revisor of statutes in writing that the bonds, interest and any other applicable obligations have been met and fully discharged.

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14. Page 14, Line 24: Amends Section. 37 (Prior Version Section. 43) by extending the sunset date of the intensive management surcharge from December 31 "2020" to December 31 "2022."

SENATOR WIELECHOWSKI, referring to Section 31 on page 13, said he wanted some intent language on the record to understand language in item 1 that says "maintain and improve state-owned land used to access the Chitina dip net fishery." Does that require DOTPF to clear the road past O'Brien Creek so people have access into the canyon?

MR. GIALOPSOS said yes; that is the intent, but the only obligatory language that he can see is for the ADF&G to work in conjunction with those agencies.

SENATOR WIELECHOWSKI responded that his understanding is that the department with the cooperation of DOTPF and DNR "shall" maintain and improve state-owned land used to access the Chitina dip net fishery. To him that requires all three organizations to work together to make sure that the dip netters have drivable access "in a car, not an ATV" past O'Brien Creek.

MR. GIALOPSOS answered that is his understanding, also.

CHAIR GIESSEL removed her objection and finding no further objections stated that version U was adopted. She recapped that public testimony was closed on March 23, and opened the committee for discussion and questions.

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REPRESENTATIVE TALERICO, Alaska State Legislature, Juneau, Alaska, sponsor of HB 137, said he is happy with version U of HB 137. He appreciates all the effort put into this legislation. However, he would like to see a \$5 resident fee for intensive management.

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KEVIN BROOKS, Deputy Commissioner, Alaska Department of Fish and Game (ADF&G), Juneau, Alaska, said he would provide the answers to the committee's questions from the last hearing.

1. How the department would use increased revenues? That resulted in a document entitled "HB 137 Proposed Use for Increased Revenue."

2. What is the impact of the changes in the age requirements for licensing?

Raising the minimum age for purchasing a license from 16 to 18 results in an estimated loss of revenue of approximately \$70,000 per year from approximately 2,400 fishing licenses and 1,000 hunting licenses. Raising the age for a Permanent ID (PID) card from 60 to 62 results in an estimated increased revenue of \$105,800. An additional \$158,700 would be generated by raising it from 62 to 65. These estimates are based on 3,000 PIDs issued to individuals aged 60-61, and 15,000 PIDs issued to individuals aged 60-64.

3. Several questions came up related to a sockeye stamp: Are fish wheels included? Does it apply to subsistence? How would it be implemented with multiple households represented on a boat?

He clarified that the U version sockeye stamp applies to the sport fishery only and not personal use or subsistence fisheries.

4. What is the status of the hatchery bonds?

The Department of Revenue (DOR) debt manager, Devon Mitchel, said he expected those bonds would be paid off by 2021/22. The original debt schedule projected a payoff date in 2026, but there have been several early redemptions due to available revenue from the hatchery surcharge. Currently, that surcharge generates about \$6.3 million annually: \$1.4 million of that is generated from sales on licenses to residents and the majority (\$4.9 million) is generated from sales on licenses to non-residents.

5. How do Alaska's fees compare to other states, and in response he had the attached document entitled "Western States Comp of Hunting License and Tag Fees."

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MR. BROOKS said folks were working on the change in the fiscal note, but some of the high points are on page and include:

- The \$5 increase on hunting licenses generates \$103,400 per year for an additional \$517,000 in revenue over five years.
- The additional intensive management surcharge of \$10 on residents and \$30 on non-residents generates a total of \$1,535,000.
- Non-resident black bear at a \$150 reduction results in a minus \$365,550 in revenue.
- Non-resident grizzly/brown bear \$200 reduction results in a minus \$369,400 in revenue.
- Non-resident deer went up \$25, generating a \$37,800 increase.
- Non-resident elk generates \$150 for six tags.
- Non-resident goat at \$25 generates a \$4,925 increase.

MR. BROOKS said the hunting changes total \$1,359,925.

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On the fishing side:

- The Chitina dip net personal use fishery based on about 12,000 permits issued for \$15 generates about \$180,000. He said he had reached out to DNR and DOT to let them know this is in the bill and what the expectations are for providing services now that there is ability to pay for them.
- They made some assumptions for sockeye stamp from state-wide harvest data. About 140,000 anglers on the Kenai River generate about \$125,000 and about \$15,000 on the Kasilof River.

He explained that since the department does not have a way of determining what species are targeted, they assumed that half would buy a sockeye stamp. A total of \$71,500 comes from residents and non-residents and about \$68,000 from non-residents. They used a seven-day \$45 fee, a mid-number to get to this estimate. Actual experience would dictate the correct numbers; he just wanted to put it in a context and a ball park.

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SENATOR MICCICHE said those are watershed-related and asked if that included the Russian River.

MR. BROOKS answered yes; however, the Division of Sportfish has good numbers on the Russian River.

He said the total for fishing is \$2,257,500 and that is expected to go to things the department is not currently paying for. The hatchery surcharge is not on the fiscal note, because the impact occurs too far in the future (2022). However, it currently generates about \$6.3 million. The fiscal note would be \$3.8 million, because a variety of surcharges are turned into a \$9 fee. Similar to sockeye, they have 1, 3, 7, 14 and annual licenses that have different costs and all of those are turned into \$9.

MR. BROOKS said the permanent ID cards generate \$158,700 in additional revenue for a grand total in the first full year of \$3.6 million on top of the \$8.6 million that was already in the bill - for a total of about \$12.2 million.

CHAIR GIESSEL thanked him for being very informative.

CHAIR GIESSEL, referring to the white paper, noted that "Erosion of State's Rights to Manage" (on page 1) talks about the relentless erosion of Alaska's rights and that the increased ADF&G revenue will provide support for the Department of Law (DOL), ANILCA, and the access defense program.

She said on February 18, the U.S. Fish and Wildlife Service (USFWS) had a hearing in Anchorage talking about new rules for refuges. What concerned her was that ADF&G was in the room and was called upon, but they had no response. It is actually the opposite of what he is saying here. Did they not have enough money to speak?

MR. BROOKS responded, "Not at all." He actually asked the same question. The program lead was in the room and hadn't been given the clearance to speak and didn't on his own initiative. It was the department's mistake, which he apologized for.

CHAIR GIESSEL asked Director Dale to comment on the February 18 incident.

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BRUCE DALE, Director, Division of Wildlife Conservation, Alaska Department of Fish and Game (ADF&G), Palmer, Alaska, responded that the failure to respond was on him. He was out of town and the representative in attendance had talking points, which had

been reviewed and he was prepared to deliver, but he was waiting for approval. Mr. Dale didn't realize he was waiting.

CHAIR GIESSEL asked if there is an opportunity for the department to submit written comment.

MR. DALE answered that April 7 is the due date for written comments and the department is in the process of finalizing them. In addition, the Association of Fish and Wildlife Agencies representing all 50 states, Canadian provinces, the Western Association of Fish and Wildlife Agencies, numerous NGOs, and the Board of Game are writing letters of objection to the Fish and Wildlife Services proposed rule.

CHAIR GIESSEL asked to be copied on those letters so she could pass them to the committee, since it has significant interest in the defense of Alaska's right to manage its lands.

MR. DALE replied that he would be glad to do that.

SENATOR COSTELLO asked if the governor considers this a revenue generating bill.

MR. BROOKS answered yes.

CHAIR GIESSEL said she appreciated that question and was actually looking at another bill the committee had heard related to increasing the mining license tax and noted that this bill will generate \$2 million more annually than the mining tax license bill.

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SENATOR MICCICHE asked if the deputy commissioner had applied a test on the \$15 sockeye stamp to evaluate how it might discourage folks who are in for a day or so that might be non-residents, from fishing for sockeye on the Kasilof or Kenai watersheds.

MR. BROOKS answered that the department's analysis factors in an amount for a negative reaction to a price increase and used a 5-10 percent drop in sales in this case that would build back up over the course of five years or so.

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TOM BROOKOVER, Director, Division of Sportfish, Alaska Department of Fish and Game (ADF&G), Anchorage, Alaska, added that it is common for sales to drop after an increase in license

fees or a new fee is implemented. Beyond that, after the first year or two, sales begin to rebound. They don't have a lot of information specific to any case like this on the Kenai or the Kasilof Rivers where they can actually predict how much sales will drop or increase afterwards.

SENATOR MICCICHE said he didn't think raising the fee would impact lodges and guides in his area, but it might impact the self-service folks, such as people driving down from cities like Anchorage. He asked how the department would analyze this after the first year to determine if they have the right price point on a stamp.

MR. BROOKS answered they would "absolutely be keeping track," as they do with the king salmon stamp sales. They would survey angler participation and try to match that up with the sale of the stamps. However, one year would not be enough to make meaningful comparisons.

SENATOR MICCICHE said he didn't think there would be an impact on folks' dream trip to Alaska, but the potential impacts are on the shorter term visitor.

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SENATOR STOLTZE asked if these are all unrestricted revenues and which portion of them are tied to a measure.

MR. BROOKS answered that all of these funds would be deposited into the Fish and Game Fund, and the intensive management surcharge would be subaccount account within the fund, so it could be tracked separately.

SENATOR STOLTZE asked if he could be provided a list of taxes paid by the sportfishing industry, because he wanted to see "what kind of parity there was in this whole process."

MR. BROOKS answered that currently the Fish and Game Fund revenue consists of a fee for a license, not a true tax, as it is for the privilege to fish. It generates about \$25 million a year. It could generate another \$12 million if this measure passes.

SENATOR MICCICHE remarked that the only thing that sort of alludes to dedicated funds is the Chitina dip net fishery that has a couple of suggestions. Two were added, but that still doesn't dedicate funds. He likes people who pay for a tag to see the direct benefit, and asked if he planned to account for what

is spent in the Chitina fishery so that folks paying that \$15 can understand that they're getting direct value.

MR. BROOKS clarified that all license revenue is dedicated for fish and wildlife purposes; the Fish and Game Fund is one of the few dedicated funds. They will absolutely use that Chitina dip net revenue (\$150,000-\$180,000) for the purposes stated: the latrines, the trash, the road maintenance and those kinds of things. And it will be accounted for separately.

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SENATOR STOLTZE said most people travelling to the Chitina dip net fishery expect a road they could drive their off-road vehicle on and not have a bank collapse on them. It might be a mistake to assume the expectation of the committee is that these funds will be used for creating a road that is drivable for a traditional vehicle.

MR. BROOKS responded that he had not been to Chitina himself and was not personally familiar with that road, but Mr. Derrick from the Chitina Dip Net Association talked about four wheelers having trouble, and that was his general understanding.

CHAIR GIESSEL said she had talked with DOTPF herself and found that it is not an expectation that one would be able to drive vehicles on it. That bank sloughs significantly every winter, and every spring it can be cleared to some degree, but it's not going to be a paved road or even a nice gravel road. The legislature could follow up next year on how the road has been maintained.

SENATOR WIELECHOWSKI commented that sport fishing fees going up from \$15 to \$20 is a 33 percent increase and then the king fee goes up \$5, another 33 percent increase, and then you're adding in the Kenai fees of \$15, the Chitina dip netting fee which is \$15, and by the time that is all added up, an average sport fisherman is looking at a couple hundred percent increase - without the hunting fees. He thought maybe they were going "a little bit overboard."

SENATOR MICCICHE clarified that the increase in the stamp is not related to dip netting and looked to Mr. Brooks for clarification.

MR. BROOKS answered that the increase to a king salmon stamp is not. It's just tied to the general increase. The creation of the sockeye stamp for sportfishing is not a personal use. The

Chitina dip net permit fee is new now, along with the other general increases.

CHAIR GIESSEL clarified that at an earlier hearing, Mr. Ricky Geese spoke to the committee and he meant to say he was speaking on behalf of the Kenai River Special Management Area, not the Kenai River Sportfishing Association (KRSA), which has not taken a position on the sockeye stamp.

SENATOR COGHILL said he thought the [Chitina] association was willing to pay for the fee, but bringing up personal use over subsistence that same area is used to get into the subsistence area, too, even though it's just yards away. He asked if there had been discussion on some of the subsistence access provisions under the same conditions with the Chitina dip net fishery.

MR. BROOKS deferred that answer to Mr. Brookover. He works most closely with Tom Tobey, his deputy, on this topic.

MR. BROOKOVER responded that the dip net fee in statute would apply strictly to the Chitina dip net personal use fishery, which takes place from O'Brien Creek down to Haley Creek. The Glennallen subdistrict would largely be unaffected except from folks that might be launching from O'Brien Creek and driving upstream. The Glennallen subdistrict subsistence fishery takes place primarily upstream of the Chitina/McCarthy Bridge, which is a ways away. He doesn't view that as being "predominantly affected" by the legislation.

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SENATOR STOLTZE said the higher threshold of age to buy the fishing license isn't clear and asked if an eight-year old needs to buy a sockeye stamp?

MR. BROOKS answered the lack of a license requirement for someone under 18 extends to stamps, as well.

SENATOR STOLTZE asked if that is a rigid department policy.

MR. BROOKS answered that it has been their policy since the king salmon stamp was instituted.

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SENATOR MICCICHE found a correction to Section 21 on page 8, lines 24-29, and page 9, line 1, about resident anadromous sockeye stamp tag for the Kenai/Kasilof Rivers. It says, "A

resident may not engage unless that person is under 18 years old (b)."

CHAIR GIESSEL thanked him for spotting that.

CHAIR GIESSEL asked for an updated fiscal note.

MR. BROOKS replied that they were waiting for the dust to settle, but they would have one by tomorrow.

CHAIR GIESSEL mentioned that a letter of intent came with the bill from the House and that needs some drafting work and she intended to let the next committee, Senate Finance, do that.

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SENATOR STOLTZE said he thought the intentions in the letter were good, but he was concerned about fleshing out the sheep and livestock recommendations for the agriculture community.

[4:11:03 PM](#)

SENATOR COSTELLO moved to report SCS CSHB 137(RES), version 29-LS0625\U, from committee with individual recommendations and forthcoming fiscal note(s). There were no objections and it was so ordered.

[4:11:26 PM](#)

At ease

CONFIRMATION HEARING
Alaska Gasline Development Corporation

[4:13:34 PM](#)

CHAIR GIESSEL announced the confirmation hearing of Mr. Luke Hopkins to the Alaska Gasline Development Corporation (AGDC) Board. She invited Mr. Hopkins to tell the committee why he wants to serve on the board.

[4:14:04 PM](#)

LUKE HOPKINS, representing himself, Fairbanks, Alaska, Alaska Gasline Development Corporation (AGDC) nominee, said he came to Alaska in 1966, straight out of high school to attend the University of Alaska, Fairbanks, (UAF) and just stayed. He has been involved with major projects at the UAF for his 35-year career there and has held public office in appointed elected positions for almost 19 years; six of those years as mayor of the Fairbanks North Star Borough, where he brought forward a number of economic development issues. More development will happen in the very near future around Eielson Air Force Base.

MR. HOPKINS said he had been involved with getting natural gas to Alaskans since 2006, when he was appointed to the Alaska Gasline Port Authority (AGPA), one of the state's multiple chances to develop a gasline. He now sits on the AGDC Board, which is the best project the state has have ever put forward, because the partners and the state are 100 percent behind it. This is the hat he pulls down on his head the strongest - so that all Alaskans can benefit both from the natural gas and its revenue stream, and possible alternative energy sources from that revenue stream.

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SENATOR COGHILL commended him, as mayor, for the work he did with Eielson Air Force Base. However, he struggles with the Port Authority in many ways. Some of his criticisms have been the fact that they frequently go into executive session and that will be one of the criticisms he will probably face with this board. He asked what he had done to make sure more information gets out into the public in a better way.

MR. HOPKINS answered he resigned from the Port Authority Board so he could bring actions forward as mayor of the Fairbanks North Star Borough. Now SB 138 gave special opportunities to the AGDC that are not strictly in the public venue. When the Assembly went into an executive session it had long standing guidelines that included five days of public notice so the public has a clear understanding of what will be in that executive session. He has talked to board members about this issue, and they are talking about how the agenda is produced even though they are exempt from many of the actions and have different standards than the Assembly, which is a public body.

[4:19:35 PM](#)

CHAIR GIESSEL said in 2006 he was appointed to the Port Authority and asked why he would describe the Port Authority and other efforts as not going forward and that this is the best effort yet.

MR. HOPKINS replied that a lot it has to do with the market for the projects that have been brought forward so far. Obviously, the TransAlaska Pipeline System (TAPS), separate from the gas TAPS, had quite the push behind it. They had one of the briefest construction periods ever and many of permitting requirements were waived. The market just didn't develop enough to pay for the other gas line projects.

He knows the AKLNG project has the same questions, but it isn't getting built right now. It has opportunities to advance with the stage gate structure in place. The traction he sees is having all three major producers on the North Slope, the Alaska Legislature and the Governor behind it.

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CHAIR GIESSEL said she thinks Alaskans need to be reminded that ten years ago, even five years ago, that gas was even more valuable in bringing oil out of the ground and, in fact, the Alaska Oil and Gas Conservation Commission (AOGCC) had not even given permission to remove gas. So, the state would have lost significant value in oil, a higher priced commodity, if it had pulled gas off the North Slope earlier.

She said AGDC also has jurisdiction over the smaller in-state ASAP line and asked what his assessment is of that project.

MR. HOPKINS apologized that he forgot to say the Alaska Oil and Gas Conservation Commission (AOGCC) did not allow gas to be taken off North Slope. He is aware of that. The board's action around the mid-2015 put the ASAP project to go to a non-binding open season on hold, because AKLNG is the project everyone was working towards. He said they are still working on certain components of ASAP: bringing forward the supplemental Environmental Impact Statement for certain parts of the ASAP project. Putting that on hold could cause it to "get stale," and then the information has to be brought current, which takes a lot of work. He said that ASAP is a very robust class 3 estimate; it has "a huge amount of information."

[4:24:59 PM](#)

SENATOR STOLTZE said he asked Mr. Rigdon Boykin when he worked for AGDC about AGPA and he said it had been dissolved. But he was wondering if it had really just been reconstituted in the Governor's Office. He asked him to describe the dissolution process of AGPA since a lot of former AGPA members (including their well-paid consultant, former-Senator Halford) crossed over and describe their influence on the current board.

MR. HOPKINS asked if he was referring to the Port Authority Board or the AGDC Board.

SENATOR STOLTZE replied whatever the lineage, values, hopes and aspirations were and how they manifest themselves on the new board that includes some of the past Port Authority participants.

MR. HOPKINS replied that he is one of those participants and his opinion is he didn't know what the Port Authority's projects were now. He speculated that there could be a routing to Valdez, but that is a very old project and would have to be started all over again. He is not on the AGDC Board to concern himself with AGPA; he is working on the AKLNG line. That is what has been submitted to the Federal Energy Regulatory Commission (FERC) and what is moving forward with the Environmental Impact Statement (EIS). The easements are almost all 100 percent on state land.

SENATOR STOLTZE asked if he expected to chair the corporation.

MR. HOPKINS replied that he heard some discussion about it, but his name wasn't moved forward.

SENATOR WIELECHOWSKI said his background is very impressive and asked which attributes he thinks will help him get the state a gasline.

[4:33:37 PM](#)

MR. HOPKINS answered that as mayor working with a team is the best way to get things accomplished. The Eielson project involved a "tiger team" with repetitive continual action staying on point about what they were trying to accomplish. The AGDC board members are strongly committed to a team effort.

SENATOR WIELECHOWSKI remarked that stopping the base closure was "pretty amazing." He asked him if Fairbanks has a strong mayor and if it has prepared him for the big decisions that have to be made. He also asked him to talk his effort to get natural gas to Fairbanks.

MR. HOPKINS answered that Fairbanks has a strong mayor form of government. He is basically CEO of the government with 400 employees and an annual budget of close to \$155 million. So, over the six years that amounts to \$900 million of financial activities that he didn't have to go back for a supplemental, and he was very proud of having anywhere from 1-3 percent left over at the end of the year. Trying to bring gas into Fairbanks was a team effort and he has always thanked Senator Parnell and the legislature for bringing SB 23 forward that allocated authority and granted funds to be utilized through AIDEA by the community for bringing much larger volumes of natural gas to the Interior when there were incredibly high energy prices. That project continues and he has been involved all the way up until November. Developing natural gas for those in the state off of

the North Slope and out of Cook Inlet to some degree has been the aim of how to get natural gas to Fairbanks and that is also very possible with AKLNG actions.

[4:37:19 PM](#)

SENATOR COSTELLO asked if he was in Fairbanks for the flood.

MR. HOPKINS answered that he was there as a student when the rivers were rising, and then he drove an old rickety car back to Maine. So, he didn't stand in the water, but as soon as he came back, days after the water went down, Fairbanks had the clean-up, and "it was incredible."

SENATOR COSTELLO asked him to respond to an Alaska Journal of Commerce article saying there is an appearance that the governor is trying "to put the band back together" by loading the AGDC Board with former associates from the Alaska Gasline Port Authority and asked him to respond.

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MR. HOPKINS responded that he agreed that it looks like that, but he had not been involved in any discussions about going in the AGPA direction. When the Board was about to vote on the TransCanada buyout that was his first board meeting. His conversations with the governor is that the project is AKLNG. If that project modifies to some extent, AGDC has the ASAP sitting there. All evidence points to the efforts to monetize Alaska's gas. He is very proud to have been involved in some of those projects.

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SENATOR COSTELLO said one of his responses today was that his prime interest was to see that a gasline benefits Alaskans and asked if he thought an export line would benefit Alaskans.

MR. HOPKINS answered yes, because it has five offtakes. He said the board was evaluating commercial available gas issues right now and how to pay for it once the valve is hit on the AKLNG line. AS 31.25 says they are to develop what is required for that, but they don't have the funds as part of the project.

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SENATOR COSTELLO said he also mentioned that the board works as a team and asked if he considered the legislature as part of that team.

MR. HOPKINS answered yes. The AGDC must fulfill project updates per SB 138 and get a budget approved annually. It requires everyone working together to move the gasline all the way to export. It will require the legislature continuing to fund the project in order for it to continue.

4:45:00 PM

CHAIR GIESSEL said some would call her picky, but this is a very important board. The statute provides a description of the public members: expertise and experience in natural gas pipeline construction, operation, marketing, finance, large project management, and other expertise and experience that is relevant to the purpose, powers and duties of the corporation.

She said Mr. Hopkins has talked about his political experience, which is laudable, but three folks were removed two years ago who had more than 100 years of hands-on technical experience in integrated natural gas pipeline projects, not just a pipe: gas treatment plants, and LNG plants. They were, in fact, just beginning to dig into the technical aspects of the gas treatment plant on the North Slope since there are two different qualities of gas that would be going into it. She wanted to know which of the descriptive roles he feels that he brings to the AGDC.

MR. HOPKINS answered primarily the financial aspect of it; however, he has not built a pipeline. He has been involved in different financing packages in getting natural gas to a market, whether it's the Interior of Alaska or Anchorage, and when Golden Valley, the Port Authority and Pentax continually refined how to build a North Slope project and an LNG plant. He led a team for the municipal utility that worked with Alaska Industrial Development and Export Authority (AIDEA) to establish pipe in the ground and coordinated major University of Alaska projects for his 35 years there.

4:49:35 PM

CHAIR GIESSEL asked if he can be unbiased in decision making on a statewide basis if it came down to making some choices that might involve the community of Fairbanks.

MR. HOPKINS answered yes. Fairbanks is a vibrant community and has many opinions, which they have expressed to him before he took up this position with AGDC, and he waited until his mayoral term had expired before taking up this position. All Alaskans will benefit from this.

SENATOR MICCICHE some might say that AGPA took a direction more than once that perhaps demonstrated missing certain segments of applicable experience, and he agrees. One is the philosophy of a customer-funded project, a direction in which SB 138 is not going. While Mr. Hopkins has some financing and project experience and many years of dedicated public service (which Senator Micciche thanked him for), he was a little bit concerned that the current AGDC board makeup doesn't have a diversified skill set that has any background in the kind of project the AKLNG is.

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SENATOR MICCICHE explained that he worries that at some point someone has to be on the board that can call "hogwash" on something when it comes to operational, marketing, and direct natural gas and LNG experience. He didn't worry with the first couple of new board members, but it looks like they are going that way almost exclusively. What is his response to this fair non-political concern?

MR. HOPKINS answered that some on the corporation management team sit as board members. They have 40 years of experience in working with LNG and 20 years working on pipelines. There is a presidential search right now for a person that has the requisite LNG and pipeline experience. It's true; he was not aware of anyone on the board that has built a pipeline, but the board's fiduciary responsibility is being represented.

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SENATOR MICCICHE agreed, but added that he worries about the board becoming a victim of staff. He didn't mean this as a negative - he respects the Interior energy projects early efforts - but he worries that some may want a project so bad that they may tend to want to put the cart before the horse. Maybe a different approach would have been more successful. He wants to know that this board is only willing to go forward if this is a great deal for Alaskans, not just to get a natural gas pipeline. He almost wishes Mr. Hopkins was an earlier applicant. He was worried that the state could be a victim of very significant poor decisions for a very long time due to lack of expertise.

MR. HOPKINS responded that he wanted to have more conversations with Senator Micciche to help him feel more secure about the board. He takes the fiduciary responsibility very seriously.

[5:00:58 PM](#)

SENATOR MICCICHE said he was trying to be transparent about his concerns and had received a letter from the governor fairly recently that talked about this project possibly going in a different direction. When he knew the state had a technical partnership with people who have built many similar projects around the world, he felt fairly comfortable, and perhaps had a different view of what the AGDC board makeup should look like. With that letter about the state possibly moving in a different direction, he has become more concerned about the expertise on the AGDC board.

5:02:23 PM

SENATOR WIELECHOWSKI remarked that the Alaska Gasline Development Corporation board and commission fact sheet says:

The board manages the assets of and business of the corporation and may adopt, amend and repeal by-laws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised.

It is a policy making board, he stated. The prior board was stacked with oil company executives, some of whom didn't even live in Alaska. For several years there has been the debate of having a board stacked with oil company executives who are making decisions, possibly that are going to favor their old employers or having a board making decisions that are going to favor Alaskans. Mr. Hopkins is a 49-year resident with a long history of fighting for his city, which is one of the largest in the state; he has a successful track record of fighting for his community and his state; he has proven where his heart is. There is no doubt that his decisions will be in the best interests of the State of Alaska. He finds it very disturbing that people would allude to him having some ulterior motives when they were perfectly content with having the board stacked with oil company executives. He thanked Mr. Hopkins for standing up for Alaska.

CHAIR GIESSEL asked about his experience on the Municipal Advisory Board that he most recently served on and how that might influence or inform his work on AGDC.

5:04:52 PM

MR. HOPKINS replied that he appeared before this committee with the other mayors when SB 138 was moving through. It was a great forum in which to grapple with municipal government issues as it related to any gas project. They heard a great detail about the projects, both ASAP and AKLNG, and the role of property taxes in

that viability. There may be different opinions now, but at the time fiscal certainty and the payment in lieu of taxes issue had to be resolved in order for this project to move forward. The Fairbanks North Star Borough was in court many times and finally reached a settlement to pause for five years on the issue of taxation. The other issue was impact aid.

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SENATOR MICCICHE said Mr. Hopkins' public service has proven what is in his heart, but his concern is that he has the experience to know the difference. That is the only reason for his concern.

CHAIR GIESSEL said she shared the same concern. She asked for public comment on the appointment and finding none, closed it.

CHAIR GIESSEL stated that in accordance with AS 39.05.080, the Resources Committee reviewed the following and recommends the appointment be forwarded to a joint session for consideration: Alaska Gasline Development Corporation, Board of Directors, Luke Hopkins, Fairbanks: appointed 11/20/2015. Term expires 9/13/2018. This does not reflect an intent by any of the members to vote for or against confirmation of the individual during further sessions.

[5:10:26 PM](#)

CHAIR GIESSEL, finding no further business to come before the committee, adjourned the Senate Resources Committee meeting at 5:10 p.m.