

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 18, 2020

4:01 p.m.

MEMBERS PRESENT

Senator Peter Micciche, Chair
Senator John Coghill, Vice Chair
Senator Click Bishop
Senator Joshua Revak
Senator Scott Kawasaki
Senator Jesse Kiehl

MEMBERS ABSENT

Senator Cathy Giessel

COMMITTEE CALENDAR

SENATE BILL NO. 217

"An Act establishing state land vouchers; relating to restricted land sales for veterans; relating to the veterans' land purchase discount; relating to the permanent fund dividend; relating to the duties of the Department of Revenue; authorizing the Department of Natural Resources to accept state land vouchers; relating to eligibility for public assistance; and providing for an effective date."

- MOVED CSSB 217(RES) OUT OF COMMITTEE

SENATE BILL NO. 189

"An Act relating to the fish and game fund; establishing the sport fishing enhancement surcharge; relating to the repeal of the sport fishing facility surcharge; providing for an effective date by amending the effective date of sec. 21, ch. 18, SLA 2016; and providing for an effective date."

- MOVED CSSB 189(RES) OUT OF COMMITTEE

SENATE BILL NO. 204

"An Act relating to state lands; relating to the authority of the Department of Natural Resources over state owned lands; relating to the disposal of state land; relating to the leasing and sale of state land for commercial or industrial development;

repealing establishment of recreation rivers and recreation river corridors; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 217

SHORT TITLE: STATE LAND VOUCHER; PFDS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/21/20	(S)	READ THE FIRST TIME - REFERRALS
02/21/20	(S)	RES, FIN
03/02/20	(S)	RES AT 3:30 PM BUTROVICH 205
03/02/20	(S)	Heard & Held
03/02/20	(S)	MINUTE(RES)
03/18/20	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 189

SHORT TITLE: SPORT FISHING ENHANCEMENT SURCHARGE

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/12/20	(S)	READ THE FIRST TIME - REFERRALS
02/12/20	(S)	RES, FIN
02/28/20	(S)	RES AT 3:30 PM BUTROVICH 205
02/28/20	(S)	Heard & Held
02/28/20	(S)	MINUTE(RES)
03/04/20	(S)	RES AT 3:30 PM BUTROVICH 205
03/04/20	(S)	<Bill Hearing Canceled>
03/09/20	(S)	RES AT 3:30 PM BUTROVICH 205
03/09/20	(S)	<Bill Hearing Canceled>
03/18/20	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 204

SHORT TITLE: STATE LAND SALES; PLATS; RIVERS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/19/20	(S)	READ THE FIRST TIME - REFERRALS
02/19/20	(S)	RES, FIN
03/18/20	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

MIKE BARNHILL, Deputy Commissioner
Alaska Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding SB 217.

MARTIN PARSONS, Director
Division of Mining, Land, and Water
Alaska Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions regarding SB 217.

WILLIAM MILKS, Assistant Attorney General
Civil Division
Labor and State Affairs Section
Alaska Department of Law
Juneau, Alaska

POSITION STATEMENT: Answered constitutional questions related to SB 217.

SHAWNDA O'BRIEN, Director
Division of Public Assistance
Alaska Department of Health & Social Services
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding SB 217.

AUSTIN WILLIAMS, Alaska Director of Law and Policy
Government Affairs
Trout Unlimited Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 217.

KATIE BOTZ, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in opposition of SB 217.

ED MARTIN, representing self
Cooper Landing, Alaska

POSITION STATEMENT: Testified in support of SB 217.

DAVID RUTZ, Director
Division of Sport Fisheries
Alaska Department of Fish and Game
Palmer, Alaska

POSITION STATEMENT: Provided an overview of SB 189.

FORREST BRADEN, Executive Director
Southeast Alaska Guides Organization
Ketchikan, Alaska

POSITION STATEMENT: Testified in support of SB 189.

DAVID LANDIS, General Manager

Southern Southeast Regional Aquaculture Association
Ketchikan, Alaska

POSITION STATEMENT: Testified in support of SB 189.

MELVIN GROVE, Member
Prince William Sound Charter Boat Association
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 189.

KONRAD JACKSON, Staff
Senator Peter Micciche
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented amendments for SB 189.

MARTIN PARSONS, Director
Division of Mining, Land, and Water
Alaska Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Introduced SB 204 on behalf of the administration.

CORRI A. FEIGE, Commissioner
Alaska Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Provided opening remarks for SB 204.

ACTION NARRATIVE

[4:01:53 PM](#)

CHAIR PETER MICCICHE called the Senate Resources Standing Committee meeting to order at 4:01 p.m. Present at the call to order were Senators Kiehl, Kawasaki, Revak, Coghill, Bishop, and Chair Micciche.

SB 217-STATE LAND VOUCHER; PFDS

[4:02:52 PM](#)

CHAIR MICCICHE announced that the first order of business would be SENATE BILL NO. 217, "An Act establishing state land vouchers; relating to restricted land sales for veterans; relating to the veterans' land purchase discount; relating to the permanent fund dividend; relating to the duties of the Department of Revenue; authorizing the Department of Natural

Resources to accept state land vouchers; relating to eligibility for public assistance; and providing for an effective date."

He said this is the second hearing and public testimony is open.

[4:03:41 PM](#)

MIKE BARNHILL, Deputy Commissioner, Alaska Department of Revenue, Juneau, Alaska, reminded the committee that the governor introduced the legislation to give people applying for their Permanent Fund Dividend (PFD) the option of electing, in lieu of a cash dividend, a land voucher that is worth two times the cash dividend.

[4:05:23 PM](#)

He said there were questions during the previous hearing about how the cashflow would work for the land voucher. He directed attention to slide 2, PFD Land Voucher, Cashflow Hypothetical and provided the following summary:

- The land voucher calculation is two times the statutory PFD amount.
- The money that moves from the Earnings Reserve Account (ERA), to the General Fund (GF), to the PFD Fund, is the total number of applicants multiplied by the amount that the legislature has appropriated per person.
- 640,000 eligible applicants at \$1,000 per person equals \$640 million moving to the PFD Fund.
- The cash PFD payout to 600,000 people multiplied by \$1,000 per person equals \$600 million, but \$40 million in cash remains because 40,000 applicants elected the land voucher.
- Under the bill, the \$40 million in cash lapses back to the GF.
- The face value of the land vouchers is \$4,600 per person multiplied by the 40,000 elections which equals \$184 million.
- DNR sells \$300 million in land with \$184 million paid in land vouchers and \$116 million in cash.
- The \$116 million in cash goes into the GF as cash on the land sale, plus the \$40 million that lapsed from the PFD fund which equals a total of \$156 million going into the GF.

MR. BARNHILL noted that the bill provides that DNR can request some of the money related to the land voucher be appropriated back to the department for purposes of administering the program.

SENATOR KIEHL asked what the average acre of state land is selling for. He said he assumed that the statewide average is \$3,000 to \$4,000 per acre.

MR. BARNHILL deferred the question to DNR.

CHAIR MICCICHE said the prices vary dramatically; the value of an accessible lake parcel is significantly higher than a drier, less accessible parcel.

4:10:10 PM

MARTIN PARSONS, Director, Division of Mining, Land, and Water, Alaska Department of Natural Resources, Anchorage, Alaska, answered that the average price is \$3,000 per acre, but it varies widely. Lands in Southeast Alaska with oceanfront access will sell for upwards of \$70,000 for a 5-acre parcel, whereas land around Tok or the Richardson Highway may go for \$13,000 to \$15,000 for a 5-acre parcel.

SENATOR KIEHL noted that the hypothetical cashflow example would equate to DNR selling 20,000 to 100,000 acres a year. He asked if DNR has that acreage surveyed and ready to sell.

MR. PARSONS replied DNR could make 200,000 to 250,000 acres available by auction time.

SENATOR KIEHL said the information indicates that DNR was selling 2,000 to 3,000 acres a year so the response is surprising but interesting.

4:12:15 PM

MR. BARNHILL stated that the purpose of the cashflow hypothetical was to show how the cash moves. It was not to suggest the volume of land that DNR would make available. Any similarity between the implied volume of land in the example and what Mr. Parson said is purely coincidental, he said.

SENATOR KIEHL responded that the connection is cash to the general fund from land sales. If the quantity of land that's available isn't anywhere near \$300 million, one can't assume that level of cash will come in. The bottom line to the general fund changes dramatically depending on what is really for sale.

MR. BARNHILL reiterated that his intent was to show how the cash flows, not the amount of money that will be raised in the land voucher program.

CHAIR MICCICHE responded that the committee understands that and Senator Kiehl is satisfied with the answer.

MR. BARNHILL said the discussion and comments by the Chair during the previous hearing persuaded the department to set up a plan to track transfers of land received through the voucher program as well as replacement of lost or stolen land vouchers. He noted the amendment for the committee's consideration that would allow that to happen.

[4:14:58 PM](#)

CHAIR MICCICHE remarked that the amendment strengthens the bill and said he appreciates that the department changed its direction.

MR. BARNHILL said his hope is that the proposed amendment accomplishes the intention of Chair Micciche's recommendation.

He directed attention to the land voucher mockup in the bill packets and detailed that it looks like a traditional bond with a serial number for identification, the \$4,600 hypothetical value, verbiage from the bill about what it can and cannot be used for, information on how to register and transfer with the Alaska Department of Revenue, a statement that the land voucher does not expire, and the name of the person the voucher is issued to is on the document. He added that the department anticipates adding some anti-counterfeiting features to protect the authenticity of the document.

MR. BARNHILL noted that Shawnda O'Brien from the Alaska Department of Health and Social Services (DHSS) was available to answer questions such as the one Senator Kiehl posed at the previous hearing about the exclusion of the land voucher from the hold harmless clause.

CHAIR MICCICHE asked Mr. Milks from the Alaska Department of Law to first address the committee's questions from the previous hearing on SB 217.

[4:18:51 PM](#)

WILLIAM MILKS, Assistant Attorney General, Civil Division, Labor and State Affairs Section, Alaska Department of Law, Juneau, Alaska, noted that a committee member asked a question during the previous meeting about the equal protection clause in relation to SB 217. He explained that the equal protection clause is in the United States Constitution as well as the

Alaska Constitution. It is often raised because legislation frequently makes distinctions between individuals.

MR. MILKS said Department of Law's view is the State has the rational basis to provide a land voucher to its residents who meet the residency requirements in the bill. The department does not see the land voucher raising a constitutional issue about equal protection because like the PFD, qualification requires a residency period.

He detailed that the Alaska Supreme Court at different times has reviewed the constitutionality of the PFD program and specifically the eligibility requirements. It has concluded that the PFD eligibility requirements are constitutional because they meet the rational basis test and focus on ensuring and verifying actual bonified residency for the benefit.

MR. MILKS summarized that in the department's mind, the land voucher program passes constitutional muster on the equal protection clause due to its similarity to the PFD and university tuition reduction for residents.

[4:23:04 PM](#)

SENATOR COGHILL specified that his question from the previous hearing related to possible inequality where DNR deems cash offers for land as being more valuable than offers with land vouchers.

MR. MILKS replied it is DOL's view that the dollar sum of the voucher is equal to cash.

SENATOR COGHILL said he would take the answer at face value and think more about how it might be challenged.

SENATOR KIEHL asked Ms. O'Brien why, unlike the PFD, the bill entirely exempts the land voucher program from the hold harmless provisions for asset exclusion testing.

[4:27:00 PM](#)

SHAWNDA O'BRIEN, Director, Division of Public Assistance, Alaska Department of Health & Social Services, Juneau, Alaska, explained that the hold harmless provisions apply to public assistance eligibility so that recipients do not lose their benefits. The asset resource test allows up to \$2,000 as countable and anything above that counts against the eligibility criteria. She confirmed that the State counts the PFD as income against program eligibility criteria.

MS. O'BRIEN specified that the State will not count the land voucher against a participant's program eligibility if the individual uses the voucher for a primary residence. However, the State will count the land voucher against program eligibility if the individual uses the voucher for nonresidential property. Each individual case requires evaluation to assess different parameters or circumstances.

MS. O'BRIEN said the hold harmless rules are federal and the State could incur significant costs for maintaining eligibility in lieu of following federal rules.

[4:30:24 PM](#)

SENATOR KIEHL noted that the committee saw stirring images in the previous hearing of Alaskans getting a piece of land and building self-sufficiency. He asked if using the land vouchers makes sense for someone to use towards self-sufficiency.

MS. O'BRIEN replied it depends on the individual situation and whether the land voucher would become the person's primary residence, or it would be excluded from the asset resource test.

SENATOR KIEHL pointed out that DHSS did not provide a fiscal note. He noted that the well-know principle for over 30 years is that a PFD is not going to hurt a person's ability to get help feeding their children. He asked what DHSS would require to properly educate clients to avoid family assistance mistakes in electing a land voucher

MS. O'BRIEN answered that DHSS would need to work considerably on informing people to make sure they know what the potential impact would be. While DHSS is not in the business of advising people of what they should or should not do, people need to know how the land voucher would count towards their program eligibility.

CHAIR MICCICHE announced that the committee would move to amendments. He said he considers the amendments as friendly.

[4:33:55 PM](#)

SENATOR COGHILL moved Amendment 1, A.1.

31-GS2064\A.1
Radford
3/16/20

AMENDMENT 1

OFFERED IN THE SENATE
TO: SB 217

BY SENATOR MICCICHE

Page 3, lines 16 - 17:

Delete "The department may not approve or deny any transfer."

Page 3, line 17:

Delete "may not"

Insert "shall"

Page 5, line 24, following "voucher":

Insert "and for replacing a lost, stolen, or destroyed state land voucher"

Page 5, line 28, following "issued":

Insert ";

(14) maintain a registry of state land voucher transfers"

CHAIR MICCICHE objected for discussion purposes.

MR. BARNHILL explained that the first part of the amendment deletes the language that says the department may not approve or deny any transfer and that change allows the Alaska Department of Revenue to approve and deny transfers. Language on page 3, line 17, conforms with that. Lines 8 and 9 authorizes DOR to replace stolen, lost, or destroyed state land vouchers, and lines 11-13 authorizes the department to maintain a registry of voucher transfers.

[4:35:08 PM](#)

CHAIR MICCICHE removed his objection and announced that without further objection Amendment 1 is adopted.

[4:35:24 PM](#)

SENATOR COGHILL moved conceptual Amendment 2. He explained that the amendment inserts on page 2, line 11, the phrase "other than Mental Health Trust land" after the word "land."

CHAIR MICCICHE objected for discussion purposes. He asked Mr. Barnhill to comment.

MR. BARNHILL said his understanding is that the amendment would make Mental Health Trust land not part of the land voucher program. He asked Senator Coghill to confirm that that was his intention.

SENATOR COGHILL answered that he was carrying the amendment for Mr. Barnhill.

CHAIR MICCICHE explained that Amendment 2 is an Alaska Department of Natural Resources (DNR) amendment to clarify that the land vouchers are not available for Mental Health Trust land.

[4:36:51 PM](#)

CHAIR MICCICHE removed his objection and announced that without further objection, conceptual Amendment 2 is adopted.

[4:37:08 PM](#)

CHAIR MICCICHE opened public testimony.

[4:37:18 PM](#)

AUSTIN WILLIAMS, Alaska Director of Law and Policy, Government Affairs, Trout Unlimited Alaska, Anchorage, Alaska, testified in opposition to SB 217. He said SB 217 in its broader context is an important companion to SB 204, the state land sales bill. For many Alaskans, public lands are an essential part of their daily life to fish, hunt, camp, and ski. Some state lands are iconic like the Chugach or Denali state parks, but the bill would affect Alaska's fishing and hunting that takes place on DNR managed lands outside of the state park system.

He said he understands the immense fiscal pressure on the State and Permanent Fund, but any solutions must responsibly consider the long-term implications and future costs. State land and the immense resources they contain are Alaska's most valuable assets. State lands contain fish and wildlife that fills freezers, provides reliable sources of income through commercial fishing, guiding, and tourism, and acts as cultural centerpieces.

MR. WILLIAMS concluded saying that SB 217 increases privatization of state lands at deeply discounted rates that will not solve the State's financial woes.

[4:40:37 PM](#)

KATIE BOTZ, representing self, Juneau, Alaska, testified in opposition of SB 217. She said her family hunts on state lands to support a subsistence way of living. She said SB 217 will impact subsistence hunting by privatizing land. She noted that she also questioned whether individuals would have access to land offered in the land voucher program.

[4:43:25 PM](#)

ED MARTIN, representing self, Cooper Landing, Alaska, testified in support of SB 217. He said the bill will benefit the 187,000 children that live in the state by providing them the opportunity to realize the American dream. He noted that his family benefited from homesteading in Alaska. He added that the bill will utilize funds held back from the Alaska Permanent Fund.

He stated that the idea for land vouchers has been around for a long time. He said he believes that he has been the catalyst for the governor to bring the bill forward. He reiterated that the bill would get land into the hands of Alaska's children for their future.

CHAIR MICCICHE concurred that Mr. Martin has been a catalyst for the bill. Finding no further testimony or questions from the committee, he solicited the will of the committee.

[4:47:14 PM](#)

SENATOR COGHILL moved to report CSSB 217, work order 31-GS2064\A as amended, from committee with individual recommendations and attached fiscal notes.

CHAIR MICCICHE asked if there was an objection.

SENATOR KIEHL objected to comment that the amendment exempting Mental Health Trust land was illustrative. He pointed out that the Mental Health Trust must get the full value of the resource. By contrast, the bill generates, at best, 25 cents on the dollar for Alaska's land, which he does not believe is fiscally responsible. Also, the bill raises significant issues regarding access to lands for Alaskans.

SENATOR KIEHL removed his objection.

SENATOR COGHILL pointed out that about one percent of Alaska land is private and he applauds the governor for taking a unique way of addressing private land ownership. He said he struggles with the land voucher program, but the bill should move forward for further consideration.

CHAIR MICCICHE said with all due respect to those that testified against the bill, the amount of private land in the state is minuscule. He stated that the land voucher concept is valuable and important to many Alaskans.

[4:49:53 PM](#)

CHAIR MICCICHE found no further objection and CSSB 217(RES) was reported from the Senate Resources Standing Committee.

[4:50:01 PM](#)

At ease.

SB 189-SPORT FISHING ENHANCEMENT SURCHARGE

[4:52:21 PM](#)

CHAIR MICCICHE announced that the next order of business would be SENATE BILL NO. 189, "An Act relating to the fish and game fund; establishing the sport fishing enhancement surcharge; relating to the repeal of the sport fishing facility surcharge; providing for an effective date by amending the effective date of sec. 21, ch. 18, SLA 2016; and providing for an effective date."

He noted that the bill was previously heard on 2/28/20 and public testimony was heard. He asked Mr. Rutz to briefly summarize the bill.

[4:52:55 PM](#)

DAVID RUTZ, Director, Division of Sport Fisheries, Alaska Department of Fish and Game, Palmer, Alaska, explained that the bill would allow the department to keep a portion of the \$9 surcharge added to the sportfish license fee implemented in 2005 to repay the bonds for building two sport fish hatcheries and Southeast King salmon enhancements. The surcharge will disappear when the surcharge pays off the bonds in December 2020.

MR. RUTZ said the intent of the bill is to maintain a portion of the surcharge. The surcharge for residents would be \$4 and a little higher for nonresidents. The surcharge would help to

continue funding for hatcheries and King salmon enhancement in Southeast Alaska.

[4:54:00 PM](#)

CHAIR MICCICHE turned to public testimony.

[4:54:29 PM](#)

FORREST BRADEN, Executive Director, Southeast Alaska Guides Organization, Ketchikan, Alaska, testified in support of SB 189. He said approximately 50 percent of King salmon harvested in Southeast Alaska are hatchery produced. King salmon enhancement is a substantial benefit to both residents and nonresidents that fish the inside waters in Southeast Alaska.

[4:56:08 PM](#)

DAVID LANDIS, General Manager, Southern Southeast Regional Aquaculture Association, Ketchikan, Alaska, testified in support of SB 189. He stated that most fee revenue will go to the two large hatcheries in Anchorage and Fairbanks that the State built under the bond. However, the State has three designated sport fishing hatcheries, including the Crystal Lake Hatchery in Petersburg.

He explained that the Southern Southeast Regional Aquaculture Association (SSRAA) operates the Crystal Lake Hatchery under contract with the State. A portion of the operational funding for Crystal Lake is through the surcharge. Continued surcharge funding is critical to the operation of the Crystal Lake Hatchery, especially for upgrading hatchery raceways.

MR. LANDIS pointed out that the Crystal Lake Hatchery provides an impressive amount of King salmon in Southeast Alaska. Enhanced King salmon account for half of King salmon harvested in Southeast Alaska and the Crystal Lake Hatchery produces half of those enhanced fish. The hatchery is an important facility when accounting for the Pacific Salmon Treaty between the United States and Canada. The hatchery is critical for sport, commercial, and charter operators.

MR. LANDIS concluded his comments saying that the State's user-pays system is fair and appropriate.

[4:59:06 PM](#)

MELVIN GROVE, Member, Prince William Sound Charter Boat Association, Wasilla, Alaska, testified in support of SB 189. He stated that the average angler does not know that there is a fee added to their fishing license and would not know unless the

State takes the fee away. He said the association is not surprised that the fee revenue will continue to support hatchery enhancement and other possible hatchery uses. He suggested that the bill include funds for data collection to verify enhanced fish harvest.

CHAIR MICCICHE turned to the consideration of amendments.

[5:03:20 PM](#)

SENATOR COGHILL moved Amendment 1, A.2.

31-GS2165\A.2
Klein
3/9/20

AMENDMENT 1

OFFERED IN THE SENATE
TO: SB 189

BY SENATOR MICICHE

Page 1, lines 11 - 12:

Delete "to sport fishing facilities for maintenance and enhancement of sport fisheries"

Insert "for [TO] sport fishing stock enhancement and ongoing maintenance and operation of the department's sport fish hatchery facilities"

Page 2, lines 9 - 10:

Delete "to [FOR] sport fishing facilities for maintenance and enhancement of sport fisheries"

Insert "for sport fishing stock enhancement and ongoing maintenance and operation of the department's sport fish hatchery facilities"

[5:04:05 PM](#)

At ease.

[5:04:46 PM](#)

CHAIR MICCICHE called the committee back to order and confirmed that the version for Amendment 1 is A.2.

[5:05:01 PM](#)

CHAIR MICCICHE objected for discussion purposes.

[5:05:05 PM](#)

KONRAD JACKSON, Staff, Senator Peter Micciche, Alaska State Legislature, Juneau, Alaska, explained that Amendment 1 makes two changes. On page 1, lines 11-12, it deletes the phrase "to sport fishing facilities for maintenance and enhancement of sport fisheries" and inserts the phrase "for sport fishing stock enhancement and ongoing maintenance and operation of the department's sport fish hatchery facilities."

He detailed that the second change on page 2, lines 9-10, deletes the phrase "to sport fishing facilities for maintenance and enhancement of sport fisheries" and inserts, the phrase "for sport fishing stock enhancement and ongoing maintenance and operation of the department's sport fish hatchery" facilities.

MR. JACKSON explained that Amendment 1 would focus surcharge funds more closely to the original purpose as expressed by the department at the previous hearing.

CHAIR MICCICHE maintained his objection to explain that he felt that the language was a little loose. The department talked about the promise of the funding remaining with enhancement, yet the language allowed other spending. He said the promise of the original fee on sport fishing licenses was in fact for enhancement and tightening the language was important.

[5:06:32 PM](#)

CHAIR MICCICHE removed his objection and announced that without further objection, Amendment 1 is adopted.

[5:06:43 PM](#)

SENATOR COGHILL moved Amendment 2, A.3.

31-GS2165\A.3
Klein
3/2/20

AMENDMENT 2

OFFERED IN THE SENATE

BY SENATOR MICCICHE

TO: SB 189

Page 1, line 2, following the first occurrence of
"surcharge;":

Insert **"relating to personal use fishing permits
and fees;"**

Page 2, following line 4:

Insert a new bill section to read:

"* Sec. 2. AS 16.05.340(a) is amended by adding a
new paragraph to read:

(28) Personal use fishing permit 5
A recipient of a \$5 resident hunting, trapping, and
sport fishing license under (6)(A) of this subsection
may obtain this permit for \$5."

Renumber the following bill sections accordingly.

Page 3, following line 5:

Insert new bill sections to read:

"* Sec. 4. AS 16.05.340 is amended by adding a new
subsection to read:

(1) The commissioner shall charge the fee in
(a)(28) of this section for personal use fishing not
otherwise licensed or permitted under (a) of this
section. Receipts from personal use fishing permit
fees shall be accounted for separately under
AS 37.05.146(c). The legislature may appropriate money
in the account to the department to support personal
use fisheries, and to a municipality to support
personal use fisheries based on the total number of
days fished in all personal use fisheries divided by

the number of personal use days fished within the municipality.

* Sec. 5. AS 37.05.146(c) is amended by adding a new paragraph to read:

(80) receipts of the Department of Fish and Game from personal use fishing permit fees under AS 16.05.340."

Renumber the following bill sections accordingly.

Page 3, line 20:

Delete "2"

Insert "3"

Page 3, line 23:

Delete "2"

Insert "3"

Page 3, line 29:

Delete "sec. 7"

Insert "sec. 10"

Page 3, line 30:

Delete "sec. 7"

Insert "sec. 10"

Page 3, line 31:

Delete "sec. 9"

Insert "sec. 12"

[5:06:50 PM](#)

CHAIR MICCICHE objected for discussion purposes.

MR. JACKSON explained that Amendment 2 inserts a \$5 fee on all personal use salmon fishing permits statewide. That was not the intent so the amendment requires a conceptual amendment to limit the \$5 fee specifically to Upper Cook Inlet personal use salmon fishing permits.

CHAIR MICCICHE maintained his objection to allow a motion for a conceptual amendment to Amendment 2.

[5:08:02 PM](#)

SENATOR COGHILL moved conceptual amendment 1 to Amendment 2.

CHAIR MICCICHE objected for purposes of an explanation.

MR. JACKSON explained that conceptual amendment 1 to Amendment 2, would focus the personal use fishing permit fee strictly on the Upper Cook Inlet personal use fisheries. He detailed the following changes:

- Page 1, line 7
Insert "Upper Cook Inlet" before the word "personal"
- Page 1, line 7
Insert "salmon" following the word "use"
- Page 1, lines 16-17
Delete the two lines except for the subsection letter "(1)"
- Page 1, line 18
Insert "Upper Cook Inlet" following the word "from"
- Page 1, line 18
Insert "salmon" following the word "use"
- Page 1, line 20
Insert "Upper Cook Inlet" following [the first occurrence of] the word "support"
- Page 1, line 20
Insert "salmon" following the word "use"
- Page 1, line 20
Insert "Upper Cook Inlet" following [the second occurrence of] the word "support"
- Page 1, line 21
Insert "salmon"
- Page 2, line 1
Insert "Upper Cook Inlet" following the word "from"
- Page 2, line 1
Insert the word "salmon" following the word "use"

MR. JACKSON summarized that the conceptual amendment would achieve the original intent of Amendment 2, which is to add a \$5 per permit fee for Upper Cook Inlet personal use salmon fishing.

[5:10:14 PM](#)

CHAIR MICCICHE removed his objection to the conceptual amendment to Amendment 2.

CHAIR MICCICHE related that the only opposition his office had heard to the fee was that it would apply to all personal use fisheries, which was not the intent. Individuals from Chitina expressed concern that the fee would be added to the existing fee for Chitina but that is not the case. It is strictly a \$5 Upper Cook Inlet personal salmon fishery fee.

[5:11:05 PM](#)

CHAIR MICCICHE found no further objection to Amendment 2, as amended, and stated that Amendment 2, [as amended], is adopted.

[5:11:14 PM](#)

SENATOR COGHILL moved to report CSSB 189, work order 31-GS2165\A as amended, from committee with individual recommendations and the attached fiscal note(s).

[5:11:28 PM](#)

CHAIR MICCICHE found no objection and CSSB 189(RES) was reported from the Senate Resources Standing Committee.

SB 204-STATE LAND SALES; PLATS; RIVERS

[5:11:45 PM](#)

CHAIR MICCICHE announced that the final order of business would be SENATE BILL NO. 204, "An Act relating to state lands; relating to the authority of the Department of Natural Resources over state owned lands; relating to the disposal of state land; relating to the leasing and sale of state land for commercial or industrial development; repealing establishment of recreation rivers and recreation river corridors; and providing for an effective date."

CHAIR MICCICHE noted that this was the first hearing for SB 204.

[5:12:20 PM](#)

MARTIN PARSONS, Director, Division of Mining, Land, and Water, Alaska Department of Natural Resources, Anchorage, Alaska, explained that SB 204 is a land sale bill the governor

introduced to help the Division of Mining, Land, and Water (DMLW) make lands available to fulfill the need and desire for Alaskans to own a piece of Alaska.

5:13:02 PM

MR. PARSONS commenced his presentation, SB 204 State Land Sales; Plats; Rivers. He displayed slide 2, Why and How DNR sells State land? that made the following points:

- Alaska Constitution
 - Article 8, Section 1 -It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest."
 - Article 8, Section 9 -requires reservations of minerals (as required by Section 6(i) of the Statehood Act) and reservations for access to these resources (implemented by AS 38.05.125).
 - Article 8, Section 10 -requires public notice and "other safeguards of the public interest" when selling state land. No disposals or lease of state lands, or interests therein, shall be made without prior public notice and other safeguards of the public interest as may be prescribed by law.

- Alaska Statute Title 38
 - AS 38 serves as an "owner's manual" for Alaska's Statehood Act entitlement lands, dealing with management as well as conveyance.
 - Most of the authority of Land Sales is codified within AS Title 38, Chapter 05 -The Alaska Land Act.

He explained that slide 2 provides an overview of why the State sells land, the authorities, and the constitutional framework but not necessarily the requirements. One of the department's primary purposes is to provide for the development and settlement of state land, but the State reserves the minerals as part of Alaska's Statehood Act.

MR. PARSONS emphasized that land sales are subject to the public interest. The land sales program is not a land giveaway. The department does not make land available where the public does not have an opportunity to weigh in on how the State sells the land. Land sales go through the normal public process under Title 38, the statutes that make lands available under the Alaska Land Act.

5:14:03 PM

MR. PARSONS displayed slide 3, SB 204 - State Platting Authority for State Land Managed by DNR, that contains the following information:

- State assumes platting responsibilities for state lands within and outside of municipal boundaries.
- Consolidation of platting requirements will add efficiencies to the development of state land for disposal to Alaskans; reducing costs and time necessary to bring state lands onto the market helping to fulfill the demand for state land parcels.
 - Where appropriate the state will be consistent with municipal construction and subdivision stipulations into the subdivision designs to the maximum extent
 - Road Rights of Ways will be platted consistent with DOT&PF requirements
 - Access to subdivisions will meet "Collector road" standards
 - Reduces development costs making projects economically feasible
 - Provides predictability in development costs and timelines
 - Reduces rework of plats

He said platting and land sale development would all be consistent with AS 38.04.065. The State would work closely with municipalities and boroughs throughout the planning process.

MR. PARSONS explained that the portion of the bill that slide 3 addresses also deals with the effects on the Division of Forestry, the Alaska Trust Land Office, and the Alaska Department of Military Affairs (DMVA) where the State accepts opportunities to plat roads into certain areas. For example, the Division of Forestry could access a burnt stand of timber that was dried and would be excellent firewood; the division would be able to bring that online in a very quick and predictable manner while taking municipal concerns into account.

He said one of the things that DMLW would look at is reserving rights-of-way for roads within a subdivision. DMLW would work with the Alaska Department of Transportation and Public Facilities (DOT&PF) to make sure that there would not be a need to come back at a later date to purchase or widen a right-of-way. DMLW would also work with the boroughs and the municipalities to make sure the width of the right-of-way was correct for any future land development.

MR. PARSONS highlighted that lands developed within a borough would go on their tax rolls for tax collection. He added that boroughs take responsibility of the roads once the State brings the roads up to standards.

CHAIR MICCICHE apologized and asked him pause his overview so Commissioner Feige would provide her opening statement for SB 204.

[5:18:17 PM](#)

CORRI A. FEIGE, Commissioner, Alaska Department of Natural Resources, Anchorage, Alaska, stated that Article 8, Section 1 of the Alaska Constitution states that it is the policy of the State to encourage the settlement of its lands and the development of its resources by making them available for maximum use consistent with the public interest.

She detailed that SB 204 focuses on state land availability for sale and development to drive the state's economy. The bill aims to make more land available to Alaskans and commercial activities to directly impact municipal tax bases, jobs, and the state's economic growth.

COMMISSIONER FEIGE said she believes SB 204 will increase demand for state land parcels. The Alaska Department of Natural Resources (DNR) will meet increased demand by creating more efficient ways for subdividing and offering state land for sale to increase the supply of land parcels available for purchase and development.

She stated that SB 204 would increase the supply of state land parcels through the following four key actions:

1. Extension of state platting authority to all state land managed by DNR to allow for lower cost of subdivision and faster conversion of state land to sale-ready parcels.
2. An increase in the cap on the land disposal income fund from \$5 million to \$7.5 million to offset inflation, which has never been done since the fund came into existence, and further to make more funding available for land subdivision and construction of access.
3. The bill aims to create a new commercial land use program that allows the public to nominate parcels

within economic opportunity zones or state determined commercial development areas.

4. The bill will repeal the unenforceable management restrictions on certain state land parcels that have actually hindered the very activities that they were originally intended to encourage.

COMMISSIONER FEIGE summarized that growing the economy of the state and building stronger municipal tax bases have one common denominator and that is land. Getting more land into Alaskans' hands, while still protecting access for recreation, is essential for diversifying Alaska's economy that is less reliant upon oil and gas jobs for individual employment and financial security.

[5:22:22 PM](#)

MR. PARSONS displayed slide 4, SB 204 - Increase Land Disposal Income Fund Cap, that contains the following information:

- Increase spending authority from the Land Disposal Income Fund for project.
- The cap on the Land Disposal Income Fund is proposed to be increased from \$5.0 million to \$7.5 million to provide additional capital for the department to develop and dispose of state lands and to offset inflation since the fund was established in 2000.
 - \$5 million cap has not adjusted in 20 years
 - Personnel and Development costs have increased significantly, reducing the available "working capital"
 - Will result in more acreage available for sale and construction of access.

He detailed that the Land Disposal Income Fund, enacted in 2000, revitalized the department's land sale program. The \$5 million cap allows the department to spend up to \$5 million on surveys, design, appraisal hiring, road construction, and other types of amenities that are necessary for land sales.

He said costs have increased over the course of 20 years and the department estimates that increasing the cap to \$7.5 million takes inflation into account. He emphasized that the cap is not an appropriation. The \$7.5 million cap would simply authorize the program to receive the money and allow the department to build more access roads to make more land available.

[5:24:59 PM](#)

MR. PARSONS displayed slide 5, Land Sales Competitive Programs, and discussed the following bullet points:

- Sealed-Bid Auction Sales
 - Available to Alaskan residents
 - Online/Paper Bid system during set bidding period
- Over-the-Counter Purchase
 - Open to the public world-wide throughout the year
- Remote Recreational Cabin Sites
 - Stake it yourself program
 - Lease to sale conversion

He said the sealed-bid auction is the department's initial offering of land that is only open to Alaskans. Parcels that do not sell go into the over-the counter purchase program.

MR. PARSONS said the Remote Recreational Cabin Staking Program is very popular. In an identified area, people can stake up to 20 acres, clear the land, and start to build a cabin while under lease. After a period of time the program converts the lease into a sale. This land is typically more remote.

He clarified that the land sales program does not include agriculture.

MR. PARSONS displayed slide 6, SB 204 - Additional Sale Authorities, and discussed the following bullet points:

- Provides for ease of Land Sales purchase contracts
 - Modifies auction requirements for easier administration of land offerings
 - Allows for more modern sale options, including online auctions
 - Increase max contract term to 30 years
 - Currently capped at 20 years
 - Allows for longer financing of higher value parcels

He explained that the department would like to change the ways it offers, contracts, and finances land. Currently DNR is not able to offer online land auctions like an eBay. The requested changes to the program include extending the maximum contract length from 20 years to 30 years. Extending the payment period would open lands up for more Alaskans to participate.

[5:27:31 PM](#)

MR. PARSONS displayed slide 7, SB 204 - Commercial Use Land Sales, and discussed the following points:

- This new statute governing the leasing and sale of state lands deemed suitable for commercial development, within Qualified Opportunity Zones or in state determined commercial development areas.
 - Land can be nominated by the public
 - Leasing option to complete requirements for sale and allow immediate commercial activity
 - After conclusion of the lease requirements a sale will occur
 - Individuals have requested a program to allow for such sales
 - The number of acres identified for proposed development will be significant and the number of acres conveyed will depend on the proposals received

He explained that individuals who had ideas about creating remote lodges for hunting or eco-tourism fostered the idea for the commercial land sale program. The idea is to develop the program in Qualified Opportunity Zones designated by the IRS for economically depressed areas.

MR. PARSONS detailed that an individual or the State could identify a 5 to 20-acre parcel and submit a development plan that describes structures, the workforce, and the skills required to develop the project. The participant would ultimately pay for surveying and appraisal costs.

He said program participants would receive a five-year lease to show the land is being developed according to plan. The State would convert the lease to a sale if the participant is meeting their plan requirements. Initial leasing prevents land speculation. The department's intent with the program is to create economic diversity.

[5:29:44 PM](#)

MR. PARSONS displayed slide 8, SB 204 - Repeal of Recreational Rivers Statutes, and discussed the following points:

- The bill repeals statutes relating to the designation of certain rivers in southcentral Alaska as recreation rivers, in order to allow for more effective management of state land.
 - Reduction of current limitations on land management

- o Repeal will end unenforceable management issues and restrictions on recreational and commercial use on over 260,000 acres
 - Provides for generally allowed uses
 - Allows expansion of Land Use opportunities
- o May increase acreage available for inclusion in the Land Sales program or new commercial development program

MR. PARSONS detailed that the Susitna Recreational Rivers Plan and accompanying statutes set aside lands in the 1980s and '90s for access along certain riverways like Kroto Creek, the Deshka River, and the Little Susitna River. However, the statutory stipulations within the plan are unenforceable and restrictive for commercial recreation development.

He said the notion of repealing the recreational plan raised concerns about access. The department would have to do a plan amendment for reclassifying lands contained within the area and initiate a public process to address concerns.

SENATOR KIEHL said he had questions for the department that he would hold for the next hearing due to time constraints.

CHAIR MICCICHE suggested the members submit any questions to his office and he would forward them to the department so they will be prepared to answer them at the next hearing. He noted that the sectional analysis would not be heard today.

[5:33:38 PM](#)

CHAIR MICCICHE held SB 204 in committee for further consideration.

[5:34:12 PM](#)

There being no further business to come before the committee, Chair Micciche adjourned the Senate Resources Standing Committee meeting at 5:34 p.m.