

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

March 6, 2019

1:22 p.m.

MEMBERS PRESENT

Representative John Lincoln, Co-Chair
Representative Geran Tarr, Co-Chair
Representative Grier Hopkins, Vice Chair
Representative Sara Hannan
Representative Ivy Spohnholz
Representative Chris Tuck
Representative Dave Talerico
Representative George Rauscher
Representative Sara Rasmussen

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION(S): OUTDOOR RECREATION IN ALASKA

- HEARD

SENATE JOINT RESOLUTION NO. 7

Requesting that the United States Department of the Interior Bureau of Land Management implement an oil and gas leasing program in the coastal plain of the Arctic National Wildlife Refuge.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SJR 7

SHORT TITLE: ENDORSING ANWR LEASING; RELATED ISSUES

SPONSOR(S): SENATOR(S) BIRCH

02/20/19	(S)	READ THE FIRST TIME - REFERRALS
02/20/19	(S)	RES
02/25/19	(S)	RES AT 3:30 PM BUTROVICH 205
02/25/19	(S)	Moved SJR 7 Out of Committee
02/25/19	(S)	MINUTE(RES)
02/27/19	(S)	RES RPT 5DP 1NR 1AM

02/27/19 (S) DP: BIRCH, GIESSEL, COGHILL, BISHOP,
REINBOLD
02/27/19 (S) NR: KIEHL
02/27/19 (S) AM: KAWASAKI
03/04/19 (S) TRANSMITTED TO (H)
03/04/19 (S) VERSION: SJR 7
03/04/19 (H) RES AT 1:00 PM BARNES 124
03/04/19 (H) <Bill Hearing Postponed to 3/6/19>
03/06/19 (H) RES AT 1:20 PM BARNES 124

WITNESS REGISTER

LEE HART, Founder
Confluence
Valdez, Alaska

POSITION STATEMENT: Testified during the presentation on the economic impact of outdoor recreation.

NOLAN KLOUDA, Executive Director
Business Enterprise Institute
Center for Economic Development
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Testified during the presentation on the economic impact of outdoor recreation.

RHONDA COSTON, Borough Planner
City and Borough of Yakutat
Yakutat, Alaska

POSITION STATEMENT: Testified during the presentation on the economic impact of outdoor recreation.

MICHELE STEVENS, President
Petersville Community Non-Profit Corp.
Petersville, Alaska

POSITION STATEMENT: Testified during the presentation on the economic impact of outdoor recreation.

DAN KIRKWOOD, General Manager
Pack Creek Bear Tours
Juneau, Alaska

POSITION STATEMENT: Testified during the presentation on the economic impact of outdoor recreation.

MIKE HOPPER, Owner
The Lodge at Black Rapids
The Alaska Range, Alaska

POSITION STATEMENT: Testified during the presentation on the economic impact of outdoor recreation.

SENATOR CHRIS BIRCH
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Speaking as the prime sponsor, introduced SJR 7.

TREVER FULTON, Staff
Senator Chris Birch
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Senator Birch, prime sponsor, provided additional information on SJR 7.

FAITH MARTINEAU, Executive Director
Large Project Coordination
Office of Project Management and Permitting
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

FENTON REXFORD
Kaktovik, Alaska

POSITION STATEMENT: Testified during the hearing of SJR 7.

D.J. FAUSKE, Director
Government and External Affairs
North Slope Borough
Utqiagvik, Alaska

POSITION STATEMENT: On behalf of Mayor Harry K. Brower Jr., North Slope Borough, testified in support during the hearing of SJR 7.

TERESA IMM, Executive Vice President
Resource Regional Development
Arctic Slope Regional Corporation
Utqiagvik, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

PETER NOLAN, Director
Member Services
Alaska Chamber
Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

K.K. DAVIS

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7.

BRAD SNOW

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7.

SYLVIA PANZARELLA

Anchorage, Alaska

POSITION STATEMENT: Speaking for herself and her husband, testified in opposition during the hearing of SJR 7.

DAVE HARBOUR

Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

CARL PORTMAN, Deputy Director

Resource Development Council

Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

LIAM ZSOLT, Director of Technology

ASRC Energy Services

Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

EMILY SULLIVAN, Conservation Associate

Alaska Wilderness League

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7,

LOIS EPSTEIN, Engineer; Director

Arctic Program

The Wilderness Society

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7.

GLEN SOLOMON

Kaktovik, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

MALLORY PRIMM

Homer, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7.

ODIN MILLER

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7.

MICHAEL JESPERSON

Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

MATTHEW REXFORD, President

Kaktovik Inupiat Corporation

Kaktovik, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

RYAN MARSH, Arctic Program Coordinator

Northern Alaska Environmental Center

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7.

RON YARNELL, Guide

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7.

LISA BARAFF

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition during the hearing of SJR 7.

KARA MORIATY, President/CEO

Alaska Oil and Gas Association

Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of SJR 7.

ACTION NARRATIVE

[1:22:50 PM](#)

CO-CHAIR GERAN TARR called the House Resources Standing Committee meeting to order at 1:22 p.m. Representatives Tuck, Hannan, Talerico, Spohnholz, Rauscher, Hopkins, and Tarr were present at the call to order. Representatives Lincoln and Rasmussen arrived as the meeting was in progress.

PRESENTATION(S): OUTDOOR RECREATION IN ALASKA

[1:23:27 PM](#)

CO-CHAIR TARR announced the first order of business would be a presentation on the economic impacts of outdoor recreation in Alaska.

[1:24:47 PM](#)

LEE HART, Founder, Confluence, informed the committee she has represented leading national and international brands in the outdoor, ski, and adventure travel businesses for 20 years. She provided a brief background of her experience marketing adventure travel and said she was speaking for over 500 businesses and organizations in Alaska that hold a vested interest in Alaska's outdoor recreation economy. Confluence is a coalition of members of the outdoor industry who believe outdoor recreation is a powerful economic sector. In September [2018], the Bureau of Economic Analysis, U.S. Department of Commerce (COMMERCE), reported \$416 billion and 2.2 percent of the gross domestic product (GDP) was garnered by the outdoor industry economic sector. Also, the Department of Economic Development, COMMERCE, and the University of Alaska (UA) reported on unique products manufactured by Alaskan innovators. In January [2019], the Alaska Public Health Association adopted a resolution recognizing the benefits of outdoor recreation to public health. Ms. Hart described a report provided by trail organizations to show the value of outdoor recreation infrastructure such as winter and summer trails and public use cabins and hut systems. She pointed out every economic development master plan in the state calls for greater outdoor infrastructure development; in the past four years voters in the Anchorage and Matanuska-Susitna (Mat-Su) areas voted in favor of

taxes to fund trail development. Further, benefits of outdoor recreation help troubled youth and veterans recovering from injuries of war. Since 2000, residents of Alaska seek access to public land and waterways, and outdoor recreation is supported at the federal level as evidenced by the passage of the Natural Resources Management Act. Ms. Hart closed, noting her organization has asked the governor to consider ways to provide new infrastructure and business opportunities in partnership with the state.

1:29:30 PM

NOLAN KLOUDA, Executive Director, Business Enterprise Institute, Center for Economic Development, University of Alaska Anchorage (UAA), informed the committee the Center for Economic Development (Center), UAA, has been working with stakeholders and in partnership with the Division of Economic Development, Department of Commerce, Community & Economic Development, to study how outdoor recreation contributes to the state's economy. Although outdoor recreation is not always considered an industry, outdoor recreation contributes \$412 billion to the U.S. GDP and is a growing economic sector. The Center sought to determine how many jobs in Alaska are created by participation in outdoor recreation activities - such as hunting, fishing, hiking, and boating - and found \$3.2 billion are added to the state economy annually, and about 38,000 jobs are created, which means about one out of every ten jobs is related to outdoor recreation. He explained the study included activities by visitors and residents, and noted Alaska residents exceed the national average for participation in outdoor recreation. Another important contribution made by outdoor recreation is to the quality of life that attracts and keeps a talented workforce. Mr. Klouda related the ability to hire talent is a challenge for the Alaska business community; as reported by a University of Alaska Fairbanks (UAF) survey, many residents came to Alaska for opportunities for outdoor recreation [document not provided]. In addition, a report by UAA showed products made or designed in Alaska, such as 9:zero:7 fat tire bikes and Alpaca Raft, are nationally and internationally known. He suggested the state could represent Alaska-based companies and products as a brand.

1:35:25 PM

RHONDA COSTON, Borough Planner, City and Borough of Yakutat, said her field of study was outdoor recreation management and she related her experience as a whitewater river guide and with

the U.S. Forest Service (USFS), U.S. Department of Agriculture, the National Park Service, U.S. Department of the Interior, the Alaska Department of Fish and Game, and others. Yakutat is a fishing, surfing, and adventure outdoor recreation destination and is the gateway community to the [United Nations Educational, Scientific and Cultural Organization (UNESCO)] World Heritage Site comprised of St. Elias National Park and Preserve, Glacier Bay National Park and Preserve, Kluane National Park and Reserve, and Tatshenshini-Alsek Provincial Wilderness Park, and is surrounded by the Tongass National Forest. She said recreational and improved visitor services create economic opportunities for remote areas and improve the quality of life and small business opportunities for residents. Ms. Coston expressed the city and borough's goal to promote Yakutat as an outdoor adventure destination; outdoor recreation opens future opportunities for the community.

[1:37:03 PM](#)

MICHELE STEVENS, President, Petersville Community Non-Profit Corp., asked for legislation to reinstate the Snowmobile Trails Program, Division of Parks and Outdoor Recreation, DNR. The program is funded through a self-imposed user tax - a snowmobile registration fee - and is self-sustaining. The program is a revenue-neutral program sought by, and funded by, registration fees. The system of groomed trails assists first responders and saves lives, promotes safety, stimulates the economy, and creates winter jobs. She said she was representing 16 clubs, 20 businesses, 39 lodges, 15 dealers, 10 dog mushing races, 24 snowmobile events, and over 60,000 registered snowmobile owners.

[1:38:36 PM](#)

DAN KIRKWOOD, General Manager, Pack Creek Bear Tours, informed the committee Pack Creek Bear Tours is a partnership between Kootznoowoo, Inc., the corporation for the village of Angoon, and Alaska Seaplanes. He is also co-chair of the Visitor Products Cluster Working Group, Juneau Economic Council, which is a working group that has convened since 2011 to encourage cooperation between USFS and the visitor industry. Mr. Kirkwood pointed out statistics for visitor recreation and the increase in the number of visitors to Southeast Alaska: 1.3 million cruise ship visitors and air traffic increased by 15 percent between 2014-2017. Further, employment has increased by 12 percent and earnings have increased by 23 percent. He said Alaska is a brand known worldwide for its recreational opportunities on its public lands.

[1:40:09 PM](#)

MIKE HOPPER, Owner, The Lodge at Black Rapids, noted the potential of the resources residents and visitors can enjoy. He gave a personal story of a long hike in Alaska and said a presentation [related to his business] is forthcoming.

[1:41:18 PM](#)

A video was shown from 1:41 p.m. to 1:44 p.m.

[1:44:46 PM](#)

CO-CHAIR TARR observed the outdoor industry presents an opportunity for a sustainable source of state revenue.

SJR 7-ENDORSING ANWR LEASING; RELATED ISSUES

[1:45:34 PM](#)

CO-CHAIR TARR announced that the final order of business would be SENATE JOINT RESOLUTION NO. 7, Requesting that the United States Department of the Interior Bureau of Land Management implement an oil and gas leasing program in the coastal plain of the Arctic National Wildlife Refuge.

[1:46:12 PM](#)

SENATOR CHRIS BIRCH, Alaska State Legislature, reminded the committee of the importance of the Arctic National Wildlife Refuge (ANWR) to the future of the state and its economy from the potential development of oil and natural gas that would generate revenue, create thousands of jobs, and extend the life of the Trans-Alaska Pipeline System (TAPS); recent congressional action has created a path forward for responsible development in ANWR. Senate Joint Resolution 7 urges the U.S. Department of the Interior (DOI) to proceed with its leasing program for ANWR and would serve as the [Alaska State Legislature's] comments on the related draft environmental impact statement (EIS). Also, SJR 7 does not choose from the action alternatives outlined in the draft EIS - but allows the decision to be made by the responsible agency - and points out responsible development brings to Alaskans the benefits of jobs and revenue while protecting the environment.

[1:48:23 PM](#)

TREVER FULTON, Staff, Senator Chris Birch, informed the committee SJR 7 differs from previous versions in that with the passage of the [Tax Cuts and Jobs Act of 2017], Congress authorized an oil and gas leasing program for ANWR, thus the resolution urges the Department of Interior (DOI) to facilitate its leasing program. He pointed out DOI has the authority to implement a leasing program but cannot enforce Alaska hire provisions, how royalties are divided, or other actions related to ANWR. Mr. Fulton explained the focus of the resolution remains on the estimated 7.7 billion barrels of oil and 7 trillion cubic feet of natural gas that could be found in ANWR. Also, SJR 7 highlights the potential benefits resource development in ANWR means to Alaska and the U.S. in new revenues, new jobs, additional TAPS throughput, strengthened national security, a bolstered U.S. economy, and a source of energy. However, in a manner similar to past versions, SJR 7 also highlights advancements in oil field technology, a record of safe and responsible oil and gas development on the North Slope (NS), a commitment to the protection of the Porcupine and Central Arctic caribou herds, and support from Alaskans in general and residents of NS. Finally, he restated the primary goal of SJR 7: to serve as the Thirty-First Alaska State Legislature's official comment on the DOI ANWR leasing program draft EIS. Further, as the public comment period closes 3/13/19, timely passage of the resolution is of the essence.

[1:51:54 PM](#)

CO-CHAIR TARR opened invited testimony on SJR 7.

[1:52:33 PM](#)

FAITH MARTINEAU, Executive Director, Large Project Coordination, Office of Project Management and Permitting, DNR, said she also leads the state's participation as a cooperating agency in the development of the EIS for an oil and gas leasing program in the coastal plain [area of ANWR]. She expressed DNR's support for SJR 7, which requests the Bureau of Land Management (BLM), DOI, to implement an oil and gas leasing program in the coastal plain of ANWR. Ms. Martineau advised the question of whether oil and gas activities should occur in the non-wilderness portion of ANWR was settled by the passage of the [Tax Cuts and Jobs Act of 2017]; however, the question remains on how such activities should occur. The first step is the development of an EIS, and divisions within DNR have participated in assessing the indirect impacts of a leasing program and establishing the necessary

permitting process for future oil and gas activities. Other cooperating state agencies include the Alaska Department of Fish and Game, the Department of Environmental Conservation, the Department of Health and Social Services, the Department of Law, and the Alaska Oil and Gas Conservation Commission. Included in the published draft EIS are implementation strategies related to locations and lease stipulations. The state's collective interest will be submitted by letter during the draft EIS comment period; from DNR's perspective, BLM must elect an alternative that would provide the maximum flexibility to future decision-makers and that would enable them to rely on new data and on existing local, state, and federal permitting processes related to responsible development, production, and transportation of oil and gas resources to and from the coastal plain. Further, DNR has contacted organizations representing resident stakeholders to identify areas of alignment and partnership, and continues to discuss alternatives presented in the draft EIS. Ms. Martineau opined SJR 7 would reinforce the importance of responsible oil and gas development and she urged for the "final resolution" to include a recommendation to maximize flexibility for future decision-makers.

[1:56:23 PM](#)

FENTON REXFORD informed the committee he was born and raised in Kaktovik, which is the only community within ANWR and is located within the area [designated by section 1002 of the Alaska National Interest Lands Conservation Act (ANILCA)] of the coastal plain. He provided a short history of the people and their relationship with their homeland over 11,000 years. In 1970, the government took over 23 million acres of Tribal land and returned 92,000 acres around the village; however, the land was part of the refuge and was "locked up, you couldn't use it." He said residents were unable to access their Native allotment and holdings, or use traditional subsistence and historic sites. Today, there are restrictions on the use of their land, and some outside groups want to increase restrictions on the land under the illusion they are protecting the pristine original state of the land; however, there are people who live in the [section 1002 area] who seek to coexist with responsible development and to protect the indigenous lifestyle. Mr. Rexford said development and preservation are not an "either/or argument"; in fact, residents do not need to choose between long-held traditions and economic security. Inupiat traditional culture can evolve and adapt to the changing world; the opposing school of thought is land grabbing in the name of the environment. The Arctic is a vast area that includes challenges, and also

opportunities to benefit its residents. He expressed confidence in the North Slope Borough's (NSB's) ability to protect the natural wildlife and the environment from adverse impact, especially if the local government can guard the caribou. Responsible development in the coastal plain means the community will have access to modern living conveniences and local schools, health care facilities, public safety, and other infrastructure.

[2:02:56 PM](#)

MR. REXFORD continued, noting children living on NS can now attend high school at home. The Inupiat consider the resources of the land to be the greatest gifts, and resources are found below the ground, such as oil, and above, such as caribou and berries. He urged for all parties to work together and meet the common goal of opening ANWR. Mr. Rexford turned to the subject of property taxation and stated his strong opposition to the state's attempt to remove the local government's ability to levy property tax; in fact, [NSB] seeks to continue its partnership with the state, and he urged the legislature not to align with the governor in this regard. He reminded the committee he has been fighting for this issue for over 50 years; indigenous people have had much taken from them and now there is hope and opportunity for self-determination.

CO-CHAIR TARR expressed her belief false choices are given under some circumstances; she assured Mr. Rexford essential infrastructure such as water, wastewater treatment, and education are responsibilities obligated by the state constitution, even though the state may not have fulfilled its responsibilities in rural communities.

[2:07:18 PM](#)

D.J. FAUSKE, Director, Government and External Affairs, NSB, stated NSB's support of oil and gas activities on NS remains contingent upon the circumstances that said activities provide for and benefit NSB residents through the levy of property taxes on oil and gas infrastructure. Taxation of property is the inherent power of local government, and tax revenues fund the borough so it may employ residents, provide crucial services, and offset the impacts of development on residents, wildlife, and the land. Turning to SJR 7, he said the [Tax Cuts and Jobs Act of 2017], provides layers of protection for ANWR by limiting the footprint of development by the surface-acre occupancy limitation and by the stipulations and required operating

procedures. However, industry should be able to explore in areas with the highest potential within ANWR. He stated the public does not have accurate information concerning the environmental impacts of oil and gas development in ANWR; in fact, NSB is confident exploration and development will not significantly affect wildlife populations, the environment, or the health and subsistence lifestyle of residents. Mr. Fauske recalled oil and gas development in Prudhoe Bay was conducted with less environmental protection and inferior technology than what is used today. Further, existing infrastructure at Prudhoe Bay did not result in the significant damage to wildlife or the environment that was predicted by environmental organizations. He assured the committee NSB would not support opening the coastal plain [section 1002 area of ANWR] to leasing if there were a serious threat to residents' way of life and the Arctic ecosystem. The village of Kaktovik is the only community located within ANWR, thus no one understands the controversy better than the residents of Kaktovik who have been dependent on the land for thousands of years; the needs and concerns of local residents should be given greater consideration in the decision-making process.

MR. FAUSKE explained NSB's jurisdiction reaches from the Canadian border across NS to the western border of Alaska, including the coastline along the Beaufort Sea and the Chukchi Sea. The borough provides to eight communities services including education, health and social services, roads, water, sewer, and emergency services. He extended an invitation from Mayor Brower for members of the committee to visit NSB on 7/31/19.

[2:13:19 PM](#)

The committee took an at-ease from 2:13 p.m. to 2:16 p.m.

[2:16:18 PM](#)

CO-CHAIR TARR opened public testimony on SJR 7.

[2:16:25 PM](#)

The committee took a brief at-ease.

[2:16:40 PM](#)

CO-CHAIR TARR reopened invited testimony.

[2:17:11 PM](#)

TERESA IMM, Executive Vice President, Resource Regional Development, Arctic Slope Regional Corporation (ASRC), informed the committee she has been working with the community of Kaktovik - the only village located within the coastal plain of ANWR - regarding oil and gas leasing and regarding BLM's draft EIS, to ensure the community is involved in the process and to mitigate impacts to Kaktovik while providing for economic growth. She said ASRC owns 92,000 acres of land in ANWR and along with the Kaktovik Inupiat Corporation (KIC), has been urging for oil and gas leasing for over 40 years. As ANWR is now open for leasing, ASRC seeks to ensure leasing proceeds with cultural, subsistence, and Kaktovik's economic needs incorporated into the leasing documents. Further, ASRC and KIC seek to ensure the BLM program allows them to develop their own land to fulfill the intent of the Alaska Native Claims Settlement Act (ANCSA). The federal land is an extension of Native land, therefore, communities, agencies, the state, NSB, and others need to be closely aligned to ensure goals are met for all parties. Ms. Imm expressed confidence oil and gas exploration can protect wildlife and the environment; in fact, oil and gas development on NS has evolved and should be considered the "gold standard" for oil and gas development. She strongly encouraged the legislature to continue to support ASRC's efforts as leasing will provide short-term benefits, and could provide long-term benefits, to the state. She observed the search for economic diversity statewide has not found a solution that provides stable funding for communities. Ms. Imm urged the committee to pass SJR 7.

[2:20:46 PM](#)

CO-CHAIR TARR returned attention to public testimony.

[2:21:32 PM](#)

PETER NOLAN, Director, Member Services, Alaska Chamber, informed the committee the Alaska Chamber (Chamber) is a nonprofit organization whose members work to promote a positive business environment in Alaska; the Chamber supports responsible resource development that brings economic opportunities to Alaskans. The Chamber strongly supports SJR 7, which would help ensure America's energy security and allow Alaska and the nation to benefit from expanding energy production in Alaska. Mr. Nolan acknowledged renewable energy is growing but will account for a minority of American energy production through 2040; new oil and

gas from the non-wilderness portion of the coastal plain is an important part of achieving energy dominance, and the Chamber encourages the House Resources Standing Committee to pass the resolution.

[2:23:14 PM](#)

K.K. DAVIS informed the committee she has been an Alaska resident since 1991 and is currently a student at the University of Alaska Fairbanks (UAF) studying Arctic policy and changes to the Arctic climate. She also owns a wilderness guiding and canoeing instruction business which is connected to the use of wild and scenic rivers. Ms. Davis said her immediate concern about SJR 7 is the speed at which BLM is processing the EIS. She urged that the coastline remain intact and pointed out BLM has 22.1 million acres in the National Petroleum Reserve-Alaska (NPR-A) adjacent to ANWR. Ms. Davis seeks to explore ANWR before there are further alarming changes and [oil and gas exploration] would apply more pressure to a wilderness area.

[2:25:45 PM](#)

BRAD SNOW said he has been a resident of Alaska since 1973, and in 1995 began working as a guide along the Hulahula River drainage in ANWR, which he described as the most beautiful place on earth. He expressed his surprise at the abundance of animals, birdlife, unique scenery and the lack of development found there. He compared an oil derrick in the wilderness to a spot of spaghetti sauce on a white shirt. Furthermore, economic potential for some is not worthy of endangering the livelihood of a group of Alaska residents, destroying tourist potential, and losing untouched wilderness. Mr. Snow spoke of guiding visitors and residents along the Hulahula River for the last eight years who are amazed and delighted with the pristine beauty and cautioned it - and the economic benefit of development - could be gone tomorrow.

[2:28:02 PM](#)

SYLVIA PANZARELLA said she and her husband have lived in Alaska for almost twenty years in Kodiak and Anchorage. She agreed with previous speakers who have noted the destruction of the wilderness and wildlife, and the loss of subsistence and cultural importance. Ms. Panzarella stressed drilling in ANWR is a poor financial investment decision on the part of the state because oil production would not begin for ten years, and within the next ten years there may be new sources of electrical

energy. For example, Kodiak is 99.8 percent powered by sustainable energy from wind and water energy. She said Governor Dunleavy is going to give \$345 million to oil companies in the next two years at the expense of Alaska citizens. She urged the committee to remember the state motto - North to the Future - and to move away from oil dependence.

REPRESENTATIVE RASMUSSEN asked for an explanation of the \$345 million giveaway referenced by Ms. Panzarella.

[2:30:52 PM](#)

MS. PANZARELLA explained \$100 million is "already set aside" and she would provide the figures to Representative Rasmussen.

[2:31:11 PM](#)

DAVE HARBOUR said he previously provided written testimony to the committee. He recalled many decades of [Alaska] governors and [state] legislatures have supported reasonable development of the [section 1002 area] in ANWR. Furthermore, promises of proper development in said area [would be] kept and should move forward. He pointed out the committee and the state House of Representatives are not alone but are supported by the nation, as evidenced by his experience serving on the Regulatory Commission of Alaska, the Western Conference of Public Service Commissioners, the Gas Committee of the National Association of Regulatory Utility Commissioners, and the Interstate Oil and Gas Compact Commission. In fact, written resolutions of support for ANWR were garnered from the Interstate Oil and Gas Compact Commission. Mr. Harbour said a study indicated that there was "a loss to America of not developing these resources" [document not provided]. He recommended the legislature provide copies of SJR 7 to certain members of Congress.

[2:35:39 PM](#)

CARL PORTMAN, Deputy Director, Resource Development Council, informed the committee the Resource Development Council (RDC) has consistently supported opening the [section area] of ANWR to oil and gas development. The coastal plain has been identified as America's best onshore prospect for conventional oil and gas discovery. Alaska is dependent upon development of its natural resources to support its economy; in fact, the discovery of oil led to statehood. Oil production is the economic engine of Alaska; although TAPS is operating at less than capacity, oil production generated approximately 80 percent of unrestricted

general fund revenues in fiscal year 2008 (FY 08). Oil production on the coastal plain could increase TAPS capacity to two-thirds of its capacity. The past 40 years have proven energy development and environmental stewardship do coexist. The proposed responsible oil and gas development leasing will help Alaska fund public services, generate thousands of jobs, and raise the standard of living on NS. In response to earlier testimony, he said development will occur in the non-wilderness part of the coastal plain.

[2:38:15 PM](#)

LIAM ZSOLT, Director of Technology, ASRC Energy Services, informed the committee, from a global perspective, NS oil and gas industry is a model of environmental responsibility when compared to other regions; for example, the wildlife on NS "have the right-of-way." Further, as greenhouse gases rise, producers are focusing on "lowering footprint and de-carbonizing operations" by capturing flare gas and waste, and by optimizing transportation. He said the draft EIS indicates ANWR development will not materially impact the carbon balance but will displace oil from declining fields, some of which he said are "dirtier barrels on the market." Mr. Zsolt concluded the Alaska state budget needs responsible development in ANWR executed by corporate citizens of the Alaska oil and gas industry.

[2:40:08 PM](#)

EMILY SULLIVAN, Conservation Associate, Alaska Wilderness League, said SJR 7 states Alaskans overwhelming support oil and gas development in ANWR; however, many Alaskans vehemently oppose said development. Many members of the Alaska Wilderness League (League) view the ANWR coastal plain as a place of ecological importance, solace, recreational opportunities, and where uniquely Alaska resources are protected. She characterized ANWR as iconic public land. In addition, SJR 7 states 0.01 percent of land would be covered by production and support facilities, which ignores the fact that the effects of seismic testing, gravel mining, and pipelines would impact the entire coastal plain. The resolution estimates the economic value of the coastal plain but not the ecological value of migratory birds, musk oxen, wolves, caribou, and polar bears, and makes no mention of the Gwich'in people and their sacred relationship with the coastal plain. Ms. Sullivan said the aforementioned oversights are just a few of the reasons the League is opposed to SJR 7. Finally, the coastal plain protects

many resources more valuable than oil; ANWR is one of the last places where people still live in harmony with the land and oil and gas development on the coastal plain is a travesty.

REPRESENTATIVE RASMUSSEN asked for the League's position on previous testimony from residents in the region in support of SJR 7.

MS. SULLIVAN said the requested statement of position would be provided.

[2:43:03 PM](#)

LOIS EPSTEIN, Engineer and Director, Arctic Program, The Wilderness Society, informed the committee The Wilderness Society scientists and staff have worked in Alaska since the 1930s to protect ANWR from development because the refuge is recognized as a place of wildlife, wilderness, and subsistence value. She said not all places in Alaska are appropriate for oil drilling and industrialization. The provision supporting drilling was quietly attached to the [Tax Cuts and Jobs Act of 2017], and thus needed 51 votes to pass the U.S. Senate. She pointed out SJR 7 indicates 0.01 percent of the entire refuge is subject to development; however, development would actually require a system of infrastructure that would cover the entire acreage of the coastal plain. Further, SJR 7 has many other problems: it does not acknowledge the interests of the Gwich'in and Inupiat; it does not recognize the uncertainty of low oil production; it does not acknowledge the burden to the state to pay perhaps billions of dollars in oil tax credits to oil companies used to offset production tax on existing NS oil production, as revealed by DNR testimony before the House Finance Committee on 2/27/19 [document not provided]. Ms. Epstein stressed unlike previous resolutions in this regard, SJR 7 will matter and urged the committee to vote no.

[2:45:50 PM](#)

GLEN SOLOMON said he is Inupaiq, a resident, a whaling captain, a hunter, a husband, a father, and a leader in the community of Kaktovik. He expressed his support for opening the coastal plain to oil and gas leasing because the coastal plain can provide significant future revenue to state and local governments so that the tax base [from oil and gas activities] can continue to provide health and safety services to NS communities. Kaktovik is the only community in [section 1002 of ANWR] and he urged legislators to listen to residents' comments

regarding SJR 7. Mr. Solomon advised residents currently balance subsistence activities and those of industry, and with proper stipulations, exploration can occur that will protect subsistence resources; like the Gwich'in, residents of Kaktovik depend on caribou and know that caribou can coexist with industry. For example, the Porcupine caribou herd and the Central Arctic caribou herd migrate through oil and gas fields in Canada and the U.S., and the Gwich'in and Inupaiq are dependent on both of these herds.

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MALLORY PRIMM expressed her strong opposition to SJR 7 for several reasons: SJR 7 states Alaskans overwhelming support oil and gas development, but this is a misrepresentation because she and her community do not support the resolution; SJR 7 narrowly defines the impact of development in a non-wilderness area of ANWR, but, in fact, the entire refuge is set aside as a home for 200 species of birds, 77 percent of the coastal plain is critical habitat for polar bears and caribou, and more than 200 acres will be affected by pipelines, gravel mines, ice roads, and seismic exploration. The estimates of revenue included in SJR 7 are inaccurate and she asked to see the origin of the estimates; BP pulled out of its Arctic program in 2017, which indicates there is a realistic risk versus the reward of drilling in the Arctic. Ms. Primm stressed the intrinsic value of the coastal plain as wild and protected land.

REPRESENTATIVE RAUSCHER asked how Ms. Primm "qualified" the community for which she was speaking.

MS. PRIMM said she is a community member and the voices of individual Alaskans should be heard.

[2:51:32 PM](#)

ODIN MILLER, speaking as a lifelong Alaskan, said SJR 7 is "an extremely raw deal for Alaskans" The federal government will get most of the money from development due to the "90:10 royalty split" and development in ANWR will cost the state millions of dollars in oil tax credits [that would be due to oil companies]. He questioned whether the state could afford the aforementioned costs and suggested the legislature should instead repeal Senate Bill 21 [passed in the Twenty-Eighth Alaska State Legislature]. Further, SJR 7 would cause food shortages in certain villages due to declines in the Porcupine caribou herd that would result from oil drilling. Mr. Miller

expressed his support for expanding subsistence rights on federal wilderness land and for removing some of the restrictions burdened upon residents; however, this separate issue could be addressed by a specific resolution to do so, instead of SJR 7, which calls for industrial development.

REPRESENTATIVE RASMUSSEN questioned the source of "the 90:10 split, for the federal government and state."

MR. FULTON stated the [Tax Cuts and Jobs Act of 2017] defined a 50:50 split between state and federal [governments].

MR. MILLER agreed with Mr. Fulton's correction.

[2:54:3 PM](#)

MICHAEL JESPERSON spoke in support of SJR 7 and noted the resolution does not ask for the approval of a specific plan of development or project, either of which would require an EIS. He observed if a viable energy alternative to carbon fuels was available today it would require a minimum of 60 years to achieve production, thus carbon-based fuels will be used as a primary fuel for a minimum of 60 years, and another 100 years as a secondary fuel. Because Alaska has strict environmental rules, any development of carbon-based fuels is best done in Alaska where it will be done properly. Mr. Jespersen advised most of the energy for electric cars comes from petroleum. He cautioned any oil discovered in the [section 1002 area] will take 20 years to production and SJR 7 will help future legislators find revenue, will provide jobs, and will protect the planet.

[2:57:04 PM](#)

MATTHEW REXFORD, President, Kaktovik Inupiat Corporation (KIC), said he is Inupiat and a lifelong resident of Kaktovik. He stated he is in strong support of SJR 7 because development on NS will continue to provide the critical public services that have led to increased life expectancy for residents. Since development began in Prudhoe Bay, there have been improvements in health care facilities, public health services, education, and other benefits such as local schools. Based on the experience of NS, development and subsistence can coexist in regard to caribou herds; in fact, KIC does not expect the [impact] to the Porcupine caribou herd to be different than to those in other areas. North Slope development allows the state to fund rural development projects and has some of the highest

environmental mitigation and remediation standards for industry in the world. Mr. Rexford said the [section 1002 area] of the coastal plain was set aside for oil and gas development and has never been designated as wilderness. He restated his strong support and also reported support from the federally recognized [Kaktovik Village and the Regional Alaska Native Tribal government].

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RYAN MARSH, Arctic Program Coordinator, Northern Alaska Environmental Center, recalled a similar resolution passed in 2017; subsequent to the passage of the [Tax Cuts and Jobs Act of 2017], the federal government is pushing the leasing mandate through and SJR 7 is an endorsement of a rushed process that is an affront to protections provided by the National Environmental Policy Act of 1969 (NEPA). He pointed out the [federal government shutdown from 12/22/18-1/25/19] shortened the public process; however, strong opposition was heard in the NS region, Anchorage and Fairbanks that belies the statement that an overwhelming majority of Alaskans favor [SJR 7]. Furthermore, a larger majority of Americans seek protection as indicated by proposed legislation to repeal leasing from the tax act that has been introduced in the U.S. House of Representatives. He characterized SJR 7 as a small and greedy action neglectful of local Native residents, and urged the committee to withdraw the resolution.

[3:02:15 PM](#)

RON YARNELL informed the committee he has guided Alaskans and visitors from over the world on rivers crossing the coastal plain of ANWR since 1976. He said the coastal plain is unique in NS and noted many residents live in Alaska because of wilderness; he questioned why one would destroy the few protected areas of national significance. Mr. Yarnell suggested the industry should look outside the refuge for more oil and to create jobs, and urged the committee to vote against [SJR 7].

[3:03:36 PM](#)

LISA BARAFF recalled [Mr. Fulton] said SJR 7 represents the legislature's official comment to BLM on the draft EIS; however, the resolution contains inaccuracies and does not represent the sentiment of a large percentage of Alaskans. In fact, the response to the [Alaska Senate Majority 2019 Web Poll] showed 44 percent do not support development in the coastal plain in ANWR,

and thus 55 percent is a small majority. Also, testimony during scoping hearings on the EIS and on the draft EIS showed many Alaskans and the Gwich'in nation of Alaska and Canada unanimously oppose development in the coastal plain. Finally, referrals to impacts to caribou herds elsewhere do not acknowledge that the coastal plain is the caribou herd nursery ground.

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KARA MORIATY, President/CEO, Alaska Oil and Gas Association, said the oil and gas industry and most Alaskans have long supported a leasing program for the coastal plain. In January [2019], a statewide poll showed 64 percent of Alaskans support development of the coastal plain [document not provided]. The Alaska National Interest Lands Conservation Act (ANILCA) expanded the refuge to over 19 million acres, 90 percent of which is protected wilderness. Section 1002 of ANILCA set aside a portion of the coastal plain for future oil and gas development, which is known as the 1002 area. Development there is limited by the [Tax Cuts and Jobs Act of 2017] to 2,000 acres, which is equal to approximately one-half of the acreage of the Ted Stevens Anchorage International Airport. Ms. Moriarty reported by 2050, petroleum will be the largest source of energy consumed in the U.S. and worldwide, thus demand will continue for at least 30-35 years. Estimated production from the [section 1002 area] is 10 billion-11 billion barrels of oil and it is the largest onshore play on federal land in the U.S.; its production will reduce U.S. reliance on foreign oil and reduce imports by almost \$600 billion. She closed, noting the industry has a long history of safe, effective, and responsible development in the Arctic, ensuring continued jobs and revenue for Alaska.

[SJR 7 was held over.]

[3:10:47 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:11 p.m.